INFORMATION DOCUMENT

R8 Property ASA

(A public limited liability company incorporated under the laws of Norway)

Admission to trading of shares on Euronext Growth Oslo

This information document (the "**Information Document**") has been prepared by R8 Property ASA (the "**Company**" or "**R8 Property**") and, together with its wholly-owned subsidiaries, the "**Group**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Euronext Growth Oslo ("**Euronext Growth**").

As of the date of this Information Document, the Company's registered share capital is NOK 5,423,581, divided into 21,694,324 shares, each with a par value of NOK 0.25 (the "**Shares**").

The Shares have been approved for Admission on Euronext Growth and it is expected that the Shares will start trading at Euronext Growth on or about 9 June 2021 under the ticker code "R8P". The Shares are, and will continue to be, registered in the Norwegian Central Securities Registry (the "**VPS**") in book-entry form. All of the issued Shares rank pari passu with one another and each Share carries one vote.

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF), are not subject to the same rules as companies on a Regulated Market (a main market). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a Regulated Market. **Investors should take this into account when making investment decisions.**

THE PRESENT INFORMATION DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71.

THE PRESENT INFORMATION DOCUMENT HAS BEEN DRAWN UP UNDER THE RESPONSIBILITY OF THE ISSUER. IT HAS BEEN REVIEWED BY THE EURONEXT GROWTH ADVISORS AND HAS BEEN SUBJECT TO AN APPROPRIATE REVIEW OF ITS COMPLETENESS, CONSISTENCY AND COMPREHENSIBILITY BY EURONEXT.

THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.

Euronext Growth Advisors

Arctic Securities AS

SpareBank 1 Markets AS

The date of this Information Document is 9 June 2021

IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

Euronext Growth is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Euronext Growth, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Euronext Expand. Euronext Growth is not a regulated market.

For definitions of terms used throughout this Information Document, please refer to Section 14 ("Definitions and glossary of terms").

The Company has engaged Arctic Securities AS and SpareBank 1 Markets AS as its Eruonext Growth Advisors in connection with its Admission to Euronext Growth (the "**Euronext Advisors**"). This Information Document has been prepared to comply with the Admission to Trading Rules for Euronext Growth (the "**Euronext Growth Admission Rules**") and the Content Requirements for Information Documents for Euronext Growth (the "**Euronext Growth Content Requirements**"). Oslo Børs ASA has not approved or reviewed this Information Document or verified its content.

All inquiries relating to this Information Document should be directed to the Company or the Euronext Advisors. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Advisors in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Advisors.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Shares involves risks. Please refer to Section 1 ("Risk factors").

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors

should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Group's senior management (the "**Management**") are not residents of the United States of America (the "**United States**"), and the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway.

Similar restrictions may apply in other jurisdictions.

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1 RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Information Document, including the Financial Information and related notes. The risks and uncertainties described in this Section 1 ("Risk factors") are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

The risk factors described in this Section 1 ("Risk factors") are sorted into a limited number categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The risks that are assumed to be of the greatest significance are described first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, and the fact that a risk factor is not mentioned first in its category does not in any way suggest that the risk factor is less important when taking an informed investment decision. The risks mentioned herein could materialise individually or cumulatively.

The information in this Section 1 ("Risk factors") is as of the date of this Information Document.

1.1 Risk related to the business and industry in which the Group operates

1.1.1 Macroeconomic fluctuations

The Group is exposed to economic cycles and macroeconomic fluctuations. This may lead to changes in rental prices and the demand for premises that may affect the value of the Group's assets. This risk is related to the general development in rental prices and is also affected by the different geographical locations of the properties.

1.1.2 Inflation risk

The Central Bank of Norway has a target of annual long-term inflation corresponding to 2.5%. Lower inflation can lead to the Group receiving lower rental income. The majority of the lease agreements in the Group have 100% annual consumer price index ("**CPI**") adjustment.

1.1.3 Rental risk

The Group's revenue is almost exclusively comprised by its rental income and its balance sheet is based upon the valuation of its properties. Expected changes in rental levels can impact the Group through i) rental income and its income statement and ii) fair value of its property value and hence balance sheet.

1.1.4 Demand for office premises

An important parameter for the Group is the demand for office premises. In addition to cyclical fluctuations, several different factors affect this. All negative changes in the economy of tenants and potential tenants could have an adverse effect on the demand for office premises. This could either lead to properties experiencing lower occupancy rate utilization or that the achieved rent level becomes lower than what it is today or has been historically, and materially impact the Groups income statement and balance sheet.

1.1.5 Supply of office premises

The demand for premises is also related to the number of new buildings and rehabilitation projects in the market. At times, high construction activity in an area can lead to supply surpluses, which in turn can lead to a lower occupancy

rate for the real estate companies. Although the regions where the Group is active has experience relatively low supply of office premises this could change going forward.

1.1.6 Tenant and lease agreement risks

The financial strength and solvency of tenants in the portfolio and hence their ability to pay rent will always be a decisive factor when evaluating the risk in real estate projects. Termination of tenancies will, with the consequent vacancy, possible adaption costs concerning new tenants or lower rent levels, negatively affect rental incomes.

In general, the Group enters into lease agreement on market terms. However, certain deviations are made on a case by case basis which may have a financial impact on the Group, e.g. deviations related to (i) adjustment of rent which corresponds to less than 100% of CPI, (ii) no obligation to provide security/guarantees for tenants where the risk of default is considered low, (iii) provisions giving certain tenants the right to not be in the same building as competitors, (iv) certain additional rights for tenants, e.g. relating to rectification of the premises or the surroundings, (v) an obligation for the Group to cover the property tax (vi) extension/termination rights and (vii) amendments to rent levels.

1.1.7 Operation and management of the properties

In any real estate company, there is a risk that operations and management are not taken care of in a satisfactory manner. If over time, the operation and maintenance of the properties are not taken care of to a satisfactory extent, this could affect the property values, and thus the Group's value, negatively.

1.1.8 Maintenance

Maintenance of the properties is mainly regulated in an operating and management agreement between the Company and the operating and management company R8 Management AS, in addition to the Group's lease agreements with the tenants. There is a general risk that maintenance, replacements et cetera, for which the Group companies are responsible, will be larger than expected. The extent of the owner's potential obligations will vary with the technical condition of the properties.

1.1.9 Project and supplier risk

Parts of the Group's business is to develop properties and refurbish existing buildings. In its development projects, the Group assumes to a large extent the risks related to a property's development potential (including but not limited to regulatory limitations), the timing of a project, and the costs related to construction and development with potential overruns.

For refurbishment projects there are a greater deal of unknown factors in the construction phase, which can be more difficult or impossible to predict before the project starts, entailing a risk for increased costs and delays. The refurbishment project may uncover that there are toxic materials in the building, which would mainly be a risk for the older buildings the Group owns, increasing the costs and time required to finish the project.

The majority of the Group's suppliers are not considered critical. However, once a building contractor has been engaged for a specific project, it will be of material importance for the project that the contracts performs in accordance with the agreed terms and expectations. A failure by a building contractor to perform under the contract may have a negative financial and reputational impact for the Group.

1.1.10 Participation in co-operation through various forms of partnerships and investments

The Group's business structure includes co-operation through joint ventures, associated companies and/or companies where Group companies are not the sole shareholder. The Group's ability to receive dividends and other payments from such companies depends not only upon such companies' cash flows and profits, but also upon the terms of agreements with the shareholders of such companies. Conflict or disagreement with such shareholders may lead to deadlock and result in the Group's inability to pursue its desired strategy and/or force it to exit from such companies. Also, agreements with such shareholders, or the virtue of not being the sole shareholder, may restrict the Group's freedom to carry out its business. Each of the parties' rights and obligations under agreements with other shareholders may also be ambiguous and subject to different understandings. Such agreements may also include regulations on rights and obligations to sell or purchase the shares in the partnerships or joint ventures, and if such rights and obligations are exercised it may have financial exposure for the Company and negatively affect its liquidity, and further it may have negative implications on the Company's strategy and plans related to the relevant partnership

or joint venture or its overall strategy. As an example, Alligate AS has a right to require the Company to purchase its 25% stake in R8 Evolve AS for a purchase price of NOK 20 million in the period between 31 December 2021 and 31 March 2022. Also, pursuant to the shareholders' agreement for Dokkvegen Utvikling AS, where the Company owns 50% of the shares, the other shareholder, Dione AS, has a right to require the Company purchase all of its shares at market value upon completion of the development project (the Polymer Exploration Center, cf section 7.4.3.3), expected to be in Q4 2021.

There can be no assurance that the Group's partners in such joint ventures or companies will continue their relationships with the Group in the future, that any agreements entered into have encountered for all situations or potential conflicts between the Group and its partners, that the Group will be able to pursue its stated strategies with respect to its joint ventures and the markets in which they operate, or that the Group's partners don't use the co-operation with the Group as a basis to establish separate operations or businesses in competition with the Group's business.

In addition, partnerships and co-operations (including consortium and cooperation agreements entered into by the Group) are always subject to applicable anti-trust legislation, and although the Group always seeks to comply with such regulations, a change to the operation of either party may result in such co-operations or partnerships being in breach with said regulations, which could have a material adverse effect on the Group's business, prospects, financial results and results of operations.

1.1.11 The markets in which the Group competes are highly competitive, and the Group might not be able to compete effectively

The Group operates in a highly competitive market and competes with a variety of competitors that offer the same kind of properties in the same region. Competitors might have lower cost or lower return requirements which might impact the Group’s ability to be profitable.

1.1.12 Impact of current global crisis due to the outbreak of COVID-19

The corona outbreak (COVID-19) had negative consequences for the Group in the first half of 2020, as was also the case for many other businesses in Norway and around the world. As a result, the Group temporarily laid off 22 employees in Q1 2020, which were later recalled. Further, due to the strict nation-wide work from home policies, most properties have, to varying degrees, been limitedly used since the outbreak of COVID-19, impacting the Group's turnover-based rent and also resulting in development projects being temporarily put on hold. The shutdown has particularly affected retailers, restaurants and service providers. There is also a risk that some office tenants during the COVID-19 pandemic have experienced that home office is a viable alternative to physical office premises, and as a result, may reduce their office space requirements going forward. An increased use of home office could increase the vacancy of the Group properties in the future.

There is accordingly a risk that COVID-19 will have, and continue to have, negative impact on the Group's business, financial condition, cash flow, results of operation and/or prospects.

1.1.13 Insurance coverage may be inadequate

The Group's insurance coverage may not cover all risks, liabilities or expenses that could result from its operations, and any claims exceeding the insurance coverage could potentially lead to material loss or liability for the Group.

1.1.14 The VAT regulation applicable to the Group's business is complex

The Group is subject to complex rules pertaining to the treatment of VAT, including VAT treatment of coworking spaces. Thus, there is a risk that the Group handles VAT incorrectly and so is required by the tax authorities to pay additional VAT or to pay back deducted VAT.

1.2 Legal and regulatory risk

1.2.1 Laws and regulations could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for its services and restrict its liability to operate or otherwise

The Group is subject to complex laws and regulations, including tax and environmental regulations that can adversely affect the cost, manner or feasibility of doing business. The industry in which the Group operates is affected by changing laws and regulations relating to the commercial property business in general. The laws and regulations affecting the Group’s business and services include, among others, laws and regulations relating to;

- planning, developing, renovating, construction and building of commercial properties;
- sale of commercial properties;
- tenancy regulations in commercial leases;
- ground leases;
- protection of the environment;
- quality, health and safety;
- conservation and the protection of cultural heritage;
- land registration; and
- taxation, including VAT.

The Group and its suppliers are required to commit significant financial and managerial resources to comply with these laws and regulations. The Group cannot predict the future costs of complying with these laws and regulations, and any new laws or regulations could materially increase the Group's expenditures in the future. Existing laws or regulations or adoption of new laws or regulations imposing more stringent restrictions on the Group's activities, or any noncompliance with these, could have a material and adverse effect on the Group by increasing its operating costs, reducing the demand for its services and/or restricting its ability to operate.

1.2.2 A change in the laws and regulations regarding tax and other duties/charges could result in higher tax expense and duties/charges for the Group

Changes in laws and regulations regarding tax and other duties/charges, including, but not limited to, VAT and the stamp duty on transfer of properties, could involve new and changed parameters applicable to the Group and taxation of/charges for the Group at higher levels than as of the date hereof. For example, the municipalities of Norway could impose new or increased property value taxes.

1.2.3 The Group could be subject to litigation and disputes that could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows

The operating hazards inherent in the Group's business, especially with respect to the Group's development projects, could expose the Group to, amongst other things, litigation, including contractual litigation with tenants or contractors, environmental litigation, tax litigation as well as other litigation that arises in the ordinary course of business.

1.2.4 The Group acquires and disposes properties on a regular basis and may be subject to seller's liabilities, litigation and disputes

As part of the Group's strategy, it acquires and sells properties on a regular basis and is therefore exposed to potential risks of disputes and litigation with counterparties. In particular, there is a risk that the buyer of a property may consider there to be defects with the property which constitutes a basis for a claim against the Group. Further, in terms of recent disposals, the Group has undertaken certain rent guarantees in respect of vacant premises, which it will become liable for if the rental income does not meet the relevant thresholds. More generally, the acquisition and disposal of properties has inherent risks of disputes and litigation which the Group may become subject to from time to time.

1.2.5 Changes in, or completion of, planning regulations and existing exemption practices by authorities could significantly affect the operations of the Group and changes in infrastructure could materially impact the Group's properties

Changes in, or completion of, planning regulations by relevant authorities, and changes in existing exemption practices from current planning regulations by relevant authorities, which could prevent the Group from utilising its properties as contemplated and/or reduce the Group's ability to acquire suitable properties for development, could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows,

including the interest of potential tenants in future rental of premises or interest of future purchasers of the properties. Further, existing planning regulations could limit the possibility to further develop the Group's properties and could lead to increased costs. Any of the foregoing risks could, if they materialise, have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

Further, the floor space ratio permitted by the relevant authorities will typically affect the profitability of a project (the floor space ratio is the ratio of a project's total floor area to the area of the land on which the building is built). There is no assurance that the Group will obtain permits for floor space ratio at the assumed levels and there are several factors beyond the Group's control that can materially and adversely affect the planned floor space ratio and the planning of the projects, including projected time frame and volume for the development, and, consequently, the Group's profitability. In addition, the planning authorities have discretion to set conditions for the Group's permits, including the right to require the Group to make costly investments or the right to set conditions based on environmental or other considerations, which could have a material and adverse effect on a project's profitability and the value of the Group's properties and hence on the Group's business, financial position, results of operations and cash flows.

1.2.6 Leaseholds

The Group leaseholds six properties. The fact that properties are under leasehold agreements entails that the Group does not own the property itself, but only the buildings and installations on the leasehold property. Leasehold entails increased ownership costs (as a ground rent must be payed) and more generally, amongst other things, a risk of loss of value upon expiration of the leasehold.

1.2.7 Ownership, title, legal protection and easements

The Group owns a large number of properties and, although it always seeks to ensure that all formalities are in place with respect to ownership, title and legal protection, there may be properties where e.g. formalities with respect to registration procedures, are not in place, such as with respect to Utsikten 1 AS (land no./unit no.: 1/483) in Skien municipality and Skien Brygge Utvikling AS (land no./unit no.: 300/4885 and 4975), both in Skien municipality. In the event of such errors in the formalities, there could be a risk of sequestration of the properties by the creditors of the previous owners/current holder of legal title, which could result in a material loss for the Group.

In addition, easements on the properties may restrict the Group's right of use and, if such restrictions are in conflict with the Group's planned use, may result in a material loss for the Group.

1.2.8 Partnerships and shareholders' agreements

The Group has, and is likely to continue to, enter into shareholders' agreements for companies where it does not own all of the shares. Such shareholders' agreements may include non-compete clauses. Although the Group always seeks to ensure that such agreements are made in accordance with applicable laws and regulations, there is an inherent risk that non-compete clauses could be considered to in violation of applicable anti-trust regulations. In case of breach, this could result in material fines imposed by the competition authorities, which could lead to a material loss for the Group.

1.2.9 Changes in accounting rules, assumptions and/or judgments could materially and adversely affect the Group

Accounting rules for certain aspects of the Group's business and operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in the preparation of the Group's financial statements and the delivery of this information to holders of the Shares, which could have a negative impact on the reputation of the Group and depress the price of the Shares. Further, changes in accounting rules or in the Group's accounting assumptions and/or judgments, such as asset impairments, could materially impact the Group's financial statements. Any such changes could have a material and adverse effect on the Group's business, financial condition, results of operations or cash flows.

1.2.10 The Group is exposed to risk relating to data protection and data privacy regulations, licenses etc.

As part of its business operations, the Group receives, stores and processes personal information and other user data. This makes the Group exposed to data protection and data privacy laws and regulations which impose stringent data protection requirements and provides high possible penalties for non-compliance, in particular relating to storing, sharing, use, processing, disclosure and protection of personal information and other user data on its

platforms. The main regulations are the General Data Protection Regulation (EU) 2016/679 (the "GDPR") and the local law implementations of GDPR in the EU member states that the Group operates in. Although the Group considers itself to comply with such laws and regulations in all material respects, this is an ongoing process and there can be no assurance that the Group is fully compliant.

Any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations, or any compromise of security that results in an unauthorized release, transfer or use of personally identifiable information or other customer data, may result in governmental enforcement, actions, litigation or public statements against the Group. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of users' personal data, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such personal data is obtained, could increase the Group's costs and require the Group to modify its services and features, possibly in a material manner, which the Group may be unable to complete and may limit its ability to store and process user data or develop new services and features.

1.3 Risk related to the Group's financial situation

1.3.1 Loan obligations

The Group has several loan facilities where requirements are set for the financial condition and actions (covenants) for the Group and/or a Group company, such as, but not limited to, requirements for a certain loan-to-value ratio, minimum cash deposit requirements, dividend restrictions and change of control provisions. Further, as security for its loan obligations, the Group has pledged its shares in a number of subsidiaries. No guarantee can be given that the Group will meet all covenants at any time, or that the lenders will waive one or more to avoid a breach. This can mean that loan repayments are accelerated by the lender who can force a refinancing or sale of property, or otherwise enforce its pledges, to cover the loan.

1.3.2 Interest rate fluctuations

A high proportion of the Group's debt is bank debt and will thus be exposed to interest rate fluctuation. Periods of rapid increases in interest rates will entail a negative impact on the Group's cash flows, valuations of underlying assets and results. The Company seeks to minimise the risk of interest rate fluctuations through interest rate swaps for significant parts of the loan obligations. The outlook for the long-term interest rate paths will also affect the value development of the portfolio return investors can expect. Interest rates can also affect rental prices indirectly by having a negative impact on the tenant's turnover.

1.3.3 Valuation of financial derivatives

The Group actively hedge part of its interest cost by entering into interest rate swaps. These financial derivatives are included in fair value in the Company's consolidated accounts. The valuations of the financial derivatives are affected by changes in interest rates, and changes in fair value are assessed quarterly in the Company's quarterly reports. The fair value of the financial derivatives will necessarily fluctuate and may therefore negatively affect among other things the Company's income statement and loan covenants which are related to the Group's obligations.

1.3.4 Valuation of the portfolio

The properties in the portfolio are included in fair value in the Company's consolidated accounts. The valuations of the properties are affected by a number of external factors such as interest rates, the rental market, interest margins, loan conditions, et cetera. Changes in fair value are assessed quarterly in the Company's quarterly reports. The Company uses a third-party advisor to carry out these evaluations. The fair value of the properties will necessarily fluctuate and may therefore negatively affect among other things the Company's income statement and loan covenants which are related to the value of the Group's properties.

1.3.5 Adequate funding may not be available in the future

The Company's business and future plans are capital intensive and, to the extent the Company does not generate sufficient cash from operations in the long term, the Company may need to raise additional funds through public or private debt or equity financing to execute the Company's growth strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be available on unfavourable terms. If funding is insufficient at any time in the future, the Company may be unable to, inter alia, fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Company's financial condition and results of operations.

1.3.6 Future debt arrangements could limit the Company's liquidity and flexibility

Any future debt arrangements could limit the Company's liquidity and flexibility in obtaining additional financing and/or in pursuing other business opportunities. Further, the Company's future ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by the Company's financial condition at the time of such financing or offering, as well as by adverse market conditions related to, for example, general economic conditions and contingencies and uncertainties that are beyond the Company's control. Failure by the Company to obtain funds for future capital expenditures could impact the Company's results, financial condition, cash flows and prospects.

1.3.7 Guarantee liabilities

The Company has, and may from time to time, issue guarantees for the fulfilment of obligations of its subsidiaries. For example the Company has issued certain guarantees for the fulfilment of all leasing obligations of R8 Evolve AS and its subsidiaries as lessees, although the Company only holds a 75% stake in R8 Evolve AS. If such guarantees are made use of, it may result in a financial exposure and loss for the Company which could have been avoided had it not issued such guarantees.

1.3.8 Tax risk

Changes in tax and fiscal regulations may lead to changed framework conditions for the Company and investors. This can lead to reduced profitability for real estate investments and profit after tax for the Company. Tax-related implications in connection with transactions and dispositions by the Company are, to a certain extent, subject to discretionary assessments of tax and fiscal regulations. Even though the Company believes that is has assessed the tax legislation in good faith, it cannot be ruled out that the tax authorities and/or the court may conclude differently.

1.4 Risks relating to the Shares and the Admission

1.4.1 An active trading market for the Company's shares on Euronext Growth may not develop and the market price of the Shares may be volatile

The Company's Shares are not currently tradable on any stock exchange, other regulated marketplace or multilateral trading facility. No assurances can be given that an active trading market for the Shares will develop on Euronext Growth, nor sustain if an active trading market is developed. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission.

An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past. The trading volume and price of the Shares may fluctuate significantly in response to a number of factors beyond the Company's control, including adverse business developments and prospects, variations in revenue and operating results, changes in financial estimates, announcements by the Company or its competitors of new development or new circumstances within the industry, legal actions against the Group, unforeseen events and liabilities, changes in management, changes to the composition of shareholders, changes to the regulatory environment in which the Group will operate or general market conditions. The market value of the Shares could also be substantially affected by the extent to which a secondary market develops or sustains for the Shares.

1.4.2 Future offerings of debt or equity securities by the Company may adversely affect the market price of the Shares and lead to substantial dilution of existing shareholders

The Company has no current plans for an offering of Shares or other share capital, however, the Company may in the future seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities in order to finance new capital-intensive projects, in connection with future acquisitions, in connection with unanticipated liabilities or expenses, for growth, or for any other purposes. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price for the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. There can be no assurance that the Company will not decide to conduct further offerings of securities in the future, and because the time and nature of any future offering will depend on market conditions at the time of such an offering, the Company cannot predict or estimate the amount, timing or nature of any future offering. Accordingly, the shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

Further, the Company has issued options to eight key employees, providing the employees (in aggregate) the option to purchase up to 400,000 shares. In addition, the Group has obtained certain convertible loans of approximately

NOK 84 million as per 31 March 2021. Approximately NOK 21 million of the convertible shareholder loans were converted in connection with the Private Placement, at a strike price of NOK 38 per share, representing a dilutive effect of approximately 2.8% based on the total number of shares in the Company per date. Remaining convertible loans after completed Private Placement will lose their right to convert, with new maturity date on 30 June 2022.

1.4.3 Future sales, or the possibility for future sales, of Shares after the Admission may affect the market price of the Shares

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Admission, including by the major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares at a time and price that they deem appropriate.

Although R8 Group AS, the Board Members and Management has agreed with the Manager to restrictions, subject to certain exceptions, on its ability to sell or transfer Shares for a period of up to 12 months after the first day of trading, the Manager may, in its sole discretion and at any time, waive such restrictions on sales or transfer during this period. Following the expiry of the applicable lock-up period, or the waiver of the lock-up restrictions by the Manager, the Company's shareholders who were subject to lock-up may sell Shares in the open market or otherwise, subject to applicable securities laws restrictions. There can be no assurance that such parties will not sell Shares or effect other transactions upon the expiry of the applicable lock-up period or the waiver of the lock-up restrictions and the Company cannot predict the effect, if any, that future sales of Shares, or the availability of the Shares for future sale, will have on the market price of the Shares. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lockup arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Any sales of substantial amounts of Shares in the public market, or the perception or any announcement that such sales might occur, could result in a material adverse effect on the market price of the Shares and could impair the Group's ability to raise capital through the sale of additional equity securities.

1.4.4 Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote such Shares unless their ownership is (a) re-registered in their names with the VPS prior to any General Meeting or (b) the registered nominee holder grants a proxy to such beneficial owner in the manner provided in the Articles of Association in force at that time and pursuant to the contractual relationship, if any, between the nominee and the beneficial owner, to vote for such shares. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. Any person that hold their shares through a nominee arrangement should consult the nominee to ensure that any Shares beneficially held are voted for in the manner desired by such beneficial owner.

1.4.5 Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

1.4.6 The value of the Shares could for foreign investors be adversely affected by exchange rate fluctuations

The Shares on Euronext Growth will be priced in NOK, and any future payments of dividends on the Shares will be made in NOK. Investors registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant investor's currency will be the VPS Registrar's exchange rate on the payment date. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange

fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

1.4.7 The Shares are subject to restrictions on dividend payments

Norwegian law provides that any declaration of dividends must be adopted by the Company's General Meeting. Dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to maintain its liquidity and financial position. Accordingly, the size of any future dividend from the Company to the Shareholders is dependent on a number of factors, such as the Company's business development, results, financial position, cash flow, available liquidity and need for working capital. There are many risks that may affect the Company's earnings, and there can be no guarantee that the Company will be able to present results that enable distribution of dividends to the Shareholders in the future. If no dividend is distributed, the Shareholders' return on investment in the Company will solely generate on the basis of the development of the share price.

1.4.8 The Company has a major shareholder

The Company's shareholder R8 Group AS currently owns 44.38% of the total outstanding shares in the Company. A large concentration of ownership may amongst other things have the effect of delaying, deterring or preventing a change of control of the Company that could be economically beneficial to other shareholders. The interests of shareholders exerting a significant influence over the Company may further not in all matters be aligned with the interests of the Company and the other shareholders of the Company, which in turn may have a negative effect on the governance and operations of the Company.

1.4.9 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

None of the Shares have been registered under the US Securities Act of 1933 (as amended) (the "**US Securities Act**") or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and other applicable securities laws. In addition, there is no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings. Further, investors in the United States and other jurisdictions may have difficulty enforcing any judgment obtained in their local jurisdiction against the Company or its directors or executive officers in Norway.

1.4.10 The Company is subject to the Euronext Growth Rule Book which may deviate from the regulations for securities trading on Oslo Børs and Euronext Expand, and which may imply a risk of a lower degree of transparency and minority protection

The Company is subject to the rules of the Market Abuse Regulation ((EU) No. 596/2014, MAR) and the Securities Trading Act applicable to securities admitted to trading on a multilateral trading facility and the Euronext Growth Rule Book. Such obligations may differ from the obligations imposed on companies whose securities are listed on Oslo Børs or Euronext Expand. The Company is not subject to any takeover regulations meaning that an acquirer may purchase a stake in the Shares exceeding the applicable thresholds for a mandatory offer for a company listed on Oslo Børs or Euronext Expand without triggering a mandatory offer for the remaining Shares. In accordance with Euronext Growth Rule Book Part I, section 4.3, and without prejudice to national regulations, the Company shall make public within five (5) trading days of becoming aware, any situation where a person, acting alone or in concert, reaches, exceeds or falls below a major holding threshold of fifty percent (50%) or ninety percent (90%) of the capital or voting rights. Furthermore, there is no other requirement to disclose large shareholdings in the Company (Nw.: flaggeplikt). These deviations from the regulations applicable to securities trading on Oslo Børs or Euronext Expand may, alone or together, impose a risk to transparency and the protection of minority shareholders. An investment in the Shares is suitable only for investors who understand the risk factors associated with an investment in a company admitted to trading on Euronext Growth Oslo.

2 RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared solely in connection with the Admission on Euronext Growth.

We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.

9 June 2021

The Board of Directors of R8 Property ASA

George Emil Aubert
(Chairperson)

Elin Tufte Johansen
(Board Member)

Knut Bråthen
(Board Member)

Runar Rønningen
(Board Member)

Leif Oddvin Jensen
(Board Member)

Else Christina Maria Sundby
(Board Member)

Marianne Lie
(Board Member)

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. No representation or warranty, express or implied, is made by the Euronext Advisors as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Information Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Euronext Advisors assumes no responsibility for the accuracy or completeness or the verification of this Information Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Information Document or any such statement.

Neither the Company nor the Euronext Advisors, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Presentation of financial and other information

3.2.1 Financial information

The Company's audited financial statements for the financial years ended 31 December 2020 and 31 December 2019 (the "**Financial Statements**") have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The Financial Statements have been audited by Ernst & Young AS.

In addition, the Company has prepared consolidated management accounts for the three months ended 31 March 2021, with comparable figures for the three months ended 31 March 2021 in accordance with IAS 34 (the "**Management Accounts**"), which are unaudited.

The Financial Statements and the Management Accounts are attached hereto as Appendix B, C and D.

The Company presents the Financial Statements and the Management Accounts in NOK (presentation currency). Reference is made to Section 8 ("Selected financial information and other information") for selected information from the Company's Financial Statements and the Management Accounts.

The date of publication of the Company's audited financial statements for the financial year ended 31 December 2021 has not been set, but is expected to be around late March 2022.

3.2.2 Industry and market data

In this Information Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's

future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.3 Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

4 REASONS FOR THE ADMISSION

As of the date of this Information Document, the Company has 75 registered Shareholders. The Company believes the Admission will:

- enhance the Group's profile with investors, business partners, suppliers and customers;
- allow for a trading platform and more liquid market for the Shares;
- facilitate for a more diversified shareholder base and enable additional investors to take part in the Group's future growth and value creation;
- provide better access to capital markets; and
- further improve the ability of the Group to attract and retain key management and employees.

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividend policy

The Company will strive to follow a dividend policy favourable to the shareholders. The amount of any dividend to be distributed will be dependent on, inter alia, the Company's investment requirements and rate of growth. As of the date of this Information Document, the Company is in a growth phase and is not in a position to pay dividends. There can be no assurance that in any given year a dividend will be proposed or resolved, or if proposed or declared, that the dividend will be as contemplated by the policy.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 5.2 ("Legal and contractual constraints on the distribution of dividends") below, as well as capital expenditure plans, financing requirements and the desire of maintaining an appropriate strategic flexibility.

The Company did not pay any dividends during the financial years 2020 or 2019.

5.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (as amended) (the "**Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Companies Act, the amount of dividends paid may not exceed the amount proposed by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Companies Act sets out the legal framework for dividends, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Companies Act, a subscriber of new shares in a Norwegian public limited company will be entitled to resolved dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises, unless otherwise resolved by the General Meeting. The Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no general dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 11 ("Norwegian taxation").

5.3 Manner of dividend payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends

unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

6 THE PRIVATE PLACEMENT

6.1 Details of the Private Placement

On 27 May 2021, the Company completed a private placement (the "**Private Placement**"), consisting of a share capital increase for a total amount of approximately NOK 75 million, by issuing 1,973,684 Shares, with a nominal value of NOK 0.25 each, at a subscription price of NOK 38 per Share, of which approximately NOK 21 million were issues by conversion of convertible shareholder loans.

The bookbuilding period for the Private Placement took place from 25 May 2021 to 27 May 2021, notifications of allocation were issued on 28 May 2021 and payment will take place on 9 June 2021, upon which the new Shares in the Private Placement be delivered to the shareholders.

6.2 Shareholdings following the Private Placement

Upon completion of the registration of the Private Placement in the Norwegian Register of Business Enterprises and allocation of the shares in the VPS, which will occur immediately prior to trading of the Shares on Euronext Growth, the Company will have the shareholders set out in Section 10.4 ("Ownership structure").

6.3 Use of proceeds

The proceeds from the Private Placement will primarily be used for:

- partial funding of purchase of property;
- facility upgrades; and
- general corporate purposes.

In addition to the above, the proceeds will be used to cover relevant transaction costs incurred in connection with the Private Placement and the listing of the Shares on Euronext Growth, estimated to be approximately NOK 5 million.

6.4 Dilution

For any existing shareholders not participating in the Private Placement, the issue of new Shares implied a dilution of approximately 10%.

6.5 Lock-up

6.5.1 The Company

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the Company has undertaken that it will not, without the prior written consent of the Euronext Advisors, during the period up to and including the date falling 6 months from the first day of trading of the Shares on Euronext Growth, (1) issue, offer, pledge, sell, mortgage, charge, deposit, assign, lend, transfer or contract to issue, pledge, sell, mortgage, charge, deposit, assign, lend, transfer any Shares, (2) issue, offer, pledge, sell or contract to issue or sell any securities convertible into or exercisable or exchangeable for Shares or to issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly any Shares, (3) enter into any swap or other agreement or any transaction that has an equivalent effect to clause (1) or (2) above, whether any such swap or transaction described in (2) above or this (3) is to be settled by delivery of such securities, in cash or otherwise, or (4) publicly announce any intention to effect any transaction specified in (1), (2) or (3) above. The foregoing shall not apply to (i) the sale and issue of Shares by the Company in the Private Placement or (ii) granting of options, subscription rights, or issuance of Shares under the Company's employee share incentive schemes.

6.5.2 Board Members and Management

Pursuant to lock-up undertakings entered into in connection with the Private Placement, certain members of management and members of the Board of Directors have undertaken that they will not, without the prior written consent of the Euronext Advisors, during the period up to and including the date falling 6 months from the first day of trading of the Shares on Euronext Growth, offer, sell, contract to sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to

purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of a sale of Shares, or publicly to announce any intention to do any of such things. The foregoing shall not apply to (i) the sale or other transfer of Shares as part of the Private Placement, if any (ii) any transfer of Shares to a company majority owned and/or controlled by the shareholder provided that such company (a) assumes the obligations set forth in the lock-up undertaking and (b) remains majority owned and/or controlled by the shareholder for the remaining part of the lock-up period, or (iii) the acceptance of a takeover offer for all Shares in the Company or a legal merger and any transfer of Shares in relation thereto.

6.5.3 Major Shareholder

Pursuant to lock-up undertakings to be entered into in connection with the Private Placement, R8 Group is expected to undertake that they will not, without the prior written consent of the Euronext Advisors during the period up to and including the date falling 12 months from the first day of trading of the Shares on Euronext Growth, offer, sell, contract to sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of a sale of Shares, or publicly to announce any intention to do any of such things. The foregoing shall not apply to (i) the sale or other transfer of Shares as part of the Private Placement, if any (ii) any transfer of Shares to a company majority owned and/or controlled by the shareholder provided that such company (a) assumes the obligations set forth in the lock-up undertaking and (b) remains majority owned and/or controlled by the shareholder for the remaining part of the lock-up period, or (iii) the acceptance of a takeover offer for all Shares in the Company or a legal merger and any transfer of Shares in relation thereto.

7 BUSINESS OVERVIEW

This section provides an overview of the Company's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 ("Risk factors").

7.1 Introduction

R8 Property is a full-service real estate company focused on the development, ownership and management of centrally located and sustainable commercial properties. The Group was first established in 2010, and as of Q1 2021 the property portfolio is valued at NOK 2,730 million, comprising a total of 28 management properties with a lettable area of 109,789 square meters, and a project portfolio of six development projects. The main focus is on office properties in the Vestfold and Telemark region. However, the portfolio also comprises two properties in the Oslo area and areas within the food and beverage ("**F&B**"), retail, healthcare and hotel segments. The Group is also active within residential development through its subsidiary, R8 Home AS.

R8 Property was awarded first place in the Norwegian Tenant Index for 2020, for the 6th consecutive year. The Company has a clear goal to have Norway's most satisfied tenants and is constantly seeking to adapt to customer needs and preferences. In order to meet demand for more flexible office space solutions, the Group acquired a majority position in the coworking company Evolve Business Space in 2019, and established the office sharing Proptech company Orbit AS in H1 2020.

R8 Property's business model is centred around its focus on ESG (environmental, social and corporate governance) and sustainable properties. The Company is certified as an Eco-Lighthouse business (Nw.: "*Miljøfyrtårn*") and has clear environmental goals in terms of climate neutrality, eliminating the use of fossil energy in the company and to make better use of individual buildings through office sharing. 42% of the properties in the management portfolio are office buildings with energy classification and an environmental focus, with the recently completed greenfield project Powerhouse Telemark as the flagship asset. Powerhouse Telemark is one of the world's most energy efficient and environmentally friendly buildings and was ranked as the world's third "most anticipated building" in 2020 by CNN.

7.2 History and important events

The table below shows the key milestones for the Group from its inception and until to the date of this Information Document:

Year	Event
2015	• Construction start of Nordre Fokserød 14 (phase 1)
	• Acquisition of Vinkelbygget in Tønsberg, office bulding
2016	• Completion and opening of Nordre Fokserød 14 (phase 1) – R8's first greenfield project
2017	• R8 Property is certified as an Eco-lighthouse business (Miljøfyrtårn)
	• New company profile and webpages
	• Launch of Powerhouse Telemark, receiving significant national and international attention
	• Substantial interest also from potential tenants results in R8 Property expanding the area by ~30%
2018	• Equity raise of 115 MNOK
	• Arkaden and Kammerherreløkka acquired as a part of the equity raise
	• Completion and opening of Nordre Fokserød 14 (phase 2)
	• Acquisition of Henrik Ibsens gate 6 in Skien, office building
	• Construction start of Powerhouse Telemark
	• Acquisition of Rådhusgata 2 (Eeks Gård) in Skien, office building
2019	• Completion and opening of Kammerherreløkka in Porsgrunn, hotel, office and parking
	• Signed purchase agreement of Evolve Business Space
	• Launch of Polymer Exploration Center, office building and laboratory

2020	• Equity raise of 130 MNOK • Acquired Henrik Ibsens gate 40-42 in Oslo, office building • Signed agreement to develop Skien Brygge together with BaneNor Eiendom and SBBL • Completion and opening of Powerhouse Telemark in Porsgrunn, office building • Construction start Polymer Exploration Center, Porsgrunn • Acquisition of 16% of Inkognitogaten 33 in Oslo, office building. Refurbishment project • Launch of the Proptech platform Orbit • Sale of Nordre Fokserød 14 in Sandefjord, office building
2021	• Sale of Rådhusgata 2 in Skien, office building • Sale of Henrik Ibsens gate 40-42 in Oslo, office building • Acquisition of Fornebuveien 1-3 at Lysaker/ Oslo, office building

7.3 Vision and strategy

7.3.1 Vision

The Group's vision statement is: We create a sustainable future, by leveraging technology and passion in the way we build and manage property – always keeping the customer in the center.

- Sustainability: sustainability in all parts of the value chain, from projects to management services
- Technology: leveraging the opportunity technology provides within internal and external operations
- Passion: growing and exploiting the passion in the organization in everyday operations
- Customer Centricity: keeping the customers' needs and wants in the center of all services and innovation

7.3.2 Strategy

The Board of Directors and the administration of the Company is unified on a strategic focus over the next years that emphasizes that the Company will further develop its environmental profile and become a hub- and destination developer. The Company has an ambitious growth strategy for the coming years, where R8 Property targets to double its property portfolio from approximately NOK 2.5 billion to NOK 5 billion by 2023. The targeted growth will be achieved by developing the eight projects in the existing property bank and acquisitions of additional plots or properties for development. The main focus will remain on office buildings in the Vestfold & Telemark region, but the Company will be pragmatic if attractive opportunities arise in other cities and segments (e.g. Skien Brygge, Fornebuveien 1-3, Inkognito Park). New developments will be a combination of sustainable redevelopment- and greenfield projects. Greenfield projects will have a minimum requirement of BREEAM NOR Excellent, and redevelopment projects will have a minimum requirement of BREEAM NOR Very Good.

In parallel with the strong growth in the years to come, it is important that the Company takes good care of its existing properties and tenants. R8 Property aspires to continue to be the company with the most satisfied tenants in the years to come. A contributor to this will be a "develop-to-own" rather than a "develop-to-sell" strategy, which ensures a closer connection to the company's assets and tenants. The Company will also seek to further develop Evolve and Orbit in order to facilitate and improve the everyday operations of its tenants.

Efforts are being made to enter into long-term contracts with large and medium-sized solid companies. The Company seeks to diversify its tenant mix such that the portfolio is well equipped for declines in some industries. R8 Property also aims at a high share (30-50%) of public tenants in the portfolio to provide a solid and predictable cash flow.

The strategy of R8 Property is to acquire properties with development potential, and the growth in the coming years will be centered around projects where the Group can create value by utilizing its development- and letting competence. As properties move towards full occupancy, new projects with lower occupancy will be added to the portfolio. Therefore, the target occupancy over the next years is 80-85%. The Company targets a 10-15% development margin on its development projects, and an average return on equity of minimum 15% over time. Given the focus on development projects, the return will vary from year to year depending on the number of projects undertaken. The target net LTV is 60-65%, and R8 Property targets to hedge 35-60% of its funding. To ensure the flexibility to maintain a high growth rate, distributing large dividends is not prioritized. When the strategy and

financial position allows it, moderate dividends are expected. See section 5 for more information about the dividend policy.

7.4 The Group's business

7.4.1 Introduction

R8 Property is a full-service real estate company, engaged in the development, ownership and management of modern and future-oriented commercial properties. Development projects are carried out through a mix of greenfield developments and redevelopment projects. In Greenfield projects R8 develops the property all the way from unzoned or zoned land to a finalized newbuild, while in redevelopments R8 acquires an existing building with development potential, renovates/repositions the property and brings it up to full occupancy. Once finalized, projects are transferred from the project portfolio to the management portfolio, where the operational follow-up and management is carried out by R8 Management.

7.4.2 The Group's core business

R8's management portfolio comprises a total of 28 properties with a total lettable area of 109,789 sqm. The portfolio is concentrated in the Vestfold and Telemark region (87% of total value), in the cities Porsgrunn (36%), Skien (32%) and Tønsberg (16%). The remaining 13% of the portfolio is located in Oslo. The weighted average unexpired lease term (WAULT) per Q1 2021 is 6.5 years and the occupancy is 85.1%. Approximately 68.5% of the let area is office space, 12% is retail, 7% is hotels, 6.5% is healthcare and 5.5% is food and beverage ("**F&B**"). Approximately 24% of the space is let to public tenants, 25% to private tenants considered "investment grade" and the remaining 51% to a combination of private tenants.

The annual contractual rent, including parking rent, is NOK 154m. This includes annualized rent free periods of NOK 14m, which are mainly given as lease incentives for new tenants at lease commencements. WAULT of the rent free periods is 0.6 years, compared to 6.5 years for the contractual rent as a whole. The average contractual rent level per sqm (excluding parking) is NOK 1,646, compared to an estimated market rent level of NOK 1,741 sqm by the valuer Newsec. Letting out the remaining areas at market and obtaining market rent adjustments of the contract rent is estimated to NOK 37.3m, which would increase the contractual rent from NOK 153.8m to NOK 191.1m.

The total value of the management portfolio per Q1 2021 is approximately NOK 2.49 billion. Most of the properties are valued by Newsec on a quarterly basis, except for some smaller properties that are valued at year-end, given that no significant changes have occurred since the year-end. The average valuation yield of the management portfolio is 6.1%, and the direct yield is 5.0%. The direct yield is lower than the valuation yield due to vacancy and contractual rent that is below market rent.

The Group's property portfolio has a clear environmental profile, where approximately 38% of the total value of the portfolio relates to properties classified as "Green Offices" (office properties with an energy classification and environmental focus), with the recently completed greenfield project Powerhouse Telemark as the flagship asset. The property is one of the most energy efficient buildings in the world, according to Powerhouse.com, and was recognized in as the third "most anticipated building" in 2020 by CNN. The property consumes around 60% less energy than an ordinary new building and produces far more energy than it consumes over its lifespan.

7.4.3 Development projects

R8 Property has a strong track record from developing 14 properties since 2010 whereof 46,634 sqm redevelopment projects and 22,714 sqm greenfield projects. Recent greenfield developments include the landmark environmental office building Powerhouse Telemark of 8,142 sqm (completed in 2020) and Kammerherreløkka of 9,035 sqm (completed in 2019) – a hotel and office development in Porsgrunn together with BaneNor. As of Q1 2021, Powerhouse Telemark is 97% let and has a WAULT of 9.3 years, and Kammerherreløkka is 96% let with a WAULT of 11.3 years. Recent examples of redevelopment projects include the office refurbishment projects Henrik Ibsens gate 40-42 (1,673 sqm) in Oslo and Rådhusgata 2 (3,445 sqm) in Skien. Henrik Ibsens gate 40-42 was acquired as a vacant property by Bonum in 2019. Both Henrik Ibsens gate 40-42 and Rådhusgata 2 were sold in Q2 2021 (see section 7.12).

The Group has twelve ongoing development projects, whereof ten greenfield projects and two redevelopment project. Out of the ten greenfield projects, three is a larger city development project, two are residential development projects and the remaining five are office developments with clear environmental profiles. The refurbishment project is an

office refurbishment centrally in Oslo. The projects have a total zoned area of 79,300 sqm, and an ownership-adjusted area of 28,311 sqm. Further details of some of the most material projects are included below. In the not zoned category, the Group has an area of 49,200 sqm and an ownership adjusted area of 47,800 sqm.

7.4.3.1 Skien Brygge

Skien Brygge is a large city development project in the city center of Skien, where R8 Property owns 25% together with Bane NOR Eiendom (50%) and Skien Boligbyggerlag (25%). Once finalized, Skien Brygge will house 500 new inhabitants, 700 new jobs, 5,000 sqm culture, F&B and retail premises and 21,500 sqm public areas. The development is split into three stages, where the first stage of 17,565 sqm BRA is ongoing. Stage one will comprise an office building of 3,495 sqm, a hotel of 5,946 sqm, apartments constituting 3,873 sqm, indoor parking of 3,800 sqm and culture of 451 sqm. The office building will be BREEAM certified and is 100% pre-let on 10-year contracts. The hotel will also be BREEAM-certified with energy classification A, and is 100% let to Choice Hotels on a 15 year contract. Sales start of the apartments was in Q1 2021, expected construction start is Q3 2021 and expected completion of phase 1 is Q4 2023. The whole project is expected to be completed in 2027.

The development project has high environmental ambitions. Emission accounting will be kept, and all buildings will have energy classification A or better, and an aim of obtaining BREEAM Excellent certification. The project will utilize modern waste management adapted to the circular economy and recycled materials. Clear environmental requirements will be set for all suppliers and construction sites will be fossil-free.

The Company has an agreement as project manager of the project. Pursuant to the shareholders' agreement, the parties are obliged to provide necessary capital to continue development of the project, upwards limited to NOK 25 million for the Company.

7.4.3.2 Inkognitogaten Park

Refurbishment project localized in immediate proximity to Solli Plass and the Nationaltheateret transportation hub in Oslo. The project is structured as a syndicate by Industrifinans, where R8 Property is the largest shareholder with an 16.6% ownership. The building will undergo a complete internal refurbishment that commenced in Q1 2021 and is expected to be finalized in Q1 2022. R8 Property has an agreement as project manager for the refurbishment. The property is 100% pre-let to Evolve Business Space.

The Company has an option to purchase the remaining shares in Inkognitogaten 33 A AS, valid until 30 June 2023 at the initial purchase price of NOK 21,753.06 per share, subject to CPI adjustment. The Company exercised this option on 26 May 2021, with effect from 30 June 2022, following which it is also expected to enter into agreements with R Venture to (i) sell 41.73% of the shares in Inkognitogaten 33 A AS and (ii) lease out the third and fourth floor of the property (approximately 50% of the space) to 24SevenOffice, on a 10 year lease agreement.

7.4.3.3 Polymer Application Centre

Polymer Exploration Center is a greenfield development project in Porsgrunn, next to Powerhouse Telemark and Porsgrunn Næringspark. The project is owned jointly by R8 Property and Dione AS (50/50). The building will be a 4,500 sqm new office and laboratory for the research company Norner AS, which will lease 100% of the property on a 20-year contract. The lease contract has a break-option after 10 years, but with an expensive penalty-structure for the remaining 10 years.

The construction has started and completion is estimated to be December 2021. The Company has an agreement as project manager for the development project. Dione AS has a right to sell its shares to the Company upon completion of the project, at market value.

7.4.3.4 Slottsfjell Park

The Company purchased all shares in Slottsfjell Park AS (reg.no. 995 857 030) in January 2021, which owns the property Kjelleveien 23 in Tønsberg. The purchase price for the shares was NOK 41.5m. The project is owned 100% by R8 Property and will be a part of a planned area development on Korten in Tønsberg. The plot is zoned and planned for office development, but will be a part of a new area rezoning process which has a planned start in Q3 2021.

7.4.3.5 Powerhouse Tønsberg

The Company is in an early feasibility study to plan for a Powerhouse in Tønsberg, as a part of the area in Tønsberg in which the Group has two management properties (Sentralbygget and Vinkelbygget). This has the ambition to be one of the most exciting sustainable greenfield office projects in the world. The building is planned to produce more Powerhouse than it needs over a course of 60 years. A rezoning process is planned in this project and is anticipated to start in Q3 2021 together with Slottsfjell Park. The building is planned to be 10-12,000 sqm. The feasibility study will be finished in late 2021, and further process will follow.

7.4.3.6 Powerhouse Telemark No. 2

The plot next door to Powerhouse Telemark is in early-stage planning to become a new Greenfield Powerhouse to further strengthen Porsgrunn Næringspark and provide an integrated use of the buildings in Porsgrunn Næringspark. There is a need for rezoning on this project and the project is planned to start a full feasibility study. The project has ambitions to further explore and have a collective approach to how we use the space of the different buildings borderless. The building is planned to be in the range of 15,000-20,000 sqm.

7.4.3.7 Utsikten/Vestsiden Terrasse

These two development projects are residential together with parts of Skien Brygge.

Utsikten in Skien is a Greenfield project that is zoned and 9 units are planned in this project. It will be a signature project with Reiulf Ramstad as an architect. The total area of this development is 1,496 sqm and the building process is expected to start in Q4-2021. This project is owned 100% by R8 Property.

Vestsiden Terrasse has a total area of 4,257 sqm and is owned 50% by R8 Property and 50% by Mynd Eiendom AS. This property is located in Porsgrunn and is now in the pre-project phase. The expected start is Q4-21 / Q1-22.

7.4.4 Commercial real estate trends & outlook

Following the implementation of the Paris agreement in 2015, there has been an increased focus on sustainability within commercial real estate. According to estimates from United Nations, real estate accounts for about 40% of the world's energy consumption and a third of all greenhouse gas emissions. The emissions caused by the real estate industry primarily derives from the production and transportation of materials during construction, and from the energy use from operating the buildings. To cope with these challenges, there has been an increased focus on initiatives aiming at fossil-free construction sites, the use of low emission materials and improvement of the energy efficiency of buildings. Many new developments are now being built with the aim at achieving a BREEAM-NOR environmental classification (the most widespread environmental classification in Norway), which sets far tougher requirements for, among other things, indoor climate, building materials and sustainable energy use than what the building regulations require. Obtaining an environmental classification is voluntary, but it has become more and more a necessity in order to stay competitive. According to an annual investor survey from DNB Næringsmegling, obtaining a BREEAM classification is likely to benefit the property owners as well. The survey found an average increased willingness to pay of 22 basis points on the yield level, justified through lower residual risk, lower vacancy risk, lower political risk and possibly a higher rent level.

In addition to the direct emissions caused by the real estate sector, the location of buildings and facilitation of various forms of transportation by the buildings is decisive for emissions caused by transportation. In a response to this, nearly all municipalities in Norway now have some form of "hub-based" urban development strategy incorporated in the Municipal Master Plan. More specifically, urban development will be allowed in areas easily accessible with public transportation, facilitating public transportation, walking and cycling at the expense of car traffic.

A major trend within the office segment is the strong growth of flexible office space, or "coworking". According to an analysis from Malling & Co (2019), suppliers of coworking space accounted for 5-7% of all signed lease contracts in 2017-2018, and approximately 12% in 2019. The popularity of coworking primarily stems from its cost effectiveness and flexibility, which is especially attractive for start-ups and businesses experiencing strong growth. Additionally, coworking helps workers avoid the feeling of isolation they may experience while telecommuting, traveling, or working at home alone, and eliminate distractions. Despite its strong growth over the last years, the office space used for coworking still only constitutes about 1.5% of the total office market in Oslo, compared with London where areas used for coworking constitute just below 8% of the total office market. In the light of Covid-19 an annual investor survey among coworking operators from DNB Næringsmegling (June 2020) highlighted that several users

have cancelled their lease contracts, and consequently many operators have been hit hard and have had to adjust their short-term growth ambitions. However, the economic downturn in the turmoil of Covid-19 has highlighted the value of flexibility, which may benefit Coworking over the longer term.

7.4.5 Evolve Business Space

Evolve Business Space ("**Evolve**") is Norway's second largest coworking company. R8 Property entered into an agreement to buy 100% of Evolve in H2 2019, where 50% was bought initially and the remaining 50% was acquired in December 2020, and 25 % of the shares were sold to Alligate AS, who has a right to sell the shares back for the same price, less a discount of 20% within a certain period of time. As of Q1 2021, Evolve has 24 locations across Oslo, Viken and Vestfold & Telemark, with one more location to open during 2021.

The acquisition of Evolve was done in a response to customer needs regarding flexibility and services. It allows the Company to offer its tenants the opportunity to upscale and downscale their space needs in addition to fixed office space on longer contracts. It is estimated that flexible office space will experience strong growth over the coming years and make up an increasing part of the overall office market over time. Through R8's ownership in Evolve, the Company will benefit from retaining the customer relationship instead of letting to a third-party operator.

7.4.6 Orbit Technology AS

Orbit Technology AS ("**Orbit**") is a digital office sharing platform established by R8 that allows for more effective usage of office space. It is estimated that around 50% of all commercial real estate is vacant or unused at any given time. Orbit solves this by turning unutilized space into satellite workspaces that can be accessed by other users. Orbit does not control any space, but ties together a network of landlords. By utilizing unused space, Orbit can offer radically lower prices and a large network without any risk. Through the app, users have frictionless access to locations, and the possibility to grant access to colleagues, book meeting rooms, transportation, buy foods etc. Orbit is integrated with Evolve's coworking locations in Oslo, Porsgrunn, Skien, Tønsberg, Fredrikstad and Viken. Further, Orbit has planned pilots with OBOS and Politiet, which is expected to launch in 2021.

As of Q1 2021, R8 owns 35.5% of Orbit Technology AS.

7.5 Material contracts

7.5.1 Lease agreements

The material contracts of the Group consist of its lease agreements. R8 Property has a varied tenant portfolio with a relatively high proportion of attractive tenants and solid companies. The Company has won the Norwegian tenant index six years in a row. This can also be seen in connection with the risk of renegotiation when renewing leases, as satisfied tenants often choose to renew the contracts. The weighted expiry of the leases as of 31 March 2021 is 6.6 years (7.0 years including current project portfolio).

#	Tenant	Yearly rent	Shares
1	Helfo	15,078,632	10.52%
2	Comfort Hotel Porsgrunn	11,780,750	8.22%
3	Evolve IT Fornebu AS	5,930,882	4.14%
4	Evolve Bjørvika AS	4,830,000	3.37%
5	Kriminalomsorgen Region	4,112,973	2.87%
6	Skien Sportsbar AS	3,800,000	2.65%
7	Telenor Norge	3,298,092	2.30%
8	Gjensidige Forsikring ASA	2,828,291	1.97%
9	Gassnova SF	2,796,143	1.95%
10	DNB Bank ASA	2,790,288	1.95%
Total 10 largest tenants		57,246,051	39.95%
Other tenants		96,566,949	60.05%
Total all tenants		153,813,000	100.00%

In general, the Group enters into lease agreement on market terms. However, certain deviations are made on a case by case basis, e.g. deviations related to:

(i) adjustment of rent which corresponds to less than 100% of CPI;

(ii) no obligation to provide security/guarantees for tenants where the risk of default is considered low;

(iii) provisions giving certain tenants the right to not be in the same building as competitors; and

(iv) certain additional rights for tenants, e.g. relating to rectification of the premises or the surroundings.

7.5.2 Supplier agreements

The Group does not consider any of its supplier agreements to be material to the business. However, the building contractors are of importance for the business once they have been engaged for a specific development project.

These are evaluated from project to project and the Company is of the opinion that it has solid contractors in its ongoing project, including e.g. Porsgrunn Næringspark AS' contracts with Backe Vestfold Telemark AS and Skanska Norge AS. In addition, Rådhusgata 2 Skien AS has a construction contract with Seltor AS. The work under the contracts with Skanska Norge AS and Seltor AS, respectively, are completed and that they await certificates for final completion

7.6 Principal Markets

7.6.1 Geographical markets

7.6.1.1 Vestfold & Telemark

R8 is primarily a Vestfold & Telemark focused real estate company, with 85% of the value of the management portfolio and 99% of the zoned area in the development portfolio located in the county. Vestfold & Telemark is a county in Norway with a total of around 417,000 inhabitants. The major cities are Skien, Porsgrunn and Tønsberg. R8's real estate portfolio is concentrated in the major cities, where Porsgrunn make up 36%, Skien 32% and Tønsberg 16%.

According to Q4 Næringsmegling, a regional commercial broker firm, the prime yield of office properties in Telemark was in the region 5.25% - 6.50% in 2020. Prime rent was estimated at around NOK 2,200 in Tønsberg, NOK 2,000 in Sandefjord and NOK 1,800 in Skien and Porsgrunn. The broker firm have registered a high activity level in the transaction market in the county, with significantly increased interest from investors from Oslo, especially for buildings with a value above NOK 50m.

Population projections towards 2030 from SSB indicate population growth in the region, from around 417,000 today towards 434,000 inhabitants in 2030. The growth in the region will be further supported by the upgrade of Vestfoldbanen, which will enhance the connectivity in towards Oslo. Construction of two new double track lines was initiated in December 2019 and in January 2020: Drammen – Kobbervikdalen and Nykirke – Barkåker. Both are planned to open in 2024. When finalized, there will be continuous double track lines from Drammen to Tønsberg, which will allow for four departures per hour from Tønsberg and Oslo, with a travel time of approximately 1 hour. In the national transportation plan for the period 2018 – 2029, it is a stated goal that continuous double track lines will be available from Skien to Oslo by 2032.

In 2019, Google purchased approximately 500 acres of land at Gromstul, 10 kilometers north-east of Skien. Google is collaborating with Statkraft to develop the basic infrastructure for a future hyperscale datacenter establishment in the area. Experience from other data center establishments in the Nordics show that these may have significant beneficial ramifications for the nearby area. A nearby example is Facebook's datacenter establishment in Luleå, Sweden, in 2013. Since Facebook's establishment, Luleå (approximately 70,000 inhabitants) and nearby municipalities have increased their population by around 10,000 and have been supplied with about 4,700 jobs.

7.6.1.2 Oslo

The remaining 15% of the value of the management portfolio and 1% of the zoned area in the development portfolio is located in the Oslo area. Oslo is the capital of Norway, and Norway's largest city, with a population of 693,000 and approximately 1.35 million living in the Greater Oslo Region. R8's exposure to Oslo as of the date of this Admission

Document is solely through flexible office space, or coworking, as both of R8's properties in Oslo are fully let to Evolve.

7.6.2 Operating segments

7.6.2.1 Green Office

Properties in the Green Office segment comprise office properties with an energy classification and an environmental focus. Properties within this segment make up the largest part of the portfolio with 38% of the total value of the management portfolio. The Company's growth over the coming years will be through development projects, where R8 has a minimum requirement of BREEAM NOR Excellent for new buildings and BREEAM NOR Very Good for refurbishment projects. Hence, the green office segment is expected to make up an increasing part of the portfolio going forward. According to an annual investor survey from DNB Næringsmegling, these properties are likely to yield a premium to properties without any environmental profile, given their lower residual risk (larger buyer group when selling), lower political risk, lower vacancy risk and potentially higher rent potential.

7.6.2.2 City Office

The city office segment includes other ordinary office properties without an energy classification. Properties within this segment comprise 35% of the management portfolio. All city office properties have central locations in Vestfold & Telemark's largest cities. One property is located in Oslo with a prime location behind the Royal Castle.

7.6.2.3 Commercial Property

The commercial property segment comprises all multi-use buildings in the Company's property portfolio. These properties have attractive locations in the city center of the largest cities in Vestfold & Telemark, with a variety of tenants in different segment. The commercial property segment comprises 27% of the value of the management portfolio, where the shopping center Arkaden makes up half of this value and 66% of the area. Arkaden was acquired in 2017 with an occupancy of approximately 50% and has been brought up to an occupancy of 73% (as of 31 March 2021) at the date of this Information Document, plus LOI's for a further 10% of the lettable area. R8 expects Arkaden to be fully let within completion of phase 3 of Arkaden development plan (final investment decision pending), and subsequently the occupancy in the commercial property segment will increase accordingly. Another large property also comprising a substantial part of the segment is Comfort Hotel Porsgrunn (Kammerherreløkka 5), accounting for approximately 29% of the value of commercial properties. The hotel has a very attractive location by the central station in Porsgrunn, and was finalized in 2019 in a 50-50 partnership with Bane NOR. The hotel has experienced a significant decrease in the activity level in the light of the Covid-19 outbreak, and the value of the asset has been reduced on the company's books. The latest valuation per Q1 2021 was made at a valuation yield of 7.15%

7.7 Growth ambitions

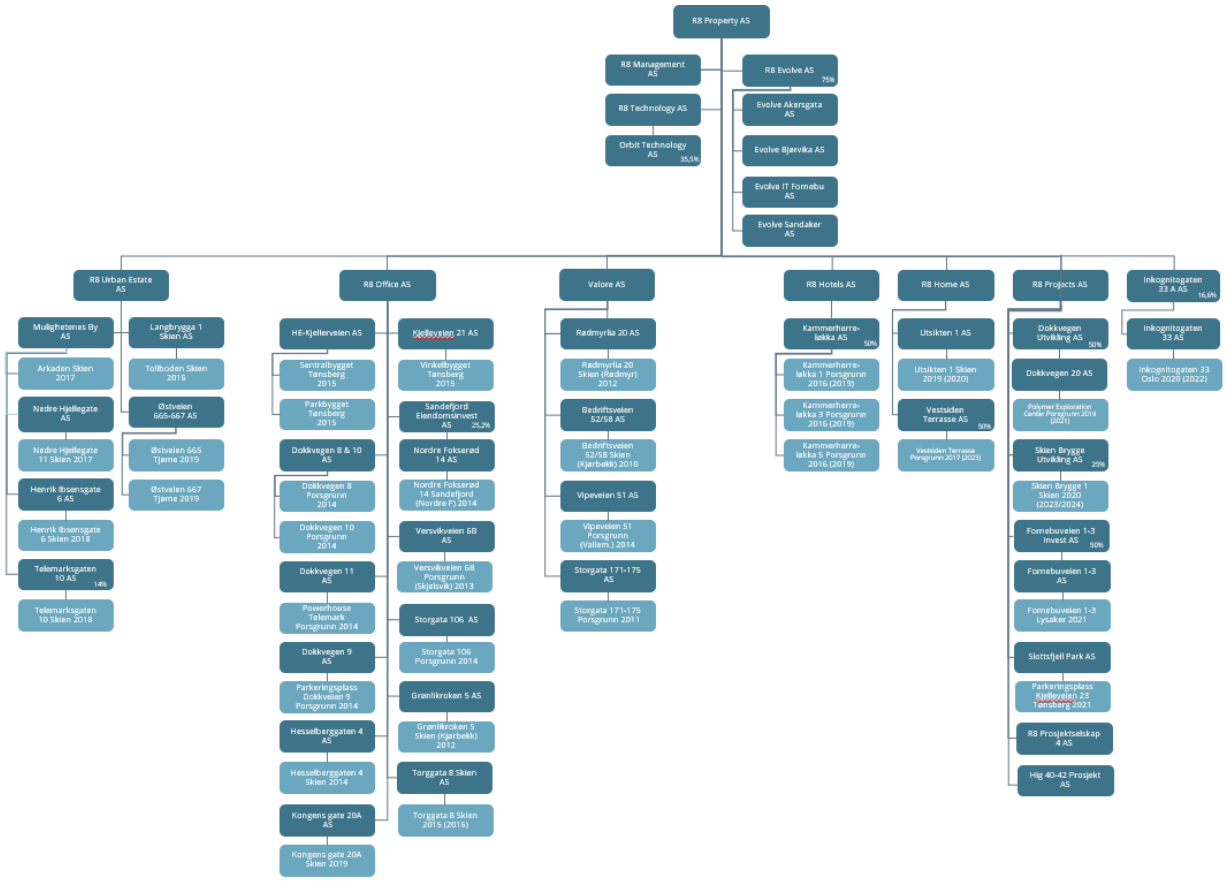
The company has significant growth ambitions. When it comes to investment property the target is to surpass NOK 10 billion in property value at the end of 2025. Evolve have a growth target to surpass NOK 100 million within 2023. The company will also start with some development of residential property in strategic areas.

7.8 Group organisation

7.8.1 Overview

The Company is the parent company of the Group, with limited activity other than being the ultimate holding company. The Company has 10 directly owned subsidiaries, all of which are wholly-owned and incorporated in Norway, with the exception of R8 Evolve AS and Inkognitogaten 33 A AS.

The figure below sets forth an overview of the Group's current legal structure.



7.8.2 Valore AS

Valore AS is a Norwegian private limited liability company. The company was incorporated on 14 September 2012 with registration number 998 862 043. The company is a holding company for the Group's investments in combined properties. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.8.3 R8 Office AS

R8 Office AS is a Norwegian private limited liability company. The company was incorporated on 21 September 2010 with registration number 995 975 645. The company is a holding company for the Group's office properties. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.8.4 R8 Hotels AS

R8 Hotels AS is a Norwegian private limited liability company. The company was incorporated on 19 April 2018 with registration number 920 889 530. The company is a holding company for the Group's hotel properties. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.8.5 R8 Home AS

R8 Home AS is a Norwegian private limited liability company. The company was incorporated on 28 March 2019 with registration number 922 997 268. The company is a holding company for the Group's investments in housing development. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.8.6 R8 Urban Estate AS

Hig 40-42 Prosjekt AS is a Norwegian private limited liability company. The company was incorporated on 15 June 2018 with registration number 920 641 334. The company is a holding company for the Group's investments in development projects. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.8.7 R8 Projects AS

R8 Projects AS is a Norwegian private limited liability company. The company was incorporated on 15 August 2019 with registration number 923 454 489. The company is a holding company for the Group's investments in development projects. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.8.8 R8 Management AS

R8 Management AS is a Norwegian private limited liability company. The company was incorporated on 7 July 2014 with registration number 913 943 538. The company is the Group's operation and property management company. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.8.9 R8 Technology AS

R8 Technology AS is a Norwegian private limited liability company. The company was incorporated on 31 March 2020 with registration number 924 958 065. The company is a holding company for the Group's investments in technology. The company's registered address is Dokkvegen 11, 3920 Porsgrunn, Norway.

7.9 Dependency on contracts, patents, licenses, trademarks, etc.

7.9.1 Dependency on contracts

It is the Company's opinion that the Group's existing business and profitability are not dependent upon any contracts. However, the agreements described in Section 7.5 are considered to be of material importance to the Group.

7.9.2 Dependency on patents, licenses, trademarks, etc

The Group's existing business and profitability is not dependent on any patents, licenses or other intellectual property.

7.10 Related party transactions

Below is a summary of the Group's related party transactions for the periods covered by the historical financial information included in this Information Document as Appendix B and Appendix C and up to the date of this Information Document.

Company	Related party	Transaction	Year	Value
R8 Property AS	R8 Consulting Group AS	Property management fee	2019	NOK 2,300,236
R8 Property AS	R8 Consulting Group AS	Consulting services	2019	NOK 2,457,125
R8 Urban Estate AS	R8 Investments AS	Purchase Tollboden AS	2019	NOK 9,195,000
R8 Property AS / R8 Urban Estate AS	R8 Group AS	Purchase Mulighetenes By AS	2019	NOK 45,930,000
R8 Home AS	Emil Eriksrød	Purchase Utsikten 1 AS (plot)	2019	NOK 7,200,000
R8 Property AS	R8 Group AS	Purchase Valore AS	2019	NOK 46,900,000
R8 Home AS	R8 Investments AS	Purchase Vestsiden Terrasse AS	2020	NOK 2,944,023

For further information on related party transactions of the Group for the financial years 2019 and 2018, please refer to the Financial Statements (note 27 for 2020 and note 25 for 2019), included in this Information Document as Appendix B and Appendix C.

7.11 Legal and arbitration proceedings

From time to time, the Group may become involved in litigation, disputes and other legal proceedings arising in the course of its business. Neither the Company nor any other company in the Group, is, nor has been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

7.12 Events after the date of the statement of financial position

In Q2 2021 the Group has divested two properties in the management portfolio to external parties. Property values in both transactions were in line with book value, according to IFRS, as of 31.03.2021

- Henrik Ibsens gate 40-42 was sold at gross property value of NOK 160,000,000
- Rådhusgata 2 Skien was sold at gross property value of NOK 114,000,000

In connection with the divestments, debt totalling approximately NOK 195,000,000 to Pareto Bank was repaid.

8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

8.1 Introduction and basis for preparation

The Financial Statements have been prepared in accordance with IFRS. The Management Accounts have been prepared in accordance with IAS 34.

The Financial Statements have been audited by the Company's independent auditor, Ernst & Young AS, as set forth in the auditor's report, which is included in the Financial Statements (see Appendix B and Appendix C). The auditor's reports do not include any qualifications.

The Financial Statements and the Management Accounts are referred to herein as the "**Financial Information**".

The selected financial information presented in Section 8.2 to Section 8.6 below has been derived from the Financial Information and should be read in connection with, and is qualified in its entirety by reference to, the Financial Information included herein as Appendix B, Appendix C and Appendix D.

8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see note 1 in each of the Financial Statements, incorporated herein as Appendix B and Appendix C.

8.3 Selected statement of income

The table below sets out selected data from the Group's unaudited consolidated interim income statement for the three months' period ended 31 March 2021, with comparable figures for the three months' period ended 31 March 2020, and from the audited consolidated income statement for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

	Three months ended 31 March		**31 December**	
(In NOK thousand)	**2021** *(unaudited)*	**2020** *(unaudited)*	**2020** *(audited)*	**2019** *(audited)*
Rental income	30,067	28,619	114,153	99,755
Other operating revenue	6,065	3,292	18,338	13,636
Total operating income	**36,132**	**31,911**	**132,491**	**113,391**
Maintenance and other operating expenses	15,937	9,619	53,208	46,363
Other property-related expenses	727	224	2,196	1,088
Administrative expenses	8,275	9,052	30,630	24,223
Total operating costs	**24,939**	**18,894**	**86,034**	**71,674**
Net income from property management	**11,192**	**13,017**	**46,457**	**41,717**
Changes in fair value from investment properties	24,282	-53,295	-46,726	78,664
Operating profit	**35,474**	**-40,278**	**-269**	**120,381**
Gains from investment in shares	15,479	-	-	-
Share of profit (loss) from associates and joint ventures	-4,099	-676	-6 882	-
Interest and other finance income	322	488	2,053	3,105
Losses from investment in shares	-	-	-496	-
Interest and other finance expense	-20,887	-15,805	-66,142	-47,360
Net realised financials	**-9,186**	**-16,077**	**-70,971**	**-44,255**
Unrealised changes in fair value of financial instruments	12,213	-33,914	26,628	509

(In NOK thousand)	Three months ended 31 March		31 December	
	2021 *(unaudited)*	**2020** *(unaudited)*	**2020** *(audited)*	**2019** *(audited)*
Net financial items	**3,027**	**-49,906**	**44,840**	**-43,746**
Profit before tax	**38,501**	**-90,184**	**-45,109**	**76,635**
Tax expense	-6,103	11,940	18,338	-17,458
Profit for year	**32,397**	**-78,244**	**-26,771**	**59,177**
Profit attributable to:				
Equity holders of the Company	22,572	-55,495	-11,007	48,767
Non-controlling interest	9,826	-22,749	-15,764	10,411
Total comprehensive income attributable to:				
Equity holders of the Company	22,572	-55,495	-11,007	48,767
Non-controlling interest	9,826	-22,749	-15,764	10,411
Earnings per share:				
Continuing operations				
Basic (NOK)	1.14	-2.81	-0.56	2.89
Diluted (NOK)	1.01	-2.81	-0.56	2.89

8.4 Selected statement of financial position

The table below sets out selected data from the Group's unaudited consolidated interim balance sheet statement as per 31 March 2021, with comparable figures as per 31 March 2020, and from the audited consolidated balance sheet as per 31 December 2020, with comparable figures as per 31 December 2019.

(In NOK thousand)	Three months ended 31 March		31 December	
	2021 *(unaudited)*	**2020** *(unaudited)*	**2020** *(audited)*	**2019** *(audited)*
NON-CURRENT ASSETS				
Deferred tax asset	10,244	2,426	10,169	-
Intangible assets	7,566	9,081	7,605	7,630
Total intangible assets	17,810	11,506	17,773	7,630
Investment property	2,730,680	2,387,000	2,436,000	2,409,000
Other operating assets	874	846	765	1,238
Right-of-use assets	92	234	127	-
Total property, plant & equipment	2,731,646	2,388,080	2,436,892	2,410,238
Investment in associates and jointly controlled entities	118,310	52,821	124,592	496
Financial derivatives	43,415	-	46,618	-
Other long-term receivables	12,472	3,180	9,554	3,211
Total financial assets	174,196	56,000	180,764	3,707

(In NOK thousand)	Three months ended 31 March		31 December	
	2021 *(unaudited)*	**2020** *(unaudited)*	**2020** *(audited)*	**2019** *(audited)*
TOTAL NON-CURRENT ASSETS	**2,923,652**	**2,455,587**	**2,635,429**	**2,421,575**
CURRENT ASSETS				
Inventory properties	9,562	19,797	9,360	7,805
Trade receivables	15,663	16,451	14,155	12,607
Other receivables	14,130	15,979	12,625	27,166
Other receivables to related parties	26,278	30,573	14,370	30,585
Total current receivables	65,634	82,801	50,510	78,163
Cash and bank deposits	31,029	16,249	35,679	51,040
TOTAL CURRENT ASSETS	**96,663**	**99,050**	**86,188**	**129,203**
TOTAL ASSETS	**3,020,315**	**2,554,637**	**2,721,617**	**2,550,778**
EQUITY				
Share capital	4,930	4,930	4,930	4,930
Share premium	200,291	200,291	200,291	200,291
Other paid-in equity	140,719	134,420	140,340	134,420
Retained earnings	385,398	318,333	362,820	373,828
Shareholders equity	**731,339**	**657,974**	**708,382**	**713,469**
Non-controlling interest	62,754	44,857	52,919	64,663
TOTAL EQUITY	**794,093**	**702,832**	**761,300**	**778,131**
LIABILITIES				
Interest-bearing debt	1,518,409	636,033	1,347,535	649,543
Deferred tax liability	82,092	76,380	79,110	84,591
Financial derivatives	20,068	45,703	35,646	11,789
Lease liabilities, non-current portion	3,224	4,155	3,567	-
Total non-current liabilities	1,623,793	762,271	1,465,858	745,923
Trade payables and other payables	34,314	23,520	40,926	74,125
Interest-bearing debt	475,945	1,007,051	376,879	931,732
Debt to related parties	6 905	23,901	6,633	20,868
Lease liabilities, current portion	1,216	1,100	1,258	-
Other current liabilities	84,050	33,962	68,764	35,659
Total current liabilities	602,429	1,089,534	494 459	1,026,724
TOTAL LIABILITIES	**2,226,222**	**1,851,805**	**1,960,317**	**1,772,647**
TOTAL EQUITY AND LIABILITIES	**3,020,315**	**2,554,637**	**2,721,617**	**2,550,778**

8.5 Selected statement of cash flows

The table below sets out selected data from the Group's unaudited consolidated interim statement of cash flows for the three months' period ended 31 March 2021, with comparable figures for the three months' period ended 31 March 2020, and from the R8 Property AS' audited consolidated statement of cash flows for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

	Three months ended 31 March		31 December	
(In NOK)	**2021** *(unaudited)*	**2020** *(unaudited)*	**2020** *(audited)*	**2019** *(audited)*
Profit before tax	38,501	-90,184	-45,109	76,635
Expensed interest and fees on loans from financial institutions	20,887	15,805	64,089	47,360
Share of profit of a joint venture	4,099	676	6,882	-
Interest and fees paid on loans from financial institutions	-21,931	-15,408	-59,439	-42,793
Gains from investment in shares	-15,479	-	-	-
Depreciation and amortization	60	149	495	779
Other adjustments	512	-	2,649	
Change in market value investment properties	-24,282	53,295	46,726	-78,664
Change in market value financial instruments	-12,213	33,914	-26,628	-509
Change in working capital	13,281	-5,574	-2,767	-7,090
Net cash flow from operating activities	**3,436**	**-7,328**	**-13,101**	**-4,283**
Proceeds from sales of investment properties and companies	**-**	**-**	47,441	6,200
Proceeds from sales of shares	15,000	**-**	25,015	-
Purchase of shares	**-**	-43,000	-121 902	-
Purchase of business net of cash	-91,662	-2,944	-	-
Upgrades and construction of investment properties	-61,300	-44,941	-183,531	-294,694
Purchase of investment property	**-**	**-**	-	-89,656
Purchase of intangible assets and other plant and equipment	-	-211	-	-836
Net payment financial assets	-	-	14,795	-
Net cash flow from investment activities	**-137,962**	**-91,095**	**-218,182**	**-378,985**
Proceeds interest-bearing debt	242,276	73,417	190,395	345,867
Repayment interest-bearing debt	-143,274	-5,711	-20,091	-24,678
Net payment of loans to other related parties	-11,908	-4,074	6,606	-16,399
Net payment from convertible loans	42,783	-	37,936	
Proceeds from equity	-	-	-	130,086
Cost of equity transactions	-	-	-	-908
Purchase of shares from non-controlling interests	-	-	1,076	-20,151
Net cash flow from financing activities	**129,876**	**63,632**	**215,922**	**413,818**
Change in cash and cash equivalents	-4,650	-34,791	-15,361	30,550
Cash and cash equivalents at beginning of period	35,679	51,040	51,040	20,490
Cash and cash equivalents at end of period	**31,029**	**16,248**	**35,679**	**51,040**

8.6 Selected statement of changes in equity

Changes in equity for the year ending on 31 December 2020 and 2019, and for the three months ending on 31 March 2021, is included below.

(In NOK thousand)	**Share capital**	**Share premium**	**Other paid-in equity**	**Retained earnings**	**Non-controlling interest**	**Total**
Equity at 1 January 2019	**3,411**	**117,406**	**43,910**	**320,220**	**47 358**	**532 305**
Profit for the year	-	-	-	48,767	10,411	59,177
Corporate merger (konsernfusjon) as of 29.03.2019	85	10,649	-	-	-	10,734
Capital increase as of 29.03.2019	300	37,512	-37,812	-	-	-
Capital increase as of 09.05.2019	278	34,725	-			35,002
Capital increase as of 27.11.2019	856		129,230			130,086
Acquisitions/capital increase subsidiaries	-	-	-	-	31,886	31,886
Decrease in non-controlling interest	-	-	-	4,841	-24,992	-20,151
Cost of equity transactions directly in equity		-	-908	-	-	-908
Equity at 31 December 2019	**4,930**	**200,291**	**134,420**	**373,828**	**64,663**	**778,131**
Profit for year	-	-	-	-11,007	-15,764	-26,771
Acquisitions/capital increase subsidiaries	**-**	**-**	**-**	**-**	4,020	4,020
Share based options	**-**	**-**	5,920	**-**	-	5,920
Equity at 31 December 2020	**4,930**	**200,291**	**140,340**	**362,820**	**52,919**	**761,300**
Profit for year	**-**	**-**	**-**	22,572	9,826	32,397
Share based options	**-**	**-**	380	**-**	**-**	380
Change in non-controlling interest	**-**	**-**	**-**	6	9	15
Equity at 31 March 2021	**4,930**	**200,291**	**140,719**	**385,398**	**62,754**	**794,093**

8.7 Significant changes in the Group's financial or trading position

Other than the Private Placement, the Group has not carried out any transactions after the last audited accounts that represent a change of more than 25% in its total assets, revenue or profit or loss.

However, the Company has recently received a bid for one of its properties under development. The bid is at a value which is in line with the Newsec valuation as of Q1 2021, but is non-binding and subject to customary reservations and conditions.

8.8 Material borrowings

8.8.1 Third party borrowings

In addition to various other loan agreements which are not by themselves considered material to the Group, the Company has the following material loan arrangements:

(i) Secured bank loans – DNB: approximately NOK 789,000,000;

(ii) Secured bank loans – Sparebanken Sør: approximately NOK 396,770,000;

(iii) Secured bank loans – Sparebank 1 Telemark: approximately NOK 299,027,000;

(iv) Secured bank loans – BN Bank: approximately NOK 112,850,000; and

(v) Secured bank loans – Pareto Bank – approximately NOK 270,000,000

The total current net debt for the Group is approximately NOK 1,994 million. As security for the loans, the Company has pledged shares in several of its subsidiaries.

The loan agreements contain various conditions that the Group needs to fulfil. Below is a table which sets out certain key information about material loan covenants.

Lender	Covenant	Group Company
DNB	Change of control to be approved by lender	R8 Office AS incl. subsidiaries
DNB	Dividends and group contributions from R8 Office AS to be approved by lender	R8 Office AS incl. subsidiaries
DNB	Companies within R8 Office AS may not take out loans, provide collateral or guarantees without the written consent from lender	R8 Office AS incl. subsidiaries
Pareto	Cash covenant – 6 months interest payment shall be deposited at all times	R8 Urban Estate AS
Pareto	LTV max 80%. VEK min mNOK 400	R8 Urban Estate AS
Pareto	Change of control to be approved by lender	R8 Urban Estate AS
Sparebanken Sør	Dividends and group contributions from Mulighetenes By AS and Henrik Ibsensgate 6 AS to be approved by lender	Mulighetenes By AS, Henrik Ibsensgate 6 AS
Sparebanken Sør	Change of control to be approved by lender	Mulighetenes By AS, Henrik Ibsensgate 6 AS
Sparebank 1 Telemark	Change of control to be approved by lender	Valore AS, Kammerherreløkka AS
Sparebank 1 Telemark	Cash covenant – 3 months interest payment shall be deposited at all times	Valore AS
Sparebank 1 Telemark	Dividends and group contributions from Kammerherreløkka AS to be approved by lender	Kammerherreløkka AS
BN Bank	Change of control to be approved by lender	Fornebuveien 1-3 AS
BN Bank	Dividends and group contributions from Fornebuveien 1-3 AS to be approved by lender	Fornebuveien 1-3 AS

8.8.2 Shareholder loans

In addition to the third party borrowings set out above, the Group had also obtained approximately NOK 127 million in shareholder loans, of which approximately NOK 81.6 million were convertible shareholder loans provided to the Company.

The shareholder loans were convertible at a strike price of NOK 38 per share and due on 30 June 2021. Approximately NOK 21 million of the convertible shareholder loans were converted in connection with the Private Placement. This resulted in a dilution of approximately 2.8% based on the total number of shares in the Company prior to the Private Placement. Remaining convertible loans lost their right to convert, and has a new maturity date on 30 June 2022.

8.9 Working capital statement

Following the Private Placement, the working capital available to the Group is sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Information Document.

9 THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND OTHER CONSULTANTS

9.1 Introduction

The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings and to table draft resolutions for items to be included on the agenda for a General Meeting. The date of the first annual general meeting following the application for the Admission has not been set, but is expected to be on or around April 2022.

The overall management of the Company is vested with its Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's Chief Executive Officer (the "**CEO**"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

9.2 The Board of Directors

9.2.1 General

The Articles of Association provide that the Board of Directors shall comprise between three and seven board members, as elected by the Company's shareholders in an ordinary or extraordinary general meeting (as applicable).

The Company's registered business address, Dokkvegen 11, 3920 Porsgrunn, Norway, serves as business address for the members of the Board of Directors in relation to their directorship in the Company.

9.2.2 The composition of the Board of Directors

The names and positions of the members of the Board of Directors are set out in the table below.

Name	Function	Served since	Term expires	Shares
George Emil Aubert	Chairperson	11 May 2019	AGM 2022	967,000[1]
Knut Bråthen	Director	6 June 2018	AGM 2022	1,791,980[2]
Runar Rønningen	Director	11 May 2019	AGM 2022	550,000[3]
Leif Oddvin Jensen	Director	11 May 2019	AGM 2022	2,697,110[4]
Else Christina Maria Sundby	Director	11 May 2019	AGM 2022	15,000[5]
Elin Tufte Johansen	Director	29 October 2020	AGM 2022	57,000[6]
Marianne Lie	Director	29 October 2020	AGM 2022	0

1 George Aubert owns shares through the following entities (partly owned and controlled): Aubert Invest AS, Holta & Co AS, Sonja og Emil Auberts legat.

2 Knut Bråten owns shares through his wholly owned holding company, IKAB AS.

3 Runar Rønningen owns shares through his wholly owned holding company, Sarepta AS.

4 Leif Oddvin Jensen owns shares through his partly owned holding company, Brødrene Jensen AS.

5 Else Christina Sundby owns shares through her wholly owned holding company, Giraffa AS.

6 Elin Tufte Johansen owns shares through her partly owned holding company, Handlekraft Holding AS.

9.2.3 Brief biographies of the Board Members

Set out below are brief biographies of members of the Board of Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

George Emil Aubert, Chairperson

George Emil Aubert is an IT engineer with major experience from the industry. He was involved in the start-up of Syscom AS in Oslo where he worked for 26 years. He then took over the operation as general manager of the family companies Aubert Invest, Holta & co, as well as Sonja and Emil Auberts Legat.

George Emil Aubert also holds board positions as chairman or board member in e.g. Aubert Invest, Holta & co, Skiens Aktiemølle, Broerne 6, Trebua Invest, Tenera, and the Backe, Vauvert and Hovunds Fond Foundation.

Elin Tufte Johansen, Director

Elin Tufte Johansen has cutting-edge expertise in organisational development, change processes and leadership. As a partner in Team Consulting, she has worked with a number of companies with a focus on development of management, collaboration and culture.

Tufte Johansen is educated in management, psychology and coaching and holds a degree in Executive Master of Management from BI Norwegian Business School.

Knut Bråthen, Director

Knut Bråthen has been the general manager of the family company Ing.K.A.Bråthen AS (now IKAB AS) since 1990. In 2006, he established Grenland Barnehagedrift, which he ran until 2016 when the company was sold to Læringsverkstedet. Bråthen also holds board positions in Grenland Energy AS and SafeLink AS.

Bråthen holds an MSc in Economics and Business Administration from BI Norwegian Business School.

Runar Rønningen, Director

Runar Rønningen has over 20 years experience within financial journalism, asset management and investments. Rønningen was CEO of Pioneer Group from 2010 to 2019, and established Oslo Capital Partners AS in 2019.

Rønningen holds an MSc in Economics and Business Administration from the Norwegian School of Economics. In addition, he has completed an MSc course in Negotiation at Harvard University.

Leif Oddvin Jensen, Director

Leif Oddvin Jensen holds a degree in accounting and financing from BI Norwegian Business School. He has experience from financial positions and board positions in several other companies, primarily within the Norwegian real estate sector.

Else Christina Maria Sundby, Director

Else Christina Maria Sundby is former CFO at Søylen Eiendom AS and Carucel Holding AS, and has more than 30 years experience within finance, shipping, property and board work.

Sundby has an MBA from Fribourg in Switzerland.

Marianne Lie, Director

Marianne Lie has several years of experience from the Norwegian business industry. Lie runs her own advisory business and is a member of the board of a large number of companies, including RS Platou ASA, Cecon ASA and Rainpower ASA.

Lie has a degree in Law and Political Science studies from the University of Oslo.

9.3 Management

9.3.1 General

As of the date of this Information Document, the Group's senior management team consists of five individuals. The names of the members of the management and their respective positions are presented in the table below.

Name	Position	Employed since	Shares	Options held[4]
Emil Eriksrød	Chief Executive Officer	2017	9,459,547[1]	50,000

Eirik Engaas	Chief Financial Officer	2019	100,000[2]	50,000
Tommy Thovsland	Chief Operating Officer	2020	200,000[3]	50,000
Elin Tufte Johansen	Chief Human Officer	2017	57,000[5]	50,000

1 Emil Eriksrød owns shares through his wholly owned holding company, R8 Group AS.

2 Eirik Engaas owns shares through his wholly and partly owned holding companies, Skarven Industrier AS and Kornveien 5 AS.

3 Tommy Thovsland owns shares through his wholly owned holding company, Thovsland Holding AS.

4 All options give a right to subscribe for shares at a subscription price of NOK 37.72 per share.

5 Elin Tufte Johansen owns shares through her partly owned holding company, Handlekraft Holding AS.

The Company's registered business address, Dokkvegen 11, 3920 Porsgrunn, Norway, serves as business address for the members of the Company's senior management team in relation to their employment with the Group.

9.3.2 Brief biographies of the management

Emil Eriksrød, Chief Executive Officer

As the founder of the R8 Group, where the core business is commercial real estate, the business idea has been to create buildings people want to work in.

Eriksrød has a background in auditing and consulting, cutting-edge expertise in accounting, tax and excise legislation, and worked for several years as CFO in the real estate group Hathon Holding AS.

Eriksrød holds an MSc in Accounting from the Norwegian School of Economics.

Eirik Engaas, Chief Financial Officer

Eirik Engaas has long experience in finance, management, real estate development and investment analysis. From 2014 to 2019, Engaas served in ISS Facility Services AS as Nordic Head of Property – Telenor, Account director Norway – Telenor and Head of maintenance and projects – Telenor, respectively. From 2013 to 2014 he served as Head of project in Merkantilbygg AS, and he worked for several years in Norcap AS, strategy and analysis. In addition to the overall financial work, Engaas plays an important role in the Company's operating and growth strategies.

Engaas holds an MSc in Business from BI Norwegian Business School, majoring in Finance.

Tommy Thovsland, Chief Operating Officer

Tommy Thovsland specialises in business development and has worked extensively with companies in transition. From 2018 to August 2020 he served as Chief Executive Officer of R8 Group AS and from 2015 to August 2020 as Director of Development in R8 Property AS. Thovsland served as Business Developer in Learn AS from 2009 to 2014, and Chief Executive Officer of Grenland Betongsaging AS from 2007 to 2009. From 2004 to 2007, he served as Chief Executive Officer of ISO-Prosess AS.

Thovsland holds a degree in Chemistry from the University of South-Eastern Norway.

Elin Tufte Johansen, Chief Human Officer

Elin Tufte Johansen has cutting-edge expertise in organisational development, change processes and leadership. As a partner in Team Consulting, she has worked with a number of companies with a focus on development of management, collaboration and culture.

Tufte Johansen is educated in management, psychology and coaching and holds a degree in Executive Master of Management from BI Norwegian Business School.

9.4 Share incentive scheme

The Company has entered into share option agreements with its key employees Eirik Engaas, Elin Tufte Johansen, Emil Eriksrød, Magnus Watvedt, Ronny Sundvall, Thommy Thovsland, Erik Kvamshagen and Wasim Rashid, providing each employee with a right to purchase up to 50,000 shares. The subscription price is NOK 37.72 per share except for the options held by Erik Kvamshagen, Ronny Sundvall and Thommy Thovsland with a subscription price of NOK 42.60, NOK 17.72 and NOK 7.56 per share, respectively.

The options are conditional upon employment in the Company or any of its subsidiaries for a period of at least 12 months.

9.5 Employees and other consultants

As of the date of this Information Document, the Group has 28 employees. The table below shows the development in the numbers of full-time employees over the last two years:

	Year ended 31 December	
	2020	**2019**
Number of employees[1]	27	21

1 Number of employees stated at the end of each financial year.

9.6 Benefits upon termination

The CEO of the Company, Emil Eriksrød, is entitled to severance pay equal to 12 months' base salary in the event that the employer terminates the employment, unless the employment is terminated due to gross breach of duty of the employment contract.

Other than the CEO, no employee, including any member of the Company's senior management team, has entered into employment agreements which provide for any special benefits upon termination. None of the members of the Board of Directors have service contracts with the Company and none will be entitled to any benefits upon termination of office.

9.7 Corporate governance

The Company is not subject to the Corporate Governance Code, but the Company intends over time to implement the recommendations of the Corporate Governance Code and adopt a corporate governance policy.

9.8 Conflicts of interests etc.

No member of the Board of Directors or Management has, or has had, as applicable, during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and members of the Management, including any family relationships between such persons.

10 SHARE CAPITAL AND SHAREHOLDER MATTERS

10.1 Corporate information

The Company's legal name is R8 Property ASA and the Company's commercial name is R8 Property. The Company is a public limited liability company (Nw.: *allmennaksjeselskap*), validly incorporated and existing under the laws of Norway and in accordance with the Companies Act. The Company is registered in the Norwegian Register of Business Enterprises with company registration number 920 169 058. The Company was incorporated on 12 December 2017.

The Company's registered business address is Dokkvegen 11, 3920 Porsgrunn, Norway, which is the Group's principal place of business. The telephone number to the Company's principal offices is +47 940 09 888 and its website is "https://www.r8property.no/".

The Shares are registered in book-entry form with VPS under ISIN NO 001 0859689. The Company's register of shareholders in VPS is administrated by the VPS Registrar, DNB Markets, Dronning Eufemias gate 30, Oslo, Norway. The Company's LEI-code is 549300NPEBV5AZ6OHQ32.

10.2 Legal structure

The Company is the parent company of the following subsidiaries.

Company name	Registered office	Activity	Ownership interest
Valore AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's investments in combined properties.	100%
R8 Office AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's office properties.	100%
R8 Hotels AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's hotel properties.	100%
R8 Home AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's investments in housing development.	100%
R8 Urban Estate AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's investments in commercial properties.	100%
R8 Projects AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's investments in development projects.	100%
R8 Management AS	Dokkvegen 11, 3920 Porsgrunn	The Group's operation and management company. The Company buys operating and administration services, as well as tenancy services, from R8 Management.	100%
R8 Technology AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's investments in technology.	100%
R8 Evolve AS	Dokkvegen 11, 3920 Porsgrunn	Holding company for the Group's co-working business.	75%

See Section 7.8 for more information on the subsidiaries.

10.3 Share capital and share capital history

10.3.1 Overview

As of the date of this Information Document, the Company's registered share capital is NOK 5,423,581 divided into 21,694,324 Shares, each with a par value of NOK 0.25. All of the Company's shares have been issued under the Companies Act, and are validly issued and fully paid.

The Company has one class of shares, and accordingly there are no differences in the voting rights among the Shares. The Company's shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Articles of Association, the Company's shares shall be registered in VPS.

10.3.2 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of the Information Document. There have not been any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Financial Statements until the date of this Information Document.

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	New number of total issued shares	Subscription price per share (NOK)
29 March 2019	Share capital increase	385,285	3,796,535	2.5	1,518,614	315
9 May 2019	Share capital increase	277,797.5	4,074,332.50	2.5	1,629,744	315
27 November 2019	Share capital increase	855,827.5	4,930,160.00	2.5	1,972,064	380
29 October 2020	Share split	N/A	4,930,160.00	0.25	19,720,640	N/A
5 June 2021	Share capital increase	493,421	5,423,581.00	0.25	21,694,324	38

10.4 Ownership structure

As of 8 June 2021, being the last practical date prior to the date of this Information Document, the Company's twenty largest shareholders on record in the VPS were:

#	Shareholder	Number of Shares	Per cent of share capital
1	R8 Group AS[1]	9,626,884	44.38
2	Brødrene Jensen AS	2,894,478	13.34
3	IKAB AS	1,876,037	8.65
4	Sarepta Holding AS	550,000	2.54
5	Carucel Invest AS	492,410	2.27
6	Aubert Invest AS	531,042	2.45
7	Acini AS	400,000	1.84
8	Holta & Co AS	375,000	1.73
9	KABBE Holding AS	350,000	1.61
10	R-Venture AS	263,157	1.21
11	RP Holding AS	223,500	1.03
12	Østerlid AS	219,400	1.01
13	Gambetta AS	200,000	0.92
14	Thovsland Holding AS	200,000	0.92
15	Carl Erik Krefting	154,160	0.71
16	Jan Henrik Krefting	154,160	0.71
17	Romson Invest AS	189,000	0.87
18	Børseth-Hansen AS	145,800	0.67
19	Sonja og Emil Auberts Legat	140,700	0.65
20	Goldcrest AS	137,000	0.63
Total top 20		19,122,728	88.15

Others	2,571,596	11.85
Total	21,694,324	100

1 R8 Group AS is wholly owned by the Company's CEO, Emil Eriksrød.

As of the date of this Information Document, no shareholder other than R8 Group AS (44.38%), Brødrene Jensen AS (13.34%) and Ikab AS (8.65%) holds more than 5% of the issued Shares.

As of the date of this Information Document, the Company does not hold any treasury shares.

There are no arrangements known to the Company that may lead to a change of control in the Company.

10.5 Authorisations

10.5.1 Authorisation to increase the share capital

As at the date of this Information Document, the Board of Directors holds authorisations to increase the share capital by up to NOK 1,971,659. The authorisations are valid until 16 April 2023.

10.5.2 Authorisation to acquire treasury shares

As at the date of this Information Document, the Board of Directors holds and authorisation to acquire Shares in the Company with a nominal value of up to NOK 496,016. The minimum and maximum acquisition price is NOK 1 and NOK 1,000, respectively. The authorisation is valid until 30 June 2022.

10.6 Financial instruments

Other than as set out in Section 8.8 and Section 9.4 above, neither the Company nor any of the Company's subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

10.7 Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each of the Company's shares carries one vote. The rights attached to the Shares are further described in Section 10.8 ("The Articles of Association") and Section 10.9 ("Certain aspects of Norwegian corporate law").

10.8 The Articles of Association

The Articles of Association are enclosed in Appendix A to the Information Document. Below is a summary of the provisions of the Articles of Association as of 28 May 2021.

10.8.1 Objective of the Company

Pursuant to section 3, the Company's business objective is to own, manage and lease real estate, own shares in other companies, invest in shares and other securities, as well as businesses which are related to such.

10.8.2 Share capital and par value

Pursuant to section 4, the Company's share capital is NOK 5,423,581 divided into 21,694,324 shares, each with a nominal value of NOK 0.25.

The Shares shall be registered with a central securities depository (the Norwegian Central Securities Depository (VPS)).

10.8.3 The board of directors

Pursuant to section 5, the Board of Directors shall consist of between three and seven members.

10.8.4 Restrictions on transfer of Shares

The Shares are freely transferable.

10.8.5 Signatory right

The signatory right lies with the Chairman of the Board and one board member jointly, or the Chief Executive Officer and one board member jointly.

10.8.6 General meetings

Documents relating to matters to be dealt with by the Company's general meeting, including documents which pursuant to law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the general meeting are sent to him/her.

The annual general meeting shall deal with and decide the following matters:

- Approval of the annual accounts and the annual report, including distribution of dividend;
- Appointment of board members; and
- Any other matters, which according to the law or the articles of association fall within the responsibility of the general meeting.

10.9 Certain aspects of Norwegian corporate law

10.9.1 General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that a written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders with a known address no later than fourteen days before the annual general meeting of a Norwegian public limited liability company shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the shareholders' register kept and maintained with VPS as of the date of the general meeting, or who otherwise have reported and documented ownership of shares in the Company, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders shall also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands such in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

10.9.2 Voting rights – amendments to the articles of association

Each Share carries one vote. In general, decisions shareholders are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the articles of association, to authorize an increase or reduction of the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. Moreover, Norwegian law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the articles of association.

In general, only a shareholder registered in VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

10.9.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to the articles of association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. The preferential rights may be deviated from by a resolution in the general meeting passed with the same vote required to amend the articles of association. A deviation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the articles of association, authorize the board of directors to issue new Shares, and to deviate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States and other jurisdictions upon the exercise of preferential rights may require the Company to file a registration statement or prospectus in the United States under United States securities laws or in such other jurisdictions under the laws of such jurisdictions. Should the Company in such a situation decide not to file a registration statement or prospectus, the Company's U.S. shareholders and shareholders in such other jurisdictions may not be able to exercise their preferential rights. To the extent that shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

10.9.4 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the board of directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

10.9.5 Rights of redemption and repurchase of shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own shares is less than the minimum allowed share capital of NOK 30,000, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years.

10.9.6 Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the articles of association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

10.9.7 Liability of board members

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the articles of association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the articles of association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

10.9.8 Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

10.9.9 Distribution of assets on liquidation

10.9.9.1 Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

10.10 Dividend policy

Pursuant to the Companies Act, dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. Apart from this, there are no formal restrictions on the distribution of dividends. However, as the Company's ability

to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. See Section 5 ("Dividends and dividend policy") for more information on the Company's dividend policy.

10.11 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Companies Act. If a public limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

11 NORWEGIAN TAXATION

*This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Information Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Resident Shareholders refers to the tax residency rather than the nationality of the shareholder. Please also note that the tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.*

11.1 Norwegian shareholders

11.1.1 Taxation of dividends

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption. Under the exemption, only 3% of dividend income on shares in Norwegian limited liability companies is subject to tax as ordinary income (22% flat rate as of 2019), implying that such dividends are effectively taxed at a rate of 0.66%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax the effective rate of taxation for dividends is 0.75%.

Dividends distributed to Norwegian shareholders that are individuals (i.e. shareholders who are natural persons) **Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. Norwegian Individual Shareholders who transfer Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Euronext Growth (and not Oslo Børs or Euronext Expand).

11.1.2 Taxation of capital gains

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares in Norwegian limited liability companies, such as the Company, are comprised by the Norwegian participation exemption and therefore tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such Shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.44 before taxed at a rate of 22% (resulting in an effective tax rate of 31.68%. Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred

in connection with the acquisition or realization of the Share. Any unused tax-free allowance connected to a Share may be deducted from a capital gain on the same Share, but may not create or increase a deductible loss. Further, unused tax-free allowance related to a Share cannot be set off against gains from realization of other Shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

11.1.3 Net wealth tax

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal net wealth tax rate is currently 0.85% of the value assessed. The value for assessment purposes for the Shares is equal to 65% of the total tax value of the Company as of 1 January of the year before the tax assessment year. However, if the share capital in the Company has been increased or reduced by payment from or to shareholders in the year before the tax assessment year, the value for assessment purposes for the Shares is equal to 65% of the total tax value of the Company as of 1 January of the tax assessment year. The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 65%).

Norwegian limited liability companies and similar entities are exempted from net wealth tax.

11.2 Non-Resident Shareholders

11.2.1 Taxation of dividends

Dividends paid from a Norwegian limited liability company to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**") are generally subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. The shareholder's country of residence may give credit for the Norwegian withholding tax imposed on the dividend.

If a Non-Resident Shareholder is carrying on business activities in Norway and the Shares are effectively connected with such activities, the Non-Resident Shareholder will be subject to the same taxation of dividend as a Norwegian Shareholder, as described above.

Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities) ("**Foreign Corporate Shareholders**") resident within the EEA are exempt from Norwegian withholding tax pursuant to the Norwegian participation exemption provided that the Foreign Corporate Shareholder is genuinely established and carries out genuine economic activities within the EEA.

Dividends paid to Non-Resident Shareholders that are individual shareholders (i.e. shareholders who are natural persons) ("**Foreign Individual Shareholders**") are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section 11.1.1 ("Taxation of dividends"). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

In accordance with the present administrative system in Norway, a distributing company will generally deduct withholding tax at the applicable rate when dividends are paid directly to an eligible Foreign Shareholder, based on information registered with the VPS. Foreign Corporate and Individual Shareholders must document their entitlement to a reduced withholding tax rate by (i) obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, which cannot be older than three years, and (ii) providing a confirmation from the shareholder that the shareholder is the beneficial owner of the dividend. In addition, Foreign Corporate Shareholders must also present either (i) an approved withholding tax refund application or (ii) an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate or a withholding tax exemption. Such documentation must be provided to either the nominee or the account operator (VPS). Dividends paid to Non-Resident Shareholders in respect of nominee

registered shares are not eligible for reduced treaty withholding tax rate at the time of payment unless the nominee, by agreeing to provide certain information regarding beneficial owner, has obtained approval for reduced treaty withholding tax rate from the Norwegian tax authorities. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Individual and Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Foreign Corporate Shareholders that have suffered withholding tax although qualifying for the Norwegian participation exemption.

Non-Resident Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

11.2.2 Taxation of capital gains

Gains from realization of Shares by Non-Resident Shareholders will not be subject to tax in Norway unless the Non-Resident Shareholders are holding the Shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

11.2.3 Net wealth tax

Non-Resident Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

11.3 Transfer taxes etc. VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

12 SELLING AND TRANSFER RESTRICTIONS

12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

12.2 Selling restrictions

12.2.1 United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Euronext Advisors have represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States").

12.2.2 United Kingdom

No Shares have been offered of will be offered pursuant to an offering to the public in the United Kingdom, except that the Shares may be offered to the public in the United Kingdom at any time in reliance on the following exemptions under the UK Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Euronext Advisors for any such offer; or

c) in any other circumstance falling within Section 86 of the Financial Services and Markets Act 2000 ("**FSMA**"),

provided that no such offer of the Shares shall result in a requirement for the Company or the Euronext Advisors to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Euronext Advisors have represented, warranted and agreed that:

a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section

21 of the Financial Services and Markets Act 2000 ("**FSMA"**) in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

12.2.3 European Economic Area

In no member state (each a "**Relevant Member State**") of the European Economic Area (the "**EEA**") have Shares been offered and in no Relevant Member State other than Norway will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Euronext Advisors for any such offer; or

c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Euronext Advisors to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Information Document.

12.2.3.2 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

12.3 Transfer restrictions

12.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.

- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.

- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Euronext Advisors and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.

- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective

registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.

- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

- The purchaser acknowledges that the these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Advisors and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

12.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Advisors and the Company that:

a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Euronext Advisors has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

13 ADDITIONAL INFORMATION

13.1 Admission to Euronext Growth

On 26 May 2021, the Company applied for Admission to Euronext Growth. The first day of trading on Euronext Growth is expected to be on or about 9 June 2021.

Neither the Company nor any other entity of the Group have securities listed on any stock exchange or other regulated market place.

13.2 Information sourced from third parties and expert opinions

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Information Document.

13.3 Independent auditor

The Company's independent auditor is Ernst & Young AS (business registration number 976 389 387 and registered business address at Dronning Eufemias gate 6, 0191 Oslo, Norway). The partners of Ernst & Young AS are members of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforening*). Ernst & Young AS has been the Group's independent auditor since its incorporation on 12 December 2017.

Ernst & Young AS has not audited, reviewed or produced any report on any other information in this Information Document.

13.4 Advisors

The Company has engaged Arctic Securities AS (business registration number 991 125 175 and registered business address at Haakon VIIs gate 5, 0161 Oslo, Norway) and SpareBank 1 Markets AS (business registration number 992 999 101 and registered business address at Olav Vs gate 5, 0161 Oslo, Norway) as its Euronext Advisors.

Advokatfirmaet Thommessen AS (business registration number 957 423 248, and registered business address at Haakon VIIs gate 10, N-0116 Oslo, Norway) is acting as Norwegian legal counsel to the Company. Advokatfirmaet Wiersholm AS (business registration number 981 371 593 and registered business address at Dokkveien 1, 0250 Oslo, Norway) is acting as legal counsel to the Euronext Advisors.

14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

Admission	The admission to trading of the Company's shares on Euronext Growth.
Information Document	This Information Document, dated 9 June 2021.
Appropriate Channels for Distribution	Has the meaning ascribed to such term under "Important Information".
Articles of Association	Articles of Association of the Company as of 28 May 2021.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
CEO	Chief Executive Officer.
Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no 45 (as amended) (*Nw.: allmennaksjeloven*).
Company	R8 Property ASA.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance last updated 30 October 2014.
CPI	Consumer Price Index.
EEA	European Economic Area.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Evolve	Evolve Business Space.
FID	Final Investment Decision.
FSMA	Financial Services and Markets Act 2000.
Financial Information	The Financial Statements and the Management Accounts.
Financial Statements	The audited financial statements of R8 Property ASA for the years ending 31 December 2020 and 31 December 2019.
Foreign Corporate Shareholders	Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities).
Foreign Individual Shareholders	Non-Resident Shareholders that are individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders).
F&B	Food and beverage.
Group	The Company together with its subsidiaries.
HSEQ	Health, safety, environment and quality.
IFRS	International Financing Reporting Standards.
LEI	Legal Entity Identifier.
LIBOR	London Inter-bank Offered Rate.
Investments	Changes in customer expenditures.
Management	The members of the Group's senior management.
Management Accounts	The unaudited consolidated management accounts for R8 Property ASA for the three months ended 31 March 2021.
Euronext Advisor	Arctic Securities AS and SpareBank 1 Markets AS.
Euronext Growth	The multilateral trading facility for equity instruments operated by Oslo Børs ASA.
Euronext Growth Admission Rules	Admission to trading rules for Euronext Growth as of December 2017.
Euronext Growth Content Requirements	Content requirements for Information Documents for Euronext Growth as of January 2017.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
Negative Target Market	Has the meaning ascribed to such term under "Important Information".
NGAAP	Norwegian Generally Accepted Accounting Principles.
NIBOR	Norwegian Interbank Offered Rate.
NOK	Norwegian kroner, the currency of the Kingdom of Norway.
Non-Resident Shareholders	Shareholders who are not resident in Norway for tax purposes.
NPA	National Planning Agency
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes.
Norwegian Individual Shareholders	Norwegian Shareholders other than Norwegian Corporate Shareholders.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (*Nw.: verdipapirhandelloven*).

Norwegian Securities Trading Regulation	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (*Nw.: verdipapirforskriften*).
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
Orbit	Orbit Technology AS.
Oslo Børs (or OSE)	Oslo Børs ASA.
Positive Target Market	Has the meaning ascribed to such term under "Important Information".
Private Placement	The private placement consisting of a share capital increase for a total amount of 493,421, by issuing 1,973,684 Shares, with a nominal value of NOK 0.25 each, at a subscription price of NOK 38 per Share.
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
R8 Property	R8 Property ASA
Shares (or Share)	Shares in the capital of the Company, each with a nominal value of NOK 0.25, or any one of them.
Target Market Assessment	Negative Target Market together with the Positive Target Market.
USD	United States Dollars, the currency of the United States.
United States (or US)	The United States of America.
US Securities Act	US Securities Act of 1993.
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS Registrar	DNB Markets, a part of DNB Bank ASA.

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APPENDIX A

ARTICLES OF ASSOCIATION

VEDTEKTER FOR
R8 PROPERTY AS

(Vedtatt den 28.05.2021)

§ 1 Foretaksnavn
Selskapets foretaksnavn er R8 Property ASA. Selskapet er et allmennaksjeselskap.

§ 2 Forretningskontor
Selskapets forretningskontor er i Porsgrunn kommune.

§ 3 Virksomhet
Selskapets formål er eie, drift og utleie av fast eiendom, eie aksjer i andre selskap, investere i aksjer og andre verdipapirer, samt annen virksomhet som står i naturlig tilknytning til dette.

§ 4 Aksjekapital
Selskapets aksjekapital er NOK 5 423 581 fordelt på 21 694 324 aksjer, hver pålydende NOK 0,25. Selskapets aksjer skal være registrert i verdipapirsentralen.

§ 5 Styret
Selskapets styre skal bestå av 3 til 7 styremedlemmer.

§ 6 Signaturrett
Selskapets firma tegnes av styrets leder og ett styremedlem i fellesskap eller av daglig leder og ett styremedlem i fellesskap. Styret kan meddele prokura.

§ 7 Valgkomité
Selskapet skal ha en valgkomité bestående av to til tre medlemmer, etter generalforsamlingens nærmere beslutning. Generalforsamlingen velger valgkomiteens medlemmer, herunder komiteens leder. Medlemmene velges for en periode på to år.

Valgkomiteen avgir innstilling til generalforsamlingen om valg av medlemmer til selskapets styre og valgkomité. Valgkomiteen foreslår også godtgjørelse til medlemmene av styret og valgkomité.

§ 8 Generalforsamling
Den ordinære generalforsamlingen skal behandle:

- Godkjennelse av årsregnskapet og årsberetningen
- Anvendelse av overskudd eller dekning av underskudd i henhold til den fastsatte balanse, samt utdeling av utbytte
- Valg av styre
- Andre saker som i henhold til lov eller vedtekter skal behandles av generalforsamlingen

Det er ikke nødvendig å sende dokumenter til aksjeeierne som gjelder saker som skal behandles på generalforsamlingen, derunder dokumenter som etter lovgivning skal inntas i eller vedlegges innkallingen til generalforsamlingen, dersom dokumentene er tilgjengelig på selskapets hjemmeside. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

§ 9 Forholdet til allmennaksjeloven
For øvrig henvises det til den til enhver tid gjeldende allmennaksjelovgivning.

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APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF R8 PROPERTY ASA FOR THE YEAR ENDED 31 DECEMBER 2020

Annual report

R8 Property
2020

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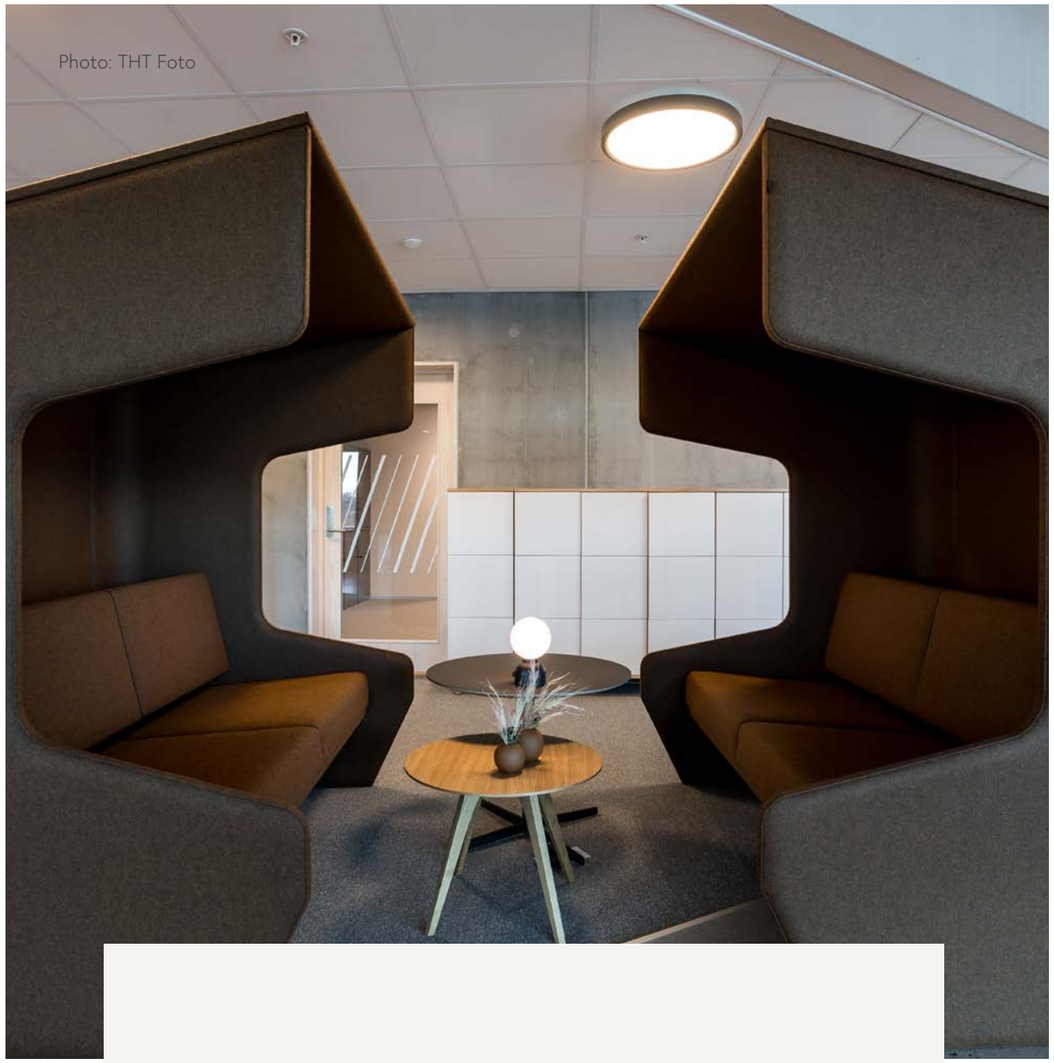
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THIS IS R8 PROPERTY

R8 Property ASA ("the Group") is organized with R8 Property ASA ("the Company") as the mother company which has 36 daughter companies. The headquarter is located in Porsgrunn, Telemark. Since the company was established in 2010, R8 Property has built a solid property portfolio in Skien, Porsgrunn, Tønsberg and Oslo. The properties are owned by R8 Property through single-purpose companies.

During the first and second quarter of 2020, R8 Property developed the company's new business strategy in collaboration with Accenture.

Through the last decade, the most obvious word to describe R8 Property is GROWTH. We have experienced tremendous growth and developed into new ventures. We have changed our focus from building and management of traditional commercial property, towards a strong ambition of being a pioneer within technology and sustainable solutions in the property markets. The fast growth has resulted in higher complexity and new challenges.

Smart and sustainable properties will still be the center of our offerings, combined with intelligent new services. Sustainability and technology will be key elements in the differentiation of all our services and products.
The flagship of our portfolio is Powerhouse Telemark, and we have an ambition of building more powerhouses in other cities in the years to come. "The green diamond" Powerhouse Telemark is a great example of how we want to use sustainability and technology to offer our customers extraordinary value.

We're dedicated to the development of modern and future-oriented commercial property, and this focus is at the heart of the strategy set towards 2025. We want to be a driving force when it comes to sustainable buildings. Through the use of technology and passion, we aim to inspire and enlighten collaborators, politicians, other property developers, tenants and people of how we can change the way we build and manage property. With this as a backdrop, we've developed a new vision for R8 Property:

We create a sustainable future, by leveraging technology and passion in the way we build and manage property - always keeping the customer in the center

To take a further step with our technology commitment, R8 Property hired Wasim Rashid and Daniel Bentes in January 2020. They came from DNB where they respectively worked as EVP Head of Platforms and Platform Strategy Lead. Throughout the year they've established and developed Orbit Technology, a game changer for the property business.

Orbit revolutionizes how people work with breakthrough technology that enables office sharing at scale. Orbit turns unused office space into satellite workspaces, available and affordable for anyone.

R8 Property is an industry leader when it comes to customer satisfaction. 2020 was the sixth consecutive year with first place in the national survey, Norwegian Tenant Index. The company is evolving every year to sustain and increase the customer satisfaction. This year R8 Property came in with a score of 88 out of 100. To adapt to the customer needs regarding flexibility and services, we have a strong focus on Orbit Technology and Evolve Business Space, the coworking concept with 27 locations in Oslo, Drammen, Tønsberg, Fredrikstad and Porsgrunn.

In the coming year, we'll continue developing R8 Home, with special emphasis on the Skien Brygge project, a new neighborhood in Skien with approximately 400 apartments and around 20.000 sqm of commercial space.

We look forward to operationalizing our business strategy in all of our divisions and in everything we do.

KEY FIGURES

OPERATIONAL	2020	2019
Market value of property portfolio (tNOK)	2 445 360	2 416 805
Market value of property portfolio including other investments (tNOK) *	2 569 952	2 417 302
Total area (gross sqm)	108 093	112 850
Occupancy rate of management portfolio (%)	87.5	85.3
WAULT (years)	7.2	7.3

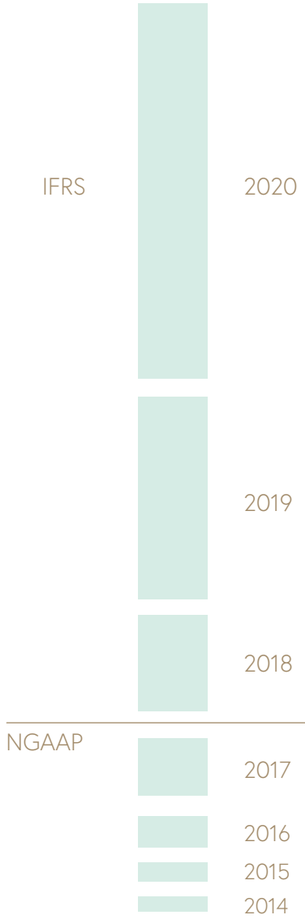
FINANCIAL		
Rental income (tNOK)	114 153	99 755
Profit before unrealised value adjustments and tax (tNOK)	-25 011	-2 539
Profit before tax (tNOK)	-45 109	76 635
Profit after tax (tNOK)	-26 771	59 177
EPRA Earnings (tNOK)	-15 485	7 832
Net cash flow from investment activities (tNOK)	-218 182	-378 985
Net nominal interest-bearing debt (tNOK)	1 724 414	1 576 757
Debt ratio of property portfolio (LTV) (%)	70.5	65.2
Debt ratio (LTV) of property portfolio including other investments (%) *	67.1	65.2
Interest coverage ratio (ICR) (%)	0.6	0.6
Equity ratio (%)	28.0	30.4

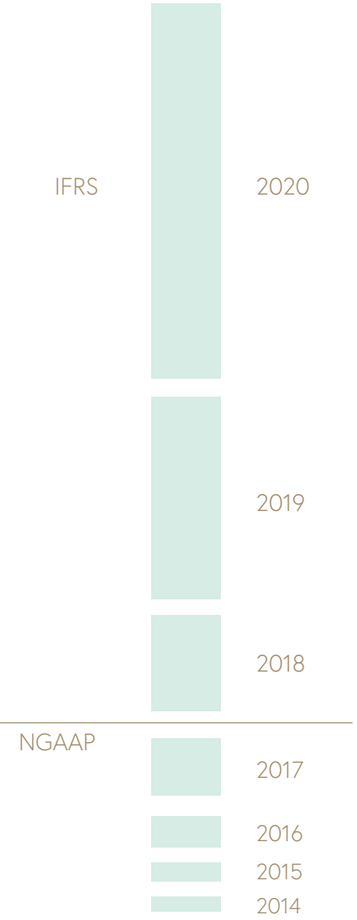
NUMBERS PER SHARE		
Earnings (NOK)	-1.4	2.9
EPRA Earnings (NOK)	-0.8	0.4
Cash earnings (NOK)	-0.9	-0.1
Net asset value - EPRA NAV (NOK)	42.6	40.7
EPRA NNNAV (NOK)	40.8	37.8
Number of shares **	19 720 640	19 720 640

* Investments in jointly controlled entities, associates and shares.

** The number of outstanding shares increased from 1 972 064 31.12.19 to 19 720 640 31.12.20 due to a share split in Q4 2020.

KEY FIGURES





7.2 years

Unexpired lease terms (weighted average)

143.2 mNOK

Gross rent per year (run rate)

87.5%

Occupancy

108 093 m²

Total area in portfolio

HIGHLIGHTS

From left:
Emil Eriksrød and Wasim Rashid

JANUARY

Wasim Rashid and Daniel Bentes entered R8 Property to develop the company's technology department. Both came from DNB, where Rashid held the position as EVP Head of Platforms, and Bentes worked as Platform Strategy Lead. In R8 Property Wasim Rashid is Chief Digital Officer (CDO), while Daniel Bentes is Chief Digital Architect. Together they've established and developed Orbit Technology, which is the company's biggest investment this year.

MARCH

Overnight, Covid-19 turned everyday life upside down for all of us. All employees were encouraged to work from home, and unfortunately we had to partly lay off many employees for a couple of months. Throughout the year we've kept on going strong by maintaining high activity in digital meetings.

MAY

R8 Property delivered a historic result with 76,6 mNOK in annual profit before tax. The company invested 300 mNOK in large and extensive projects in 2019, e.g. Eeks gård and Arkaden in Skien, as well as Powerhouse Telemark, Comfort Hotel Porsgrunn and the commercial property at Kammerherreløkka, Porsgrunn. "Now, when the economic outlook is uncertain, it's good to have a solid year behind us", said Emil Eriksrød in the press release.

As a result of the corona pandemic, Orbit Technology launched a new service for all of those who weren't satisfied with working from home. With Safe Orbit, R8 Property could adapt the technology and network to make available and optimize corona-secured work-spaces. We could also offer associated services for companies and tenants who couldn't have employees in their own premises. Safe Orbit made it safe for teams to work physically together.

HIGHLIGHTS

JUNE

R8 Property's new business strategy was completed. The strategy will be our most important tool to continuous and sustainable growth. R8 Property acquired 16,5% of the beautiful property Inkognito Park in Oslo. The historic building from 1874 is 3300 sqm, and has a perfect location at Solli Plass, next to the Royal Castle and Nationaltheatret. The building is set to be one of the most stunning coworking locations in Norway.

EY (Ernst & Young) published that they're going to be a tenant in Powerhouse Telemark. They have 42 employees, and have been in their present premises at Bjørnstad for 25 years.

AUGUST

Emil Eriksrød got the keys to Powerhouse Telemark Monday 3rd of August. The first tenants started moving into "the green diamond", which is one of the world's most energy efficient and environmental buildings.

OCTOBER

29th of October Powerhouse Telemark was officially opened. In cooperation with Snøhetta, Skanska and Asplan Viak we held two press conferences; one regional/national and one international via YouTube. The opening gained worldwide attention, especially within design and architectural websites and magazines. Unfortunately we had to cancel the grand opening of Powerhouse Telemark where 100 guests were invited, due to the Covid-19 situation.

HIGHLIGHTS

From left: Morten Olaisen and Emil Eriksrød

NOVEMBER

For the 6th time in a row, R8 Property won the Norwegian Tenant Index as the most preferred landlord among tenants. We got 88 points out of 100, which was one point more than the runners up, Entra and Aspelin Ramm. "We are very proud of this award, and we promise that we will do our very best to meet our tenants' expectations also in the years to come. We will continue to make everyday life better and more seamless for both tenants and users, by using new technologies and new solutions", said Emil Eriksrød in the press release.
R8 Property transformed the company from AS to ASA, and established a new Board with an increased proportion of women. The new Board consists of 7 members, of which 3 are women: George Emil Aubert (Chair), Leif Oddvin Jensen, Christina Sundby, Runar Rønningen, Knut Bråthen, Marianne Lie and Elin Tufte Johansen.

R8 Property divested 75% of Nordre Fokserød 14 and sold the shares to a group of investors set up by Njord Securities. After years of developing and optimizing this great property the timing for partial exit was good, giving us an opportunity to focus on new projects.

From left: Emil Eriksrød and Anders Rambekk

DECEMBER

Powerhouse Telemark won Porsgrunn municipality's Building Practice Award 2020. Anders Rambekk (leader of the committee for children, young people and culture) surprised Emil Eriksrød in a meeting. He brought beautiful flowers, a money check and a sign, as well as a greeting from the mayor Robin Kåss filmed in advance. "This year's Building Practice Award goes to a business who is innovative, conscious of the environment, and brave. Environmentally friendly material choices and innovative form describe the building, which the committee emphasizes in the justification", said the municipality in their press release.

A YEAR FOR THE HISTORY BOOKS

When we entered 2020, no one could have foreseen that it was going to be a worldwide annus horribilis. Covid-19 turned our world upside down, and we got challenges we weren't prepared for. Looking back, one year after the lockdown 12th of March 2020, I'm relieved and proud of what our company has accomplished.

...Always keeping the customer in the center

When the circumstances made it impossible to keep up with the daily visits to our tenants, it was even more important to maintain the dialogue in other ways. Our employees have done an excellent job in these challenging times. Even though everyone mainly has been working from home, they've done their utmost to maintain good relationships with the tenants. As a result, we did what many would've thought was impossible: We won the Norwegian Tenant Index for the 6th time in a row.
I can't express how proud and thankful I am for the enormous effort all employees have made through this period.

"Always keeping the customer in the center" is a part of our vision, and is a crucial reason for our being. It's an essential part of our DNA, it's in our blood. But with the tremendous growth R8 Property has had, and with our developments into new ventures, we experienced the need for a new and solid business strategy. In collaboration with Accenture, we used the two first quarters of 2020 to establish a new business strategy towards 2025.

Sustainability and technology will be key elements

- Within 5 years, R8 Property has three main measurable goals:
- We will increase our portfolio size to 12-15 BNOK. We will increase our yearly revenues to 0,6 - 0,8 BNOK.
- We will operate in 1-2 new countries.

Smart and sustainable properties will be at the center of our offerings, combined with intelligent new services. Sustainability and technology will be key elements of differentiation in all our services and products.

I strongly believe that we, by being faithful to our superpowers (i.e. execution power, passion and leadership), customers, skills, partnerships and sub-strategies, will be able to fulfill our growth ambition.

Our vision is our guiding star:
We create a sustainable future, by leveraging technology and passion in the way we build and manage property - always keeping the customer in the center

Letter from CEO

The new workplace
One thing is for sure, the general workplace as we knew it, will never be the same again. Post pandemic it will be far more common with remote offices, and/or working from home.

Orbit Technology was just "born" when the pandemic hit. In an extremely short amount of time, they established the product Safe Orbit, to offer a safe workplace environment for those who couldn't work from home. The Orbit team has used a tremendous number of days and nights during the last year to get Orbit up and running. The effort paid off: In February 2021, they launched the new concept Obos Nærkontor with Obos, and other large companies have already signalled that they want to invest. There is no doubt that proptech will be even more essential in the future.

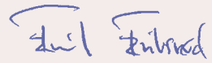
Evolve has also had an exciting year, they now consist of 27 centres at central hubs in Southeast Norway. Øivind Gundersen, former board member of R8 Property, entered as a temporary Managing Director of the company in December. He focuses on cooperation, sales and structure (i.g), and I'm convinced that we will see continued growth throughout 2021.

Because of the synergy effects between Orbit and Evolve, they are able to create more business opportunities for each other. I'm very excited about the possibilities their collaboration may give.

More investments in Oslo
Two of our latest investments are great examples of how Evolve, Orbit and R8 Property can work together for mutual gain.

We finished the refurbishment of Henrik Ibsens gate 40-42 in March, and a few months later we bought 16% of Inkognito Park, a beautiful property with an extremely attractive location at Solli Plass. Henrik Ibsens gate has turned into a great Evolve center, where Orbit also has had their offices. Inkognito Park will be an Evolve center, Powered by Orbit. All members and tenants will have a seamless and technologically experience, where all they'll need is the Orbit app to access the building, buy lunch etc.

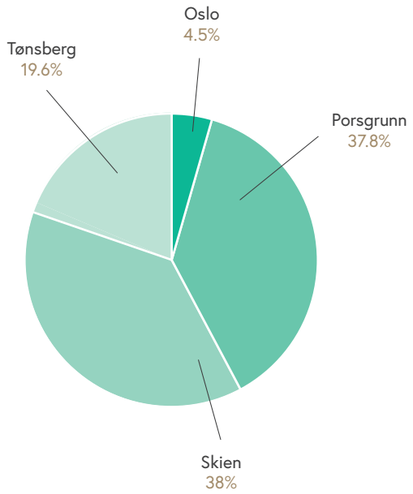
As I am writing this, the final annual accounts aren't finished. We made it through "annus horribilis", and at the end of the day it was a year we learned a lot from. The results from Q3 are our best result ever, and I'm positive that we have even better results in the quarters ahead of us.



Emil Eriksrød, CEO and founder

Key figures

Geographic exposure (area)



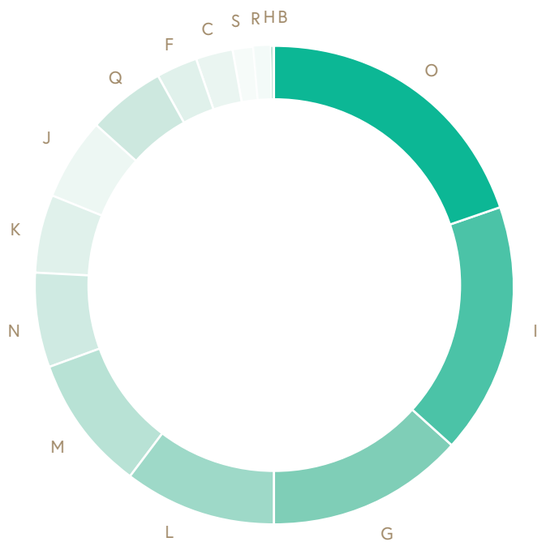
27
Management properties

5
Project properties

1 589 NOK
Average rent per sqm (management portfolio)

7.2 years
Average wault

O - Public administration and defence; compulsory social security	20%
I - Accommodation and food service activities	16.9%
G - Wholesale and retail trade and repair of motor vehicles and motorcycles	13.2%
L - Real estate activities	10.2%
M - Other professional, scientific and technical activities	9.3%
N - Administrative and support service activities;	6.3%
K - Financial and insurance activities	5.5%
J - Information and communication	5.5%
Q - Human health and social work activities	5.3%
F - Construction of buildings	2.8%
C - Manufacturing	2.6%
S - Other personal service activities	1.3%
R - Arts, entertainment and recreation	1.2%
H - Transportation and storage	0.1
B - Mining and extraction	0



Property portfolio

The Group´s management portfolio consists of 27 (25) properties with a total of 103 593 (95 062) square meters. 9 of the properties are situated in Porsgrunn, 13 in Skien, 4 in Tønsberg and 1 in Oslo. As of 31 December 2020, this portfolio had a market value of 2 281.5 (1 881.0) millions. The occupancy was at 87.0 (84.7) per cent and the average rolling rent was 1 589 (1 508) kroners per square meters. The average duration of the existing lease agreements was 6.8 (6.1) years. The Group's project portfolio consists of 5 projects. 4 in Porsgrunn and 1 in Tønsberg. The Group uses Newsec for property valuations on a quarterly basis and all market values used in the balance sheet are based on valuations from Newsec. Valuation of the management portfolio is performed on a property-by-property basis, using individual DCF models and taking into account the property's current characteristics combined with the external appraiser's estimated return requirements and expectations as to future market development.

31.12.2020	Area (sqm)	Occupancy sqm	Occupancy %	No. of properties	Market value (tNOK)	Market value (NOK/sqm)	Wault [1] (yrs)	Annual rent (tNOK)	Annual rent (NOK/sqm)	Wault [2] (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent [3] (tNOK)	Market rent [3] (NOK/sqm)
Green Office	32 918	28 228	85.8	5	950 000	28 860	5.5	53 909	1 910	5.1	4.6	5.7	62 548	1 900
City Office	37 659	33 604	89.2	15	663 500	17 619	5.8	40 274	1 198	5.1	5.4	5.9	49 569	1 316
Commercial Prop.	33 016	28 294	85.7	7	668 000	20 233	9.8	49 055	1 734	10.1	5.4	7.1	61 406	1 860
Total management portfolio	103 593	90 126	87	27	2 281 500	22 024	6.8	143 238	1 589	6.8	5.1	6.2	173 523	1 675
Project Office	4 500	4 500	100	5	154 500	34 333	12.9							
Total project portfolio	4 500	4 500	100	5	154 500	34 333	12.9							
Total property portfolio	108 093	94 626	87.5	32	2 436 000	22 536	7.2							

[1] Wault weighted on property market value
[2] Wault weighted on annual rent
[3] includes market rent from available areas

An important part of the Groups value creation is through property and development projects. Through several years we have built a strong development team that handles projects in all phases. There is considerable effort to use new technologies like BIM, VR, AR and automation to create further value in the development process.

PROJECTS COMPLETED IN 2020

Powerhouse Telemark

R8 finalized the greenfield project Powerhouse Telemark in Q3-20. This is a lighthouse project which is considered one of the world's most sustainable office buildings. The building is 8,403 sqm and is 11 floors high. In this project the focus has been on producing renewable electrical energy from solar panels and from thermal energy from deep energy wells. The solar panel is estimated to produce 256 000 KWh annually. This means that the building will produce considerably more than it needs to account for embodied energy in materials, transportation and demolition. The building is classified as BREEAM-NOR Excellent. The project has a tremendous media attention as this one of the first buildings which is built according to goals set in the Paris agreement.

Photo: Ivar Kvaal

Project portfolio

ONGOING PROJECTS

Polymer Exploration Centre

Polymer Exploration Centre is a development project adjacent to Powerhouse Telemark in Porsgrunn. The project (4,450 sqm) is customized for single tenant Norner AS, a Norwegian subsidiary of global giant SCG Chemicals, and one of the leading entities within plastic R&D in the world. The project startet in May 2020, and is set to be finalized during 2021. The project aims for energy class A.

Inkognitogaten 33

This brownfield development project is located near Solli plass in Oslo adjacent to the Sommerro project that is expected to finish around year-end 2021. This venerable office building is under refurbishment and is expected to finish Jan-22 with a total size of 3.266 sqm. The project is striving to reuse materials and be as sustainable as possible. The project aims for BREEAM-NOR Very Good or better. There is an underground parking that contributed to the overall attractiveness of the project.

Skien Brygge

Skien Brygge is a collaboration project between Bane NOR Eiendom AS, Skien Boligbyggelag and R8 Property ASA.

This new urban city development is one of the greatest in the history of Skien. The project is located in the city centre with a waterfront, and is facing west with premium light conditions. It is estimated to be 58.000 sqm and will contain residential areas, commercial buildings and underground parking areas. In addition there will be developed several attractive green parks and public spaces. The construction is estimated to start Q1-22.

Utsikten 1

Utsikten is a small housing project in Skien, which consists of nine units of detached and semi-detached houses. The project is drawn by internationally recognized Reiulf Ramstad Architects with locally produced materials and low energy consumption in focus. Sales is expected to take place in Q2 2021, and construction is estimated to hopefully start in Q3 2021.

Vestsiden Terrasse

In collaboration with Mynd Entreprenør AS (50/50) R8 Home is planning to develop 42 units (4500 sqm) in a combined project of high-rise apartments and townhouses close to the city centre of Porsgrunn. The project is in the final stage of regulation, and sales is expected to start in Q4 2021.

Polymer Exploration Centre

Inkognitogaten 33

Skien Brygge

Utsikten 1

Vestsiden Terrasse

Tenant lease overview

R8 Property tenant base in the management portfolio comprises both private and public sector tenants with leases up to 20 years. Public sector tenants upheld 24.7% of the management portfolio by the end of December 2020. The 10 largest tenant's share of R8 Property's rental income represents 39.5% of revenues.

Tenant	in % of rent	Sector
HELFO	10.5%	Public
Evolve	10.0%	Private
Comfort Hotel Porsgrunn	8.2%	Private
Skien Kommune	3.5%	Public
Kriminalomsorgen Region Sør	2.9%	Public
Skien Sportsbar AS (O'Learys)	2.7%	Private
Telenor Norge AS	2.3%	Public
Gjensidige Forsikring ASA	2.0%	Private
Gassnova SF	2.0%	Public
DNB Bank ASA	1.9%	Private

Maturity profile in the management portfolio

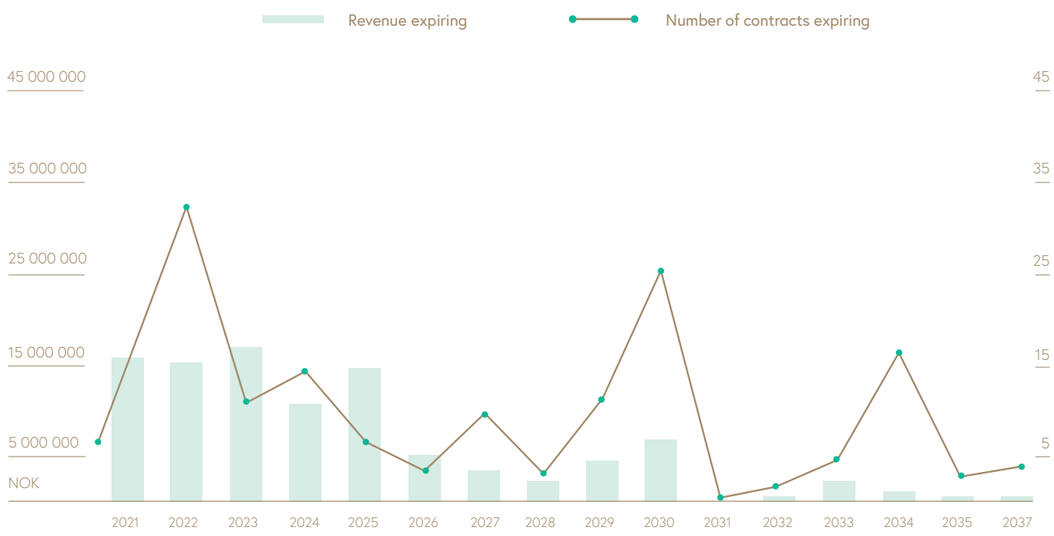
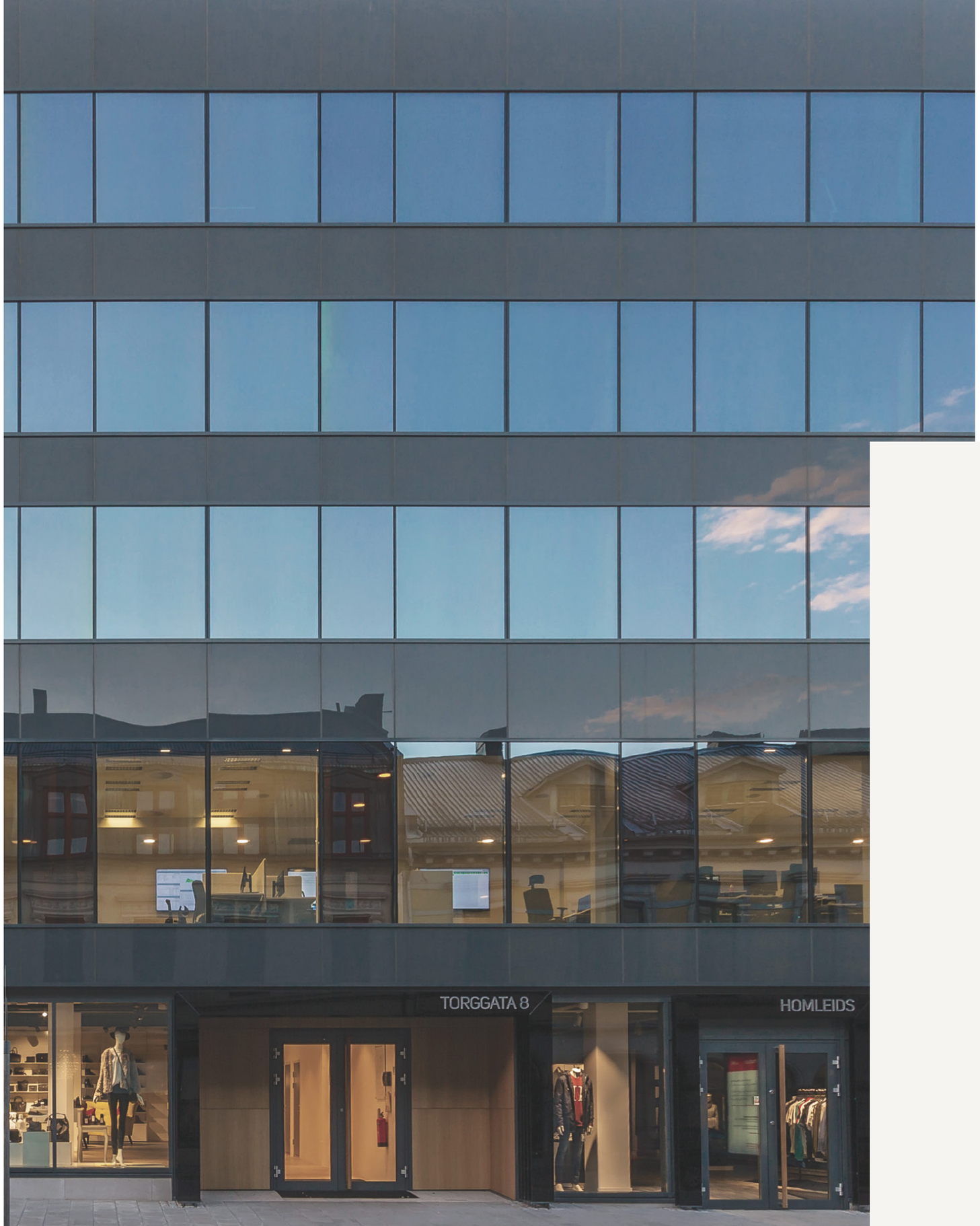


Photo: Ivar Kvaal



COMPANY STRUCTURE

R8 Property ASA has four operating sub-units with yielding properties in R8 Office AS, R8 Hotels AS, R8 Urban Estate AS and Valore AS. In addition the Groups development projects are organized within R8 Home AS and R8 Projects AS.

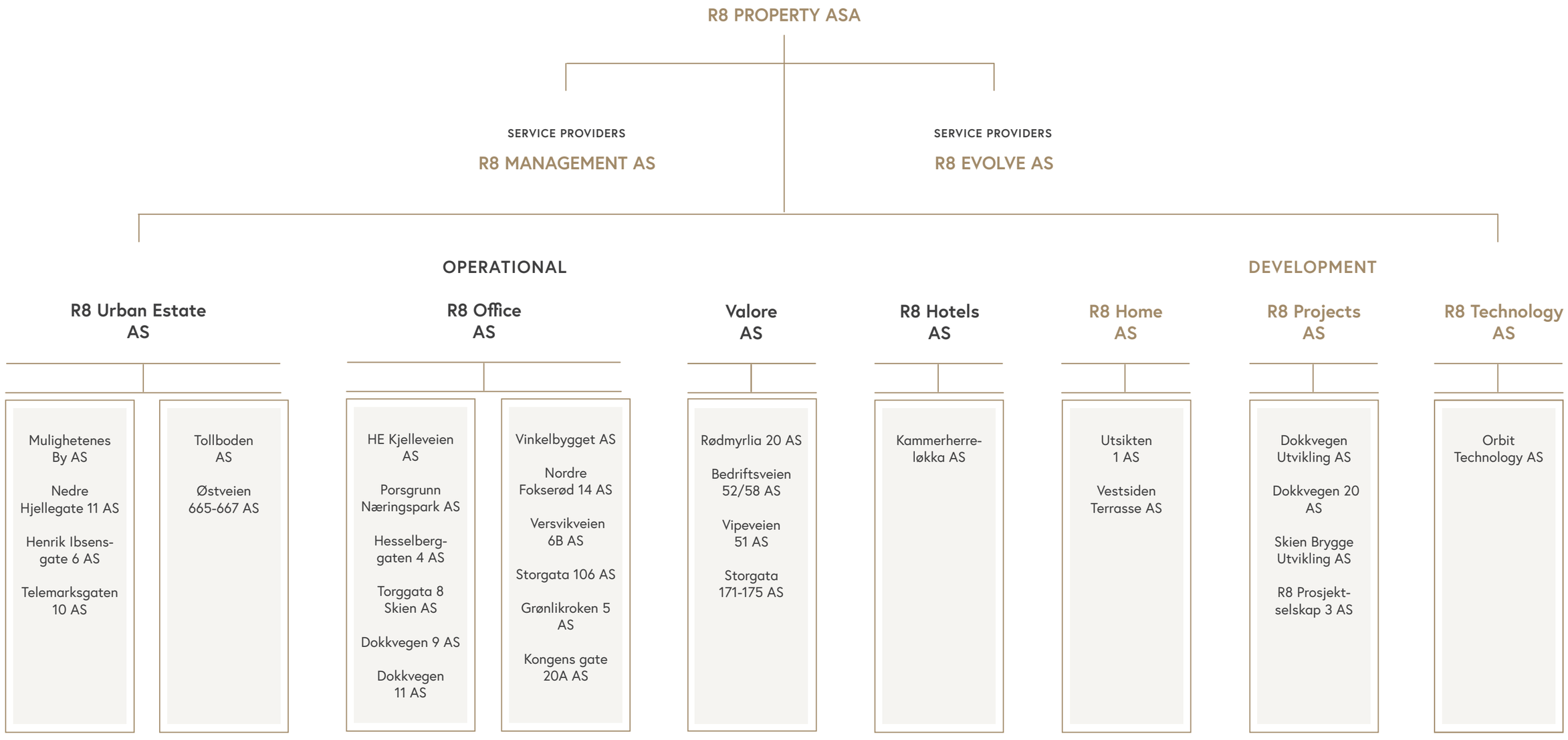
R8 Property's operational activities and management across property owning sub-groups is organized in R8 Management AS and our coworking business under R8 Evolve AS. R8 Technology AS is the Group's corporate leg leading our commitments and investment in technology and proptech.

R8 Property ASA holds 100 percent of the shares in each sub-group, with the exception of R8 Evolve in which the Company holds 75 per cent ownership.

Company structure

The main purpose of the Group's structure is to have flexibility in the future when the Group is aiming to 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 31st of December 2020.



The companies Rådhusgt 2 AS and HIG 40-42 Prosjekt AS have a temporary placement as direct subsidiaries of R8 Property. The Groups investment in Inkognitogaten 33A AS is also placed as a direct subsidiary of R8 Property ASA. It is expected that these three companies are placed under the right segment no later than 2022.

The Management

Emil Eriksrød

CEO/FOUNDER

Emil Eriksrød founded R8 in 2010, and has raised the company through a tremendous growth. He's CEO in R8 Property, and is also Chair/Board member in multiple companies. He's specialized in investment, development and management of commercial property, and has a Master in Accounting from the Norwegian School of Economics. Emil has previously worked as Chief Financial Officer for the real estate group Hathon Holding, and has four years experience as auditor in EY. He also has extensive experience as an entrepreneur, a career he started in parallel with the studies.

Eirik Engaas

CFO

Eirik Engaas became CFO in R8 Property in March 2019. Eirik has an MBA with a major in finance. His long and broad experience within financial instruments, financial statement analysis, real estate, management and project execution is very important for R8 Property. He plays a crucial part of the company's operational and growth strategies.

Eirik previously worked at the international company ISS Facility Services AS for five years, where he was Nordic Head of Property for the Telenor portfolio.

Wasim Rashid

CDO

R8 Property's strong focus on technology resulted in the hiring of Wasim Rashid as Chief Digital Officer in January 2020. Wasim is Chief Digital Officer in R8 Property, as well as CEO/Founder of the company's technology investment, Orbit Technology. Wasim is specialized within new business models and technology, and has a broad experience with change management in big companies. Before he started in R8 Property he was Division Director of platform economy in DNB. He has also broad experience from Telia and Schibsted. Wasim is a board member of UNICEF.

Erik Ryttervoll Kvamshagen

DEVELOPMENT DIRECTOR

Erik Ryttervoll Kvamshagen became Development Director in R8 Property in January 2021. He has a Master of Science in civil engineering from NTNU, with specialization in construction and environmental engineering. He also has an MBA degree in Financial management and leadership from the Norwegian School of Economics in Bergen. Erik has broad experience from consulting, contractor and real estate companies, most recently Aker Property Group and Höegh Eiendom.
Erik is in charge of R8 Property's existing project portfolio, as well as the implementation of new development projects.

Ronny Sundvall

HEAD OF MANAGEMENT DIVISION

Ronny Sundvall is specialized within marketing and business growth. When he became the Managing Director of R8 Management in 2016, he had 8 years experience as Managing Director at the biggest shopping center in Telemark, Herkules. Together with the employees in R8 Management, Ronny is the lead for the Group's professional responsibility and care of tenants.

Øivind Gundersen

HEAD OF EVOLVE DIVISION

Øivind Gundersen became MD of Evolve on the 15th of December. This is a constituted position until further notice. Øivind has a long and broad experience in leadership and ownership from different industries and companies, e.g. Autostrada and Made for Movement. He has also in-depth experience from the real estate industry, and has been a board member of R8 Property for several years. Øivind was in charge of Evolve's strategy process, and so he already has in-depth knowledge of the company.

Magnus Watvedt

HEAD OF HOME DIVISION

Magnus Watvedt has more than 15 years experience from real estate, mainly as a Real Estate Agent in Oslo, where he also owned and managed Privatmegleren Allé Eiendomsmegling. Magnus is in charge of our residential commitment and upcoming housing projects, among others what is going to be our biggest development project - Skien Brygge. He's also a part of Orbit Technology's commercial team.

Tommy Thovsland

COO

Tommy Thovsland has been with R8 since 2015, and has had different top positions in the Group management. Tommy is a graduated chemical engineer, and is specialized in business development with experience in strategic transformation. As a COO Tommy is a crucial part of all strategic decisions, and works mainly with early phase project development in our biggest projects.

Elin Tufte Johansen

CHO

Elin Tufte Johansen graduated from BI with Exec. Master of Management, and has more than 15 years of experience within organizational development, change processes and leadership. Elin is involved in several projects, especially within recruitment and strategic development of R8 Property, and offers important support for our managing directors and the management team. Elin became a board member of R8 Property in October 2020.

CORPORATE GOVERNANCE

R8 Property has ambitions to exercise good corporate governance at a level similar to listed companies. Through these ambitions we aim to strengthen confidence in the company and contribute to the greatest possible value creation over time. The objective is to professionalize the whole company; its shareholders, the Board and the executive management through a clear division of roles and responsibilities. R8 Property is continuously aligning to comply with the applicable Norwegian code of practice for corporate governance of 17 October 2018. The code of practice is available on the Norwegian Committee for Corporate Governance homepage: www.nues.no.

The following report on corporate governance is done in alignment with how listed companies report on corporate governance. Below is a description of how the company has complied with the recommendation given by NUES. The report covers each section of the code, and possible variances from the code are specified under the relevant section.

Implementation and reporting on corporate governance

The Board wishes to apply good corporate governance to contribute to a strong trust-based relationship between R8 Property and the company's shareholders, the capital market, and other stakeholders. The administration has during 2020 completed several tasks regarding role clarity, resource allocation and the division of authorization and responsibilities both within the Company and between the companies in the R8 Property. These tasks are described in each relevant section.

Business

The Group's business is stated in §3 of the statutes: "The company's purpose is owning, operating and rental of real estate, owning shares in other companies, investing in stocks and other securities, and other activities that are naturally associated with this." Main strategy and objectives within this framework are stated in the Board's annual report.

Capital and dividends

EQUITY

The Group's equity as of 31 December 2020 was 761.3 (778.1) million and gives an equity ratio of 28.0 (30.4) per cent. The Board considers the equity situation as satisfactory and in line with the company's objectives, strategies, and risk profile. R8 Property is dependent on a satisfactory financial flexibility, and the Board has therefore set the ambition that the relationship between net interest bearing debt and gross fair value will be in the range of 60–70 per cent.

DIVIDEND

The Group has long-term growth objectives and the growth rate is high. To ensure the financial flexibility to sustain the high growth rate, the main short-term principle is not to distribute large dividends to shareholders. Nevertheless, when results are strong, moderate dividends are accepted. It is considered essential that the level of dividend does not set significant limits to planned investment projects.

Authorization

The Articles of Association do not contain provisions allowing the Board to decide that the company will buy back or issue shares.

The Board of Directors were in 2020 given power of attorney to increase the share capital by up to NOK 2 486 032. The authorizations were distributed at the ordinary general assembly in May and the extraordinary general assembly in October. The objective for the proposal was the Board's wish to be able to issue new shares to support the company's growth, and strengthen the capital reserve. It was also decided that the preferential right of the existing shareholders pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be deviated from if new shares are issued within the frame described. The power of attorney also included share capital increase against contribution in kind, cf Section 10-2 of the Norwegian Public Limited Companies Act, and allows share capital increase regarding mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.

The Board of Directors was also given the power of attorney to acquire its own shares at a total nominal value of NOK 496 016, however the company's holding of own shares shall not amount to more than 10 percent of the outstanding shares at any time. The shares can be acquired at respectively NOK 1 at the lowest and NOK 1000 at the highest. It is up to the Board of Directors to acquire and sell shares in the way the Board finds most appropriate, as long as the general principles for equal treatment of shareholders are complied with.

The described powers of attorney are valid for one year until the company's Annual General Meeting in 2021.

Equal treatment of shareholders and transactions with related parties

There is only one class of shares in R8 Property and all shares have equal rights. There are no voting rights restrictions in the statutes. R8 Property performed a stock split in 2020 with the objective to facilitate good liquidity, increasing the number of shares from 1 972 064 to 19 720 640 and reducing the nominal value per share from NOK 2,5 to NOK 0,25. There have been several transactions of shares in 2020, both between existing shareholders while also introducing new investors.The change in shareholder composition demands increased professionalism in the company's communication with shareholders to ensure equal treatment of the shareholders. As part of this professionalization and to offer flexibility and value to our investors, the company and the company's shares are registered in the Norwegian VPS Security Center (Verdipapirsentralen - VPS). The company presented all its quarterly reports in 2020 to the public (through r8property.no) to provide the same information to all its shareholders and stakeholders. In the event of a share issue in the future, existing shareholders in R8 Property have preferential rights to the capital increase.

The preferential rights are safeguarded by sharing information in good time for the existing shareholders. All transactions with related parties are subject to an independent valuation from a chartered accountant or other expert. This is to ensure that transactions with close associates and intercompany agreements are carried out correctly on an arm's length basis.

Guidelines on conflicts of interest have been developed and included in the instructions for the company's Board of Directors, and to ensure that directors inform the Board if they have a significant direct or indirect interest in an agreement being entered by the company. To avoid unintentional conflicts of interest, the company will present an overview which identifies the various roles of its directors, the offices they hold and so forth.

Transferability

There are no restrictions on share transferability. The shares are considered liquid with a shareholder base of 51 investors as of 31.12.2020. In 2019 the company entered into an agreement with Arctic Securities to provide a marketplace for buyers and sellers. The Board considers good liquidity of the share to be positive for the company to be regarded as an attractive investment. The company also works actively to attract interest from the investor market. The executive management holds information meetings with existing shareholders, and meets with potential new shareholders and investors.

General meetings

The Board encourages as many as possible of its shareholders to exercise their rights by attending the General meeting. The 2021 Annual General Meeting is scheduled to take place on April 15th, 2021 with the possibility for online attendence' (is to take place on April 15th 2021 with possibility for online attendance). The company's financial calendar is decided by the Board. Notice of the general meeting, with comprehensive documentation, is made available to shareholders no later than 7 days before the meeting takes place.

All relevant documents relating to the general assembly will be available so that all shareholders can decide on the issues presented to the Annual General Meeting.

The chair will ensure a thorough and fair conduct of the general assembly. A chairperson opens the meeting and the general assembly elects the chair of the meeting.
The directors and senior executives are present at the general assembly together with the auditor.

Shareholders who are unable to attend are encouraged to appoint a proxy. The attached summons to the general assembly should be enclosed to related documents and a form of proxy. This form has been prepared so that it will allow voting on each case to be presented, and candidates for election. In the general assembly summons, the procedures relating to participation and voting, as well as use of proxy, are explained.

Minutes from the general meeting are sent to the shareholders at the latest 14 days after the meeting.

Nomination committee

The NUES recommendations call for the appointment of a Nomination Committee. The committe's mandate is independent of the Board and the executive management. Members of the Nomination Committee and its chair is elected by the General Meeting and their remuneration is determined by the General Meeting. R8 Property has in 2020 appointed a Nomination Committee. The committee was appointed by the Extraordinary General Meeting in October 2020, and consists of Øivind Gundersen, Erik Gudbrandsen and Tommy Thovsland.

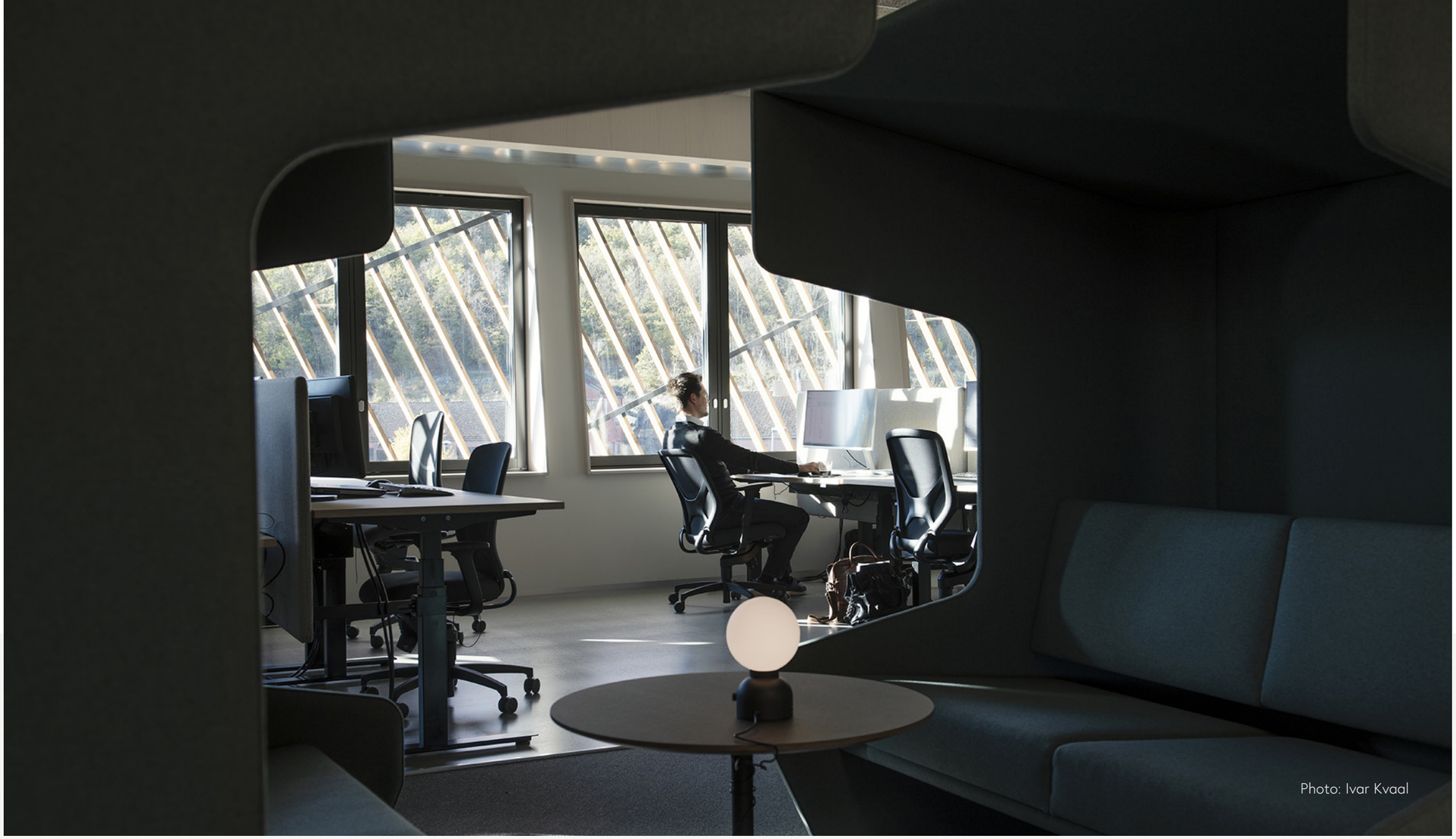


Photo: Ivar Kvaal

Corporate assembly, board of directors and independence

The company does not have a corporate assembly due to its small number of employees. Board members and the Chair of the Board are elected by the Annual General Meeting each year. In October 2020, an Extraordinary General Meeting was held and it was decided to change the legal structure of R8 Property from a private limited company (AS) to a public limited company (ASA). One of the requirements to enable this conversion was a balanced gender composition of the Board, and thus the Board was changed and expanded by one member. The current Board has seven shareholder-elected members. The Board's composition is intended to secure the interests of the shareholders in general. The background and experience of the board members are presented on the company's website and in this annual report.

However, six of the seven board members are independent of R8 Property's executive management and significant commercial partners. According to the NUES´ principles, the majority of the shareholder-elected members of the Board should be independent of the company's executive personnel and material business contacts. It is recommended that "at least two of the members of the Board elected by shareholders should be independent of the company's main shareholder(s)". This is the case in today's Board. The six independent shareholders are Runar Rønningen, Leif Oddvin Jensen, Christina Sundby, George Emil Aubert, Knut Bråthen and Marianne Lie.

One board member is a part of the executive management of R8 Property.
This is:

- Elin Tufte Johansen is the CHO of R8 Property

To counteract independence issues the administration has developed routines and guidelines that ensures equal treatment of shareholders and transactions with related parties. There has been consistently good attendance at the Board meetings in 2020. The Board's expertise is considered substantial with regards to economy, market understanding, and business operations.

The Board currently consists of four men and three women.

The work of the board of directors

The Board has the overall responsibility for managing the company and for supervising the chief executive officer and the company's activities. Its principal tasks include determining the company's strategy and monitoring its operational implementation. It also holds a control function to ensure acceptable management of the company's assets. The Board appoints the CEO.

Instructions which describe the rules of procedure for the Board's work and its consideration of matters have been adopted by the Board. The division of labour between the Board and the CEO is specified in greater detail in standing instructions for the CEO. Instructions for the management clarifies the duties, powers, and responsibilities of the CEO. The CEO is responsible for the company's executive management. Responsibility for ensuring that the Board conducts its work in an efficient and correct manner rests with the Chair.

The Board establishes an annual plan for its meetings, and evaluates its work and expertise at the end of each meeting. Also, once a year, the Board evaluates its own work and that of the CEO. As of 31 December 2020, R8 Property has not established an audit committee or remuneration committee. It is considered as part of the Board's evaluation whether it is appropriate to establish these committees in 2021.

Risk management and internal control

RISK AREAS AND GENERAL RISK MANAGEMENT

Through its activities, the company has earned substantial financial assets that are exposed to several risk factors. Most of these factors are directly or indirectly affected by macroeconomic situations such as interest rates, the letting market, the property development market and so on. The financial risk has been revised and presented to the Board through a financial strategy.

The strategy has been discussed by the Board in 2020 and the administration reports to the Board in each meeting with regards to relevant KPIs within the following risk areas: overall funding, operations and liquidity, interest rate risk, and financial leverage. The target level of each KPI is revised yearly. In addition to the contents in the financial strategy the following measurements are made in addition to others:

LEGAL RISK

During 2020 the company has hired legal assistance when considering agreements with substantial obligations such as large rental agreements, turnkey contracts in development projects and so on. Although there is a cost associated with buying legal services, it is considered important to reduce the risk in agreements with potentially high financial consequences.

MARKET (PROPERTY VALUE) RISK

Each quarter the company obtains professional third-party valuations of its properties to ensure that the values presented in the reports are as accurate as possible, and to become aware of market changes as early as possible. Also, the company considers the property value market risk when setting the target levels in the financial strategy.

MARKET (INCOME) RISK

The company's income is mainly based on leases and the average duration is continuously monitored. R8 Property seeks to diversify the different maturities on the different leases to spread risk. Also, the portfolio is diversified when it comes to both industry and geographical segments. To counteract on the market risk related to the letting activity the company has a high degree of service to its tenants. For the sixth consecutive year the company won the Norwegian Tenant Index, a research survey measuring the degree of content and satisfaction for the tenants.

The company believes that providing good services to its tenants help reduce the letting risk.

Guidelines are made to ensure that all tenants with expiring contracts the next year are contacted. Also, when new lease agreements are negotiated, gaining long term contracts is a main objective. The focus on development projects with high environmental and energy standards, such as Powerhouse Telemark, has proven important to be able to sign long-term lease agreements and to diversify the risk over many years.

INTEREST RATE RISK

The financial strategy contains several KPIs set up to reduce the interest rate risk. For instance, interest coverage ratio, average time to maturity (hedges) and percentage of fixed interest rate. The setup of the company's debt structure is considered continually, to obtain the desired diversification and financial flexibility.

OPERATIONAL RISK

The debt coverage ratio (DCR) (net income from property management/total debt service) is a measure of the cash flow available to pay current debt obligations. The ratio states net income from property management as a multiple of debt obligations due within the period, including interest and principal. The DCR is an important KPI and will be closely monitored and reported to the Board in each meeting. The target for the debt coverage ratio is set in the company's financial strategy.

The operational risk in R8 Property also relates to human error or system failure associated with daily operations. During 2020 the company expanded its workforce considerably to ensure adequate resources for all tasks and mitigate the risk and vulnerability connected to key employees. Further, the board members have very significant knowledge and experience within property and do contribute with their expertise when needed.

GENERAL RISK MANAGEMENT AND REPORTING TO THE BOARD

The Board is briefed on developments on the risks facing the company on a continuous basis through the operating reports. The administration prepares periodic operating reports which are considered at the board meetings. These reports are based on management reviews of the various parts of the business, and contain an update of the status concerning important operational conditions, financial conditions, project development and a description of the status in risk areas. In addition, quarterly financial reports are prepared and reviewed by the Board and presented to the public through the company website.

The financial KPIs are followed up through periodic reports along with updates of forecasts for the year. Reporting also includes non-financial key figures related to the various business areas.

Balance sheet items are reconciled and documented on a continuous basis throughout the year. Significant profit and loss accounts and accounts related to direct and indirect taxation are also reconciled on a continuous basis.

INTERNAL CONTROL

Risk management and internal control is addressed by the Board. The Board also reviews the external auditor's findings and assessments after the interim and annual financial audits. The auditor's report is presented by the auditor in board meetings and reviewed by the Board. There are eleven employees in the Company as of 31st of December 2020 (total for the Group - including subsidiaries - is 27 employees - with another three employees closely connected to the Company through R8 Consulting Group).

Because of significant agreements with related companies, many of the authorizations involve key employees in related companies such as Aider and R8 Management. The authorizations are given through contractual agreements and follow recognized principles of authorization. The Board performs an annual review of risk areas and the internal control system. The review will seek to pay attention to the recommendation set by NUES, such as:

- changes relative to previous years' reports in respect of material risks and the company's ability to cope with changes in its business and external changes
- the extent and quality of management's routine monitoring of risks and the internal control system
- the extent and frequency of management's reporting to the Board on the results of such monitoring
- whether reporting makes it possible for the Board to carry out an overall evaluation of the internal control situation in the company and how risks are being managed
- instances of material shortcomings or weaknesses in internal
- how well the company's external reporting process functions

Remuneration of the board of directors

Directors' fees are determined by the General Meeting. These fees are based on the Board's responsibility, expertise and time taken as well as the complexity of the business, and are not related to results. The board members are not awarded options. For 2020 the remuneration was NOK 75 000 for the ordinary board members. The Chair had an active role in the company in 2020 and the remuneration was NOK 200 000. Further information on the various board members' remuneration is provided in note 11 of the financial statements.

Remuneration of executive personnel

The current remuneration for the company CEO has been settled by the Chair in consultation with other board members. In October 2020 a stock option program for senior executives was introduced. Each executive is offered a set number of shares with a duration of up to three years. Senior executives' remuneration is further described in note 11 in the financial statement.

Information and communication

The Board has decided that the company seeks transparency to secure the general interest and shareholders' interests in the company. An annual financial calendar is set which includes the dates of any quarterly report and the dates for the presentation of the annual report. All quarterly and annual reports are published on the company's website: r8property.no. The annual report and the minutes of the General Meeting are presented in English. This is to prepare information that will be relevant and beneficial in the future in terms of attracting foreign investors and capital markets. The company also uses the press, social media and the website to inform the public about milestones and news regarding the company. Transactions of a significant nature and those of public interest will be made public through the media or press releases. Through the company's established principles for investor communication, the Board has determined guidelines for financial reporting and other information.

Company takeovers

The Board has not issued guidelines related to the receipt of bids for the company's shares. In 2021 the offer will be managed within the confines of the law and in terms of equal treatment of shareholders and their interests. Ordinary operations will as far as possible be shielded from such transactions. The Board does not intend to prevent or obstruct any takeover bid for the company or its shares, but will ensure that shareholders have sufficient time and information to be able to form a view of a possible offer for the company's business or shares.

The Board will always ensure that the shareholders' common interests are safe-guarded.

Auditor

The company has no audit committee, and the Board itself oversees self-evaluation of the Board´s work. In 2020, the Group´s auditor, EY, has undergone the following tasks related to fiscal year 2020:

- Presented the main features of the audit work to the Board
- Participated in the board meeting related to the 2020 annual financial statements
- Confirmed that the requirements for auditor independence are met
- Sent an overview of services other than audit services that are provided to the company

The Board reports on the auditor's total remuneration between auditing and other services at the Company's Annual General Meeting. The Meeting approves the choice of auditor and the auditor's fee each year.

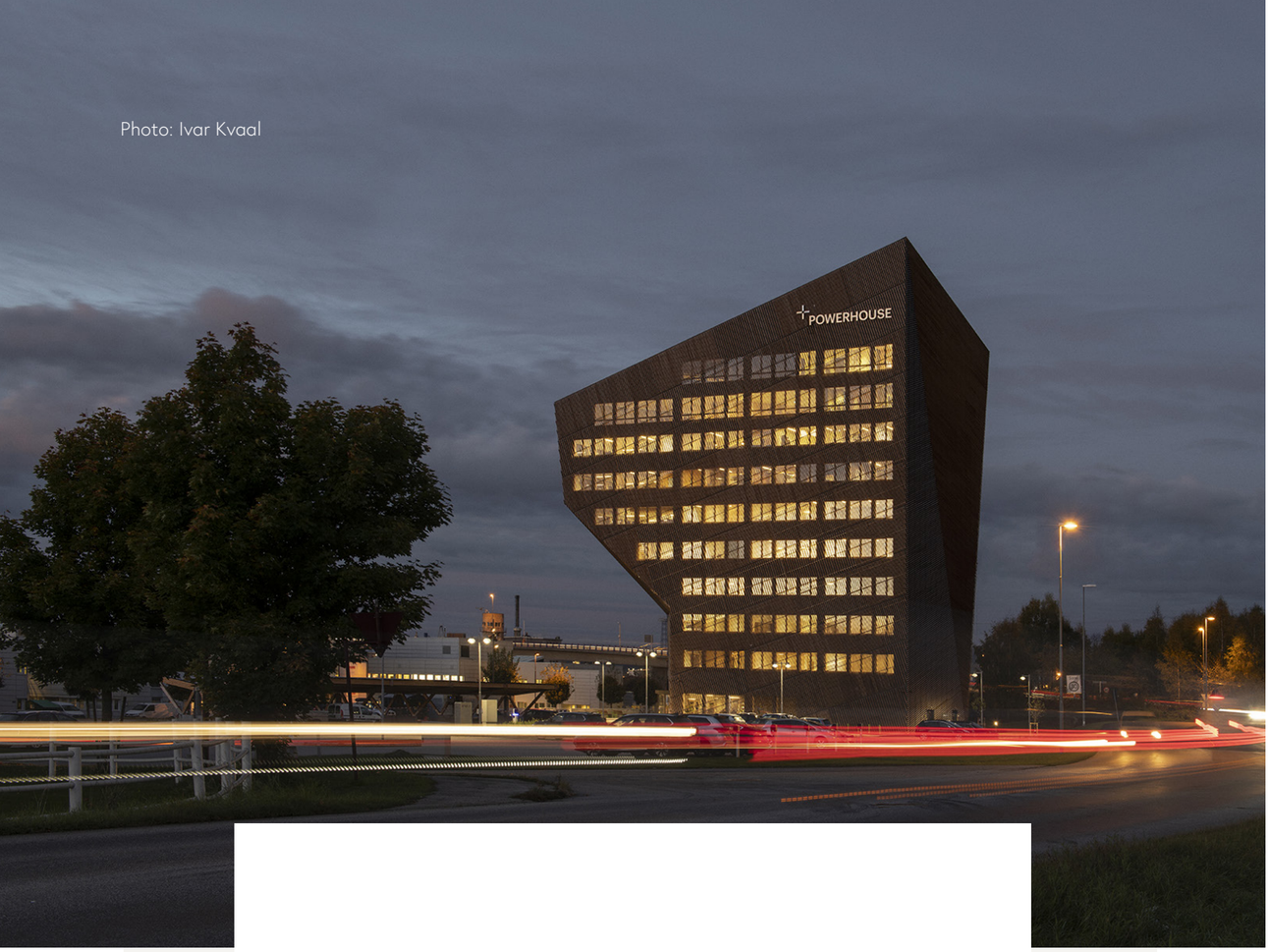


Photo: Ivar Kvaal

R8 PROPERTY

CORPORATE SOCIAL RESPONSIBILITY

Sustainability is a central part of our vision and strategy and is incorporated in all our business activities. We plan and build to sustain local communities where people and businesses flourish together. We focus on people, the user, to create new concepts that help them achieve more, and use technology to create better experiences for people and reduce our ecological footprint. Through technology, we explore and invent new sustainable solutions.

ENVIRONMENT

Both R8 Property and R8 Management are recently re-certified Eco-lighthouse businesses, and work proactively to reduce the environmental impact of the business. The Group seeks to reduce the carbon footprint and set an example of how to develop sustainable projects for the future: Buildings that contribute to local energy collection and production, reuse of water and sustainable use of local materials and suppliers. When establishing new buildings or when renovating existing buildings, R8 Property focuses on measures giving positive effects to the environment. Measures may include replacement of ventilation, better heat recirculation, energy-saving lighting, and organizing electric vehicle parking. This year we will introduce emission totals/ emission accounting as a part of our standard operations, and further seek to employ this to both our property portfolio and tenants.

POWERHOUSE TELEMARK

In January, CNN Style published the article "The most anticipated buildings set to shape the world in 2020". Amongst 10 global buildings, Powerhouse Telemark was the only one in Europe to be mentioned, next to Berlin Brandenburg Airport. There is no doubt that to greet the future in a sustainable way, energyplus buildings will be part of the solution.

Powerhouse Telemark was completed in August 2020 and has become a signature building for all of Telemark. Powerhouse Telemark is designed to ensure the best possible light entry, sun protection and harvesting of energy. The building produces approximately 256,000 kWh of electricity per year via solar cells on roofs, facades, carports and bicycle sheds. This means that the building through a life cycle of 60 years will cover the energy that has been used to produce, deliver, operate and dispose of the building, including all the building's materials used. Estimated, this means that Powerhouse Telemark will provide approximately 50-60% lower energy consumption than an office building with energy label A. The yearly energy consumption of Powerhouse Telemark is estimated to be approximately 132,600 kWh.

Powerhouse Telemark is BREEAM-NOR certified with a classification as a BREEAM Excellent building. Throughout the building process, sustainable and robust materials with low-bound energy have been used. A major part of the building's facade is clad with wooden arrows that act as sun protection in the most sun-exposed areas. The facade otherwise consists of Cembrit facade panels which give the building a uniform design. The low-carbon elements are exposed in the interior and act as a thermal mass, which helps the building to naturally heat up and cool down. With its three-layer insulating glass and super-insulated building shells, the building works as a "passive house".

Powerhouse Telemark is a world class eco-building that challenges traditional property culture and architecture. We aim to build more powerhouses in the years to come.

INKOGNITO PARK

Inkognito Park is centrally located by Solli Plass in Oslo and is now being upgraded to become one of the capital's most inviting coworking premises. The ongoing rehabilitation project has a great focus on re-utilization of materials. Prior to project start, an extensive mapping related to reuse was performed, and all materials and equipment with a potential for re-utilization was mapped and registered in the database of Rehub (www.rehub.no). By doing this, any material and equipment that are not reused in the rehabilitation project become available to the entire industry. The rehabilitation project also has a focus on reducing emissions from fossil fuels and waste, and thus the project has set the requirements of a fossil-free construction site and a sorting degree of at least 90%. The building will at a minimum satisfy the requirements for a BREEAM-NOR Very Good certification when the rehabilitation is completed.
For all new future projects, the goal is to get a BREEAM-NOR certification for both new construction projects and rehabilitation projects, with the classification of respectively BREEAM-NOR Excellence and BREEAM-NOR Very Good.

Fotograf Ivar Kvaal

ARKADEN

Arkaden is our largest property in Skien and is located in the heart of the city centre. As a forward-looking company and landlord, we are constantly looking for new solutions and measures that support sustainability and our environmental responsibility. In 2020 Arkaden bought electricity with guarantees of origin (GOs) from Skagerak Energi, ensuring that the electricity consumption of Arkaden can be documented as renewable. Arkaden receives power from a local producer, Eidet Power Plant, which generates renewable energy from the cold and clear water at the top of Telemark. Power producers that sell GOs to electricity suppliers are compensated with an additional income from their renewable power production. By exclusively buying electricity with GOs, Arkaden contributes to renewable energy production.

EDUCATION AND EMPLOYMENT

One of the most important tasks associated with a better community is to create and contribute to increased employment. Through its business and activities R8 Property contributes positively to employment in the operating regions. Several major construction projects contribute to significant employment with subcontractors. The Group also invests heavily in urban development with the desire to contribute to city centers in terms of new jobs, activities and quality of life.

During the last years we've donated money to build a school in Sierra Leone. Sami Town School is a secondary school with 386 pupils and 15 teachers, and one of the employees in R8 Management has been on site to help out with the building process. The school is completed and is working on becoming a public school.

Our partnership with Lyk-Z & daughters has been helpful to several youths with personal challenges, and we'll continue our collaboration with this great organization. Frog Online Identity works to empower adolescents and young adults to participate in social venues, basic educational programs, and employment. The goal is to improve the individuals' quality of life so they find the motivation to go back to school or work and through this contribute to positive development for the individual and the local society.

We have recently entered a partnership with the University of South-Eastern Norway and the program master in applied society analysis. Master students in their final year get the opportunity to combine studies and work. In the autumn 2021, a student will enter a position as a sustainability coordinator. Through this partnership we encourage education, and students get the opportunity to practice their studies and provide their expertise.

Photo: THT Foto

SUSTAINABLE FOOTBALL

R8 is one of Odds Ballklubb's major sponsors. Odds Ballklubb is the most environmental and sustainable football club in Norway. Odd was the first Norwegian football club to provide energy to the stadium with solar panels. During the corona pandemic, football matches have been played without the audience physically present and our collaboration has continued though digital meetings.

We are currently participating in a sustainability project initiated by Odds Ballklubb together with BDO. Through this project we will study the United Nations Sustainable Development Goals with several other local companies. Together we will work on identifying possible measures to implement in our businesses as well as innovative collaborative projects.

SPONSORSHIPS AND COOPERATION AGREEMENTS

In addition to the agreements mentioned above, R8 Property and the R8 Group contribute with both money and/or services to a wide variety of clubs and organizations. We are dedicated to children and youth, and therefore it's natural to support different football clubs, theatre groups et cetera. Most of these sponsorships are given locally in Grenland. Also, we have a "fund" for all R8 employees, where they can apply for economical support for their own (or their children's) organizations.

NRK TELETHON

The NRK Telethon is a yearly event where we contribute with money as well as volunteering calls to other companies ("ringedugnad"). It is the largest information campaign and fundraising event in Norway, and with the funds from 2020's Telethon, WWF will make an effort to fight plastic pollution in the ocean. For the telethon in 2020, we also contributed by making our premises in Powerhouse Telemark available for the voluntary calls.

The board of directors

GEORGE EMIL AUBERT
CHAIR OF THE BOARD

George Emil Aubert is an educated IT engineer, and has a broad business experience. He was one of the founders of Syscom AS in Oslo, where he worked for 26 years until he moved back to Skien in 2014. He's CEO of the family businesses Aubert Invest and Holta & co, as well as the endowment of Sonja & Emil Aubert.
George Emil Aubert is also Chair or board member of Telemark Museum, Aubert Invest, Holta & co, Skiens Aktiemølle, Broerne 6, Trebua Invest, Tenera, Stiftelsen Backe, Vauvert and Hovund's fund.
George Emil Aubert owned and controlled 827.000 shares of R8 Property on December 31st 2020.

MARIANNE LIE
BOARD MEMBER

Marianne Lie has broad international management and board experience, particularly from the maritime and energy sectors. In the maritime sector, she has held roles such as the Chief Executive Officer of the Norwegian Shipowners' Association, Executive Vice Chairman of Nordic American Offshore Ltd., Advisor to Chairman at Nordic American Tankers Limited, Director of Department of Information and Industrial Policy of Norwegian Shipowners' Association, and served in the Norwegian Shipowners' Association from 1988 to 1998.
In the energy sector, Marianne Lie has served as Managing Director of Vattenfall Norge AS and board member of Fortum oy.

She has served as a board member of several Norwegian companies, mainly within shipping, offshore business, energy and finance industries, including Arendals Fossekompani ASA, RS Platou ASA, Rainpower ASA and Cecon ASA, in addition to holding several political elected offices.
For 4 years she was a Member of Supervisory Council of the Central Bank of Norway. Current BoD experience Noreco ASA, Wallenius Wilhelmsen ASA, Treasure ASA, Scana ASA and Hermitage Offshore Services Ltd. She has studied Law and Political Science at University of Oslo. Marianne Lie owned and controlled zero shares of R8 Property on December 31st 2020.

ELIN TUFTE JOHANSEN
BOARD MEMBER

Elin Tufte Johansen is Chief Human Officer (CHO) of R8 Property, and has had a central role in the leadership team since she started in 2017.

Through her 20 years of experience within organizational development from work and studies, she has developed cutting-edge expertise within this segment, changing processes and leadership.

Through her role as CHO, she's in charge of R8 Property's human capital. She's dedicated to creating a value-based culture throughout the whole organization, across all divisions. Elin Tufte Johansen has a central role in the development and implementation of the organization's strategy. She's a mandatory member of the organization's C-level and all other leadership teams. Her education and experience is within leadership, psychology and coaching, and she has a Master of Management degree from Handelshøyskolen BI.

In addition to being a board member in R8 Property since October 2020, she's also a board member of NHO Vestfold and Telemark.

Elin Tufte Johansen owned and controlled 57.000 shares of R8 Property on December 31st 2020.

KNUT BRÅTHEN
BOARD MEMBER

Knut Bråthen has an MBA from BI and has been the CEO of the family Office company Ing. K.A.Bråthen AS (IKAB AS) since 1990. In 2006 he established Grenland Barnehagedrift, which he managed until 2016 when the company was sold to Læringsverkstedet.

Knut Bråthen is also a board member of Grenland Energy AS and Safelink AS. Knut owned and controlled 1.791.980 shares in R8 Property at December 31st 2020.

CHRISTINA SUNDBY
BOARD MEMBER

Christina Sundby is Special Advisor at Carucel Holding AS, after previously being company CFO. She has more than 30 years experience within finance, shipping, property and board work. She has an MBA from Fribourg in Switzerland.

Christina Sundby owned and controlled 15.000 shares in R8 Property on December 31st 2020. She is also related to Carucel Invest AS and Carl Erik Krefting, which owned and controlled 646.570 shares in R8 Property on December 31st 2020.

RUNAR RØNNINGEN
BOARD MEMBER

Runar Rønningen has over 20 years experience within financial journalism, asset management and investments. His education is from NHH, where he got an MBA in finance, and also became a European certificate financial analyst. Runar has also completed a master course in negotiations at Harvard University. Runar was CEO of Pioneer Group from 2010-2019, and established Oslo Capital Partners AS in 2019 together with Martin P. Hoff.

Runar Rønningen owned and controlled 550.000 shares in R8 Property on December 31st 2020.

LEIF ODDVIN JENSEN
BOARD MEMBER

Leif Oddvin Jensen is specialized within real estate and finance. For 12 years he has been working with real estate investments at the family office, Brødrene Jensen AS, and is currently Head of the company. He's also been the company's representative on the Board of Directors of all external investments, as well as being a board member in a wide range of companies. Leif Oddvin Jensen has a Master of Accounting and Auditing from Handelshøyskolen BI. He also has 3 years experience from the auditing business, and 3 years experience as CFO in a Norwegian boat building company. Leif Oddvin Jensen owned and controlled 2.697.110 shares in R8 Property on December 31st 2020.

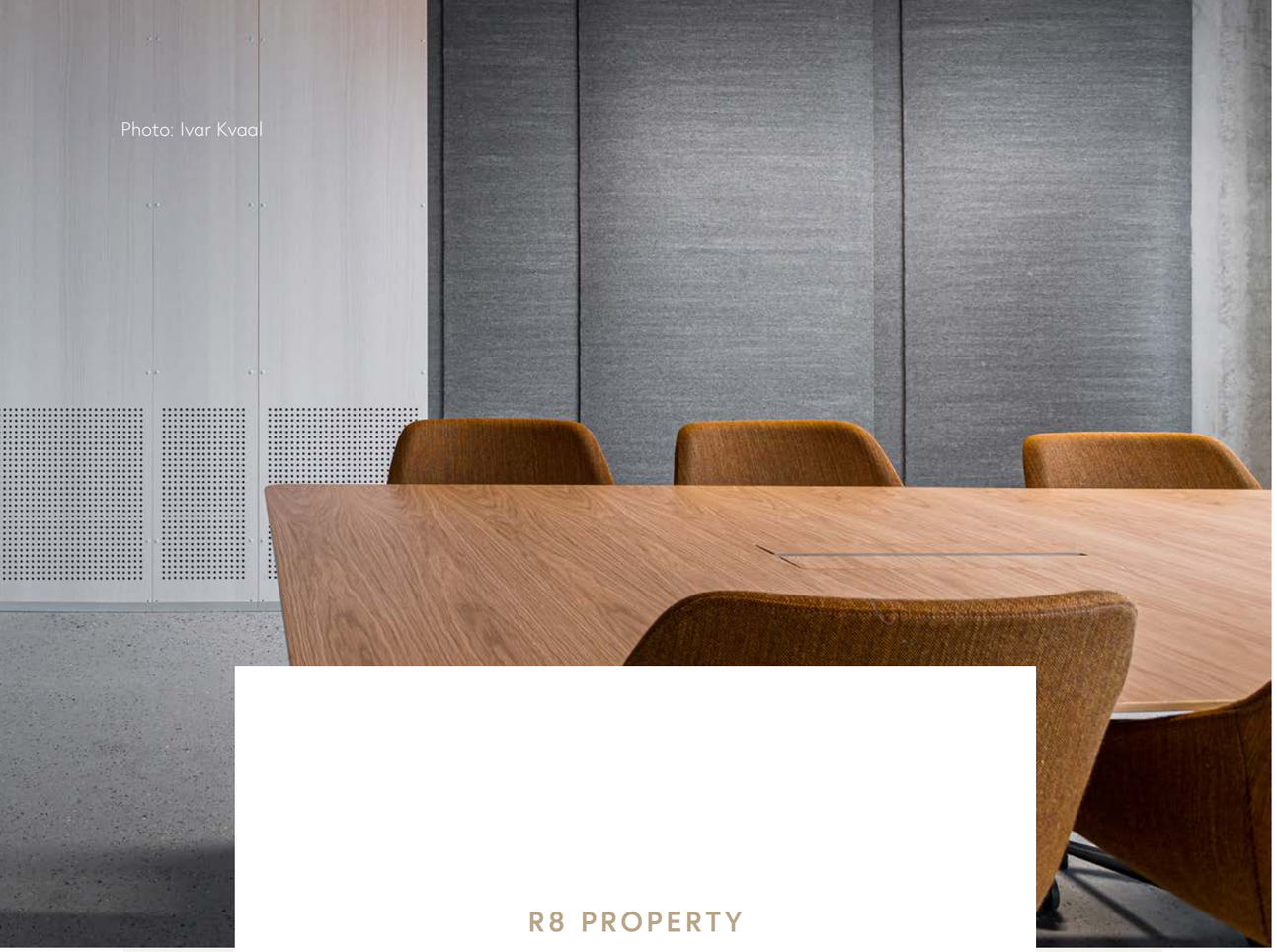


Photo: Ivar Kvaal

R8 PROPERTY

REPORT FROM THE BOARD OF DIRECTORS

2020 has been a historic year with the global covid-19 pandemic front and center for businesses and citizens alike. The corona virus hit all corners of the planet, contributing to unprecedented restrictions and limitations not seen in generations.

With covid-19 as a backdrop, R8 Property has – like almost every other business – been through a challenging year with uncertainty. How would the pandemic affect our tenant portfolio? What would the ramifications be for our company and our employees? Would we be able to complete several development projects planned to finish in 2020 (including flagship project Powerhouse Telemark)?

With the latent grim outlook of late March 2020 in mind, the Board is extremely pleased with how 2020 turned out. Our tenant portfolio was robust – even in a pandemic – a testament to a well-diversified portfolio with a majority of solid public and private tenants. After a brief temporary lay-off in early Q2, our organization has increased during 2020 adding new employees to strengthen the company going forward. All ongoing project activities were able to maintain progression, and both Henrik Ibsens gate 40-42 in Oslo and Powerhouse Telemark were completed with a short-term postponement.

Operating revenues increased from NOK 113.4 million for 2019 to NOK 132.5 million in 2020, and net profit came in at NOK -26.8 million. Fair-value adjustments for investment properties were down NOK 46.7 million from 31 December 2019 to 31 December 2020.

THE COMPANY

R8 Property ASA ("the Group") is organized with R8 Property ASA ("the Company") as the mother company which has 36 daughter companies. The Group's properties are primarily comprised of office premises, healthcare, retail and hotel space. The head office is in Porsgrunn. The properties have a market value of mNOK 2 436.0 (mNOK 2409.0). The portfolio consists of properties and development projects in Skien, Porsgrunn, Tønsberg and Oslo. The Group's purpose is to acquire, develop and own properties in central and attractive locations. In addition, the company also develops service functions through R8 Management and has a set goal to have Norway's most satisfied tenants (we scored 88 points and first place for 6th year in a row in a recent survey).

MARKET ACTIVITIES

Even in 2020 there were several significant transactions in R8 Property. In May 2020 the company signed a letter of intent to become the majority owner in Inkognitogaten 33 in Oslo through a private placement in June and September. Additionally, the LOI also gives R8 Property an option to buy all other outstanding shares at a price already agreed upon. In Q3 we signed a letter of intent to sell a majority stake in Nordre Fokserød 14 located adjacent to Torp Airport outside Sandefjord. After completion of the transaction in Q4, R8 Property retained 25 percent ownership.
To strengthen development potential on the Group's properties in Tønsberg, we signed an LOI to acquire an adjacent plot in Q3. This purchase is strategic and will enable us to a more complete development project maximizing potential in line with local regulations and preferences.
To further strengthen our customer centric approach, we founded Orbit Technology in Q2 of 2020. Orbit Technology offers a platform for access and use of facilities across properties (and landlords) with the purpose of reducing space-waste and creating a frictionless work experience for all users. The Orbit platform is already implemented in Powerhouse Telemark. Further a pilot together with Obos – supporting their innovation 'Obos Nærkontor' – will start in Q2 of 2021.

Annual rent for the company´s properties has increased from NOK 121.4 million in 2019 to NOK 143.2 million by the end of 2020. As of 31 December 2020, R8 Property had a management portfolio of 27 properties totaling 103 593 square meters and 5 projects totaling 4500 square meters.

PROPERTY TRANSACTIONS THROUGH 2020:

Address	Area(sqm)	Ownership	City	Segment	Aquisition
Inkognitiogaten 33A	3266	16%	Oslo	Project	Q3
Nordre Fokserød 14	5232	25%	Sandefjord	Office	Q4
Vestsiden Terasse		50%	Porsgrunn	Project	Q1

PROJECT DEVELOPMENT

As a real estate developer, the Group's strategy is to have an ongoing portfolio in project development at all times. The Powerhouse Telemark project finished in Q3 2020 with a grand opening (although at a different scale than planned) in Q4. The refurbishment of Henrik Ibsens gate 40-42 was completed in Q2. The Group had three on-going projects in 2020; Henrik Ibsens gate 40-42 in Oslo, Powerhouse Telemark and Polymer Exploration Center in Porsgrunn. Going forward the Group has several greenfield projects in the making.

RISK AND RISK MANAGEMENT

Both the administration and the Board assesses risk on an ongoing basis. Risk management is carried out by the administration under policies approved by the Board. The Group's risk factors consist of financial and non-financial risks.

Financial risk

In 2020 the financial risks of the Group have been monitored through the KPIs set forth in the financial strategy. Several risk areas are established and reported on a regular basis. The target level of each KPI was first decided by the board in 2019, and are continuously evaluated and adjusted to fit the state of the company. The Group seeks a good balance between debt and equity. The Group has defined a target for the loan-to-value ratio of approximately 60-70 per cent. The Group is exposed to interest rate risk. Changes in interest rate levels will have an impact on the Group's cash flow.

The risk is managed by actively using interest rate swaps and by spreading maturities. The target is to obtain fixed interest rates at 35-60 percent of the debt portfolio, average remaining term to maturity of 2–7 years and to diversify the maturity structure. Refinancing risk is reduced by entering long-term loans. Liquidity risk is monitored and managed through ongoing cash management and frequent reporting. There are covenants in the Group's bank loan agreements. On 31 December 2020, the Group "was not in breach of any covenants."

Market risk

The market value of the Group's property portfolio is affected by cyclical fluctuations in the economy. A decrease in the market value will reduce the Group's Equity and increase loan-to-value ratios. To reduce the risk concerning changes in the market the Group limits exposures to certain industries and groups of tenants. There is always a risk that yield changes in the market will reduce the value of the portfolio and cause changes in loan-to-value ratios. To reduce the risk of sudden changes in the Company's property values the value of the portfolio is monitored on a quarterly basis by independent external experts in valuation of properties.

Credit risk

The Group seeks to reduce the credit risk by obtaining a diversification in the tenant portfolio. As of 31 December, 24.7 percent of the portfolio consists of public tenants and 75.3 percent of private tenants. Also, there is a spread between different industries and geographical exposure between five different cities/areas.

Development risk

R8 Property's development activity may involve risk related to project costs, future letting ratio, level of rent, cost overruns, delays, delivery shortfalls and market developments. To reduce the development risk, the Group has hired personnel with relevant experience and knowledge in addition to using external resources, for instance legal expertise, when needed. The Group will continue to actively manage resource needs due to a large project pipeline.

Reputational risk
R8's brand and reputation are important advantages in competition with other companies. The Company focuses on maintaining the positive brand and preventing negative issues concerning the Group.

ORGANIZATION AND WORKING ENVIRONMENT
R8 Property ASA had eleven employees as of 31 December 2020 (total for the Group is 27 employees). Eight (twenty) of them are men, and four (seven) women. There was no long-term or short-term, due to sick leave - absence in 2020. The work environment is good although the work pressure at times is high. This is confirmed by consistently high scores on work environment surveys conducted every second year. There is also have a focus on facilitating a work-life balance. There were no injuries or accidents within the Group in 2020.

The Group is continuously working on ensuring equality and preventing discrimination. In 2020 the company has performed several new hires, both men and women. All employees are compensated based on qualifications. We want to increase the proportion of women, and actively work on attracting more women and have a specific focus on this in our search processes and recruitment process.

The Board of Directors consists of 4 men and 3 women after a new board was appointed by an extraordinary general assembly on October 29th 2020. R8 Property was simultaneously transformed from AS (aksjeselskap) to ASA (allmennaksjeselskap), a change aimed at preparing the company for a broader set of investors in the future. In accordance with guidelines set forth in NUES, the EGA also appointed a Nomination Commitee of three members independent from the Board of Directors.

CORPORATE GOVERNANCE
R8 Property works in accordance with the principles of conducting transparent business to build and maintain a high level of trust among shareholders, banks and financial institutions, tenants, and society in general.

CORPORATE SOCIAL RESPONSIBILITY
The Group strives to constantly improve and to operate in accordance with responsible, ethical, and honorable business principles. The three core areas of contribution to society are environment, social engagement and community support.

Exterior environment
The Group aims to conduct business so that the impact on resources and the environment is kept to a minimum and well within the requirements imposed by authorities and contracting parties. The group has a high focus on sustainability and has a set goal of becoming carbon neutral within a few years.

GROUP ACCOUNTS

Going concern
The financial statements have been prepared based on the going concern assumption. This is based on an evaluation of the financial position and budgets and forecasts for 2021. R8 Property group has an equity of NOK 761.3 million and negative result in 2020. The year 2020 has been special with covid-19 and significant changes during the year (a negative result - before tax - of NOK 123 million in the first half of 2020, and a positive result - before tax - of NOK 71.7 million in the second half of 2020 (which includes changes in fair value of owner-occupied investment properties). The result - before tax - from the quarters in 2020 is not directly comparable with the result - before tax - in the annual financial statements of 2020, due to difference in the consolidation of R8 Evolve in the quarters of 2020. The group has some short-term debt that is due in December 2021, the vast majority of our funding is long-term. Liquidity management is an important and prioritized task, especially due to high activity and costs related to project development.

The board has power of attorney from the general assembly to initiate private placement at its discretion.

Financial risk
Profit before tax amounted to NOK -45.1 million (76.6 million), down by 121.7 million from the year before. The result comes mainly from decline in property values related to covid-19.

Net profit amounted to NOK -26.8 million (59.2 million). The profit includes a change in value of investment properties of NOK -46.7 million (78.7 million). Fair-value of investment properties is NOK 2 436.0 million (2 409.0 million).

Statement of income, balance sheet, and statement of cash flows
The annual report has been prepared in compliance with IFRS. This accounting principle has been applied consistently throughout 2020.

Income
Total operating income for the Group increased from NOK 113.4 million in 2019 to 132.5 million in 2020. The Group's financial income totaled NOK 2.1 million (3.1 million). Financial costs totaled NOK 73.5 million (47.4 million), where interest costs and other costs associated with the Group's financing activities represented 66.6 million (47.4 million) and share of loss from associates and joint ventures amounted to 6.9 million (0.0 million). Profits before tax was NOK -45.1 million (76.6 million), and total comprehensive income after tax was NOK -26.7 million (59.2 million). Tax expense was NOK -18.3 million (17.5 million).

Balance sheet
As of 31 December 2020, the Group's assets had a book value of NOK 2 721.6 million (2 550.8 million). Of the total assets, investment properties accounted for NOK 2 436.0 million (2 409.0 million). Total accounting equity in the Group was 761.3 million (778.1 million).

Cash flow statement

Net cash flow from operating activities was NOK -13.1 million in 2020 (-4.3 million). The net cash flow from investments was NOK -218.2 million (-379.0 million). There were NOK 122 million in purchase of shares related to acquisition of Evolve and ownership in Inkognitogaten 33 AS.

Upgrades and construction of investment properties amounted to NOK 183.5 million (294.7 million) and primarily relates to Powerhouse Telemark and Polymer Exploration Centre. Net cash flow from financing activities was NOK 215.9 million (413.8 million). Net proceeds of interest bearing debt was NOK 170.3 million (321.1 million). During 2020 R8 Property has made a repayment of NOK 20.1 million (24.7 million) in bank loans. The net change in cash and cash equivalents was NOK -15.4 million at 31 December 2020 (30.5 million). One of the objectives in the financial strategy is to define a level on liquidity buffer that fits the size and the growth ambitions for the Group.

Financial structure and exposure

R8 Property's collective loan portfolio is comprised of long and short-term financing in the Norwegian capital market. At the end of the year, loans totaled NOK 1 724.4 million (1 581.2 million), 37 per cent (36 percent) of which was tied up in different interest rate swaps. The overall loan portfolio has an average time to maturity of 5.0 years.

Average interest cost at 31 December 2020 was 3.43 per cent (4.45 per cent). As a general principle R8 Property's financing is based on a negative pledge of the Group's assets. The Group has adopted a financial strategy with a medium loan-to-value ratio. The Group's loan-to-value ratio at 31 December 2020 was 70.5 per cent (67,1 per cent when including investments in joint ventures, associates and shares), compared to 65.6 per cent at the end of 2019.

PROFIT FOR THE YEAR AND ALLOCATIONS

In 2020, R8 Property ASA, the parent company of the Group, made a profit after tax of NOK -26.3 (-9.9) million, as set out in the financial statements prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles. The Board proposes that the profit after tax of NOK -26.3 (-9.9) million is transferred to retained earnings for 2020.

BOARD OF DIRECTORS

The Annual General Meeting in May 2020 elected Christina Sundby, Tommy Thovsland, Leif Oddvin Jensen, Runar Rønningen for 1 year. George Emil Aubert (Chair) and Knut Bråthen were elected for 2 years in 2019 and were not up for re-election. At the extraordinary general meeting in October 2020 Elin Tufte Johansen and Marianne Lie were appointed to the board while Tommy Thovsland resigned. Elin and Marianne are elected to the board until the Annual General Meeting in 2021.

There were 5 ordinary board meetings and 5 extraordinary board meetings in 2020.

Health, Environment and Safety

Every board meeting includes a report of current HSE status, events and deviations - and are treated according to standards.

Porsgrunn, 26 March 2021
Board of Directors for R8 Property ASA

Legally signed by George Emil Aubert 26.03.2021
George Emil Aubert
Chair of the Board

Legally signed by Leif Oddvin Jensen 26.03.2021
Leif Oddvin Jensen
Board member

Legally signed by Christina Sundby 26.03.2021
Christina Sundby
Board member

Legally signed by Knut Bråthen 26.03.2021
Knut Bråthen
Board member

Legally signed by Marianne Lie 26.03.2021
Marianne Lie
Board member

Legally signed by Runar Rønningen 26.03.2021
Runar Rønningen
Board member

Legally signed by Elin Tufte Johansen 26.03.2021
Elin Tufte Johansen
Board member

Legally signed by Emil Eriksrød 26.03.2021
Emil Eriksrød
CEO

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Photo: Ivar Kvaal

CONSOLIDATED

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R8 PROPERTY ASA

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Statement of total comprehensive income

All amounts in NOK thousand

	Note	2020	2019
Rental income	5, 6	114 153	99 755
Other operating revenue	6	18 338	13 636
Total operating income		**132 491**	**113 391**
Maintenance and other operating expenses	10	53 208	46 363
Other property-related expenses	10	2 196	1 088
Administrative expenses	11	30 630	24 223
Total operating costs		**86 034**	**71 674**
Net income from property management		**46 457**	**41 717**
Changes in fair value from investment properties	8, 15	-46 726	78 664
Operating profit		**-269**	**120 381**
Interest and other finance income	12	2 053	3 105
Share of profit (loss) from associates and joint ventures	26	-6 882	-
Losses from investment in shares		-496	-
Interest and other finance expense	12	-66 142	-47 360
Changes in fair value of financial instruments	7, 8	26 628	509
Net financial items		**-44 840**	**-43 746**
Profit before tax		**-45 109**	**76 635**
Tax expense	23	18 338	-17 458
Profit for year		**-26 771**	**59 177**
Profit attributable to:			
Equity holders of the company		-11 007	48 767
Non-controlling interest		-15 764	10 411
Total comprehensive income attributable to:			
Equity holders of the company		-11 007	48 767
Non-controlling interest		-15 764	10 411
Earnings per share:			
Basic (NOK)	29	-0,56	2,89
Diluted (NOK)	29	-0,56	2,89
Other comprehensive income			
Net OCI that may be reclassified to profit or loss in subsequent periods		-	-
Net OCI that will not be reclassified to profit or loss in subsequent periods		-	-

Notes 1 through to 30 form an integral part of the consolidated financial statements.

Balance sheet
Assets

All amounts in NOK thousand

	Note	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
Deferred tax asset	23	10 169	-
Other intangible assets	13	7 605	7 630
Total intangible assets		**17 773**	**7 630**
Investment property	8, 15	2 436 000	2 409 000
Other operating assets	13, 14	765	1 238
Right-of-use assets		127	-
Total non-current tangible assets		**2 436 892**	**2 410 238**
Investment in jointly controlled entities, associates and shares	26	124 592	496
Financial derivatives	7, 8	46 618	-
Other long-term receivables		9 554	3 211
Total financial assets		**180 764**	**3 707**
TOTAL NON-CURRENT ASSETS		**2 635 429**	**2 421 575**
CURRENT ASSETS			
Inventory property	18	9 360	7 805
Trade receivables	16	14 155	12 607
Other receivables	17	12 625	27 166
Other receivables to related parties	7, 26	14 370	30 585
Total current receivables		**50 510**	**78 163**
Cash and bank deposits	19	35 679	51 040
TOTAL CURRENT ASSETS		**86 188**	**129 203**
TOTAL ASSETS		**2 721 617**	**2 550 778**

Notes 1 through to 30 form an integral part of the consolidated financial statements.

Balance sheet
Equity and liabilities

All amounts in NOK thousand

	Note	31.12.2020	31.12.2019
EQUITY			
Shareholders equity	20, 28	708 382	713 469
Non-controlling interest		52 919	64 663
TOTAL EQUITY		**761 300**	**778 131**
LIABILITIES			
Interest-bearing debt	14, 21	1 347 535	645 026
Deferred tax liability	23	79 110	84 591
Financial derivatives	7, 8	35 646	11 789
Lease liabilities, non-current portion	14	3 567	4 517
Total non-current liabilities		**1 465 858**	**745 923**
Trade payables	24	40 926	38 465
Interest-bearing debt	14, 21	376 879	931 732
Debt to related parties	7	6 633	20 868
Lease liabilities, current portion	14	1 258	-
Other current liabilities	24	68 764	35 659
Total current liabilities		**494 459**	**1 026 724**
TOTAL LIABILITIES		**1 960 317**	**1 772 647**
TOTAL EQUITY AND LIABILITIES		**2 721 617**	**2 550 778**

Notes 1 through to 30 form an integral part of the consolidated financial statements.

Statement of changes in equity

All amounts in NOK thousand

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

Notes 1 through to 30 form an integral part of the consolidated financial statements.

Statement of cash flows

All amounts in NOK thousand

	Note	2020	2019
Profit before tax		-45 109	76 635
Expensed interest and fees on loans and leases		64 089	47 360
Interest and fees paid on loans and leases		-59 439	-42 793
Share of profit from associates and jointly controlled entities		6 882	-
Depreciation and amortisation	13	495	779
Other adjustments		2 649	-
Change in market value investment properties	15	46 726	-78 664
Change in market value financial instruments	8	-26 628	-509
Change in working capital		-2 767	-7 090
Net cash flow from operating activities		**-13 101**	**-4 283**
Proceeds from sales of investment properties and companies		47 441	6 200
Proceeds from sales of shares		25 015	-
Purchase of shares		-121 902	-
Upgrades and construction of investment properties	15	-183 531	-294 694
Purchase of investment property		-	-89 656
Purchase of intangible assets and other plant and equipment		-	-836
Net payment financial assets		14 795	-
Net cash flow from investment activities		**-218 182**	**-378 985**
Proceeds interest-bearing debt	21	190 395	345 867
Repayment interest-bearing debt	21	-20 091	-24 678
Change in loans to other related parties		6 606	-16 399
Proceeds from convertible loans		37 936	-
Proceeds from equity		-	130 086
Cost of equity transactions		-	-908
Contributions from non-controlling interests		1 076	-20 151
Net cash flow from financing activities		**215 922**	**413 818**
Change in cash and cash equivalents		-15 361	30 550
Cash and cash equivalents at beginning of period		51 040	20 490
Cash and cash equivalents at end of period		**35 679**	**51 040**

Notes 1 through to 30 form an integral part of the consolidated financial statements.

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NOTE 1 GENERAL INFORMATION

R8 Property ASA ("the Group") is organized with R8 Property ASA ("the Company") as the mother company which has 36 daughter companies. R8 Property ASA ("the Company") is (together with its subsidiaries ""R8 Property" or "the Group"") dedicated to the development of modern and forward-looking office commercial properties, residential properties, coworking and technology solutions. These must not only make positive economic and social contributions to the community, but must also be particularly progressive in environmental terms. The Group owns and manages 32 (32) buildings with a total area of approximately 108.1 (112.9) thousand square meters. As of 31.12.20 the real estate portfolio had a market value of around NOK 2 436 (2 409) million. R8 Property's strategic areas are Telemark, Vestfold and Oslo. The Group has its head office in Dokkvegen 11, 3920 Porsgrunn.

The consolidated financial statements were adopted by the company's Board on March 26 2021.

NOTE 2 ACCOUNTING POLICIES

BASIC PRINCIPLES
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretation Committee (IFRIC), as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

The consolidated financial statements have been prepared on the basis of the historical cost principle, with the following exceptions: investment properties as well as the Group's derivatives have been measured at fair value. Presenting the accounts in accordance with IFRS requires the management to make certain assessments and assumptions. The application of the Group's accounting principles also requires management to exercise judgement. Estimates and subjective judgements are based on past experience and other factors that are considered appropriate. Actual results may deviate from these estimates.

Estimates and underlying assumptions are continuously reassessed. Changes in accounting estimates are recognised in the period in which the changes occur if they apply only to that period. If the changes also apply to future periods, the impact is distributed over the current and future periods. Note 3 details items in the accounts that are based on a significant amount of subjective judgement.

The consolidated financial statements have been presented on the assumption of the business being a going concern.

CURRENCY
The Group's presentation currency is NOK. This is also the functional currency of the parent company and all of its subsidiaries.

Application of new and revised International Financial Reporting Standards (IFRSs) in 2020

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are all entities over which the Group exercises control of financial and operating policies, normally through ownership of more than half the capital with voting rights. When deciding whether control exists, the effect of potential voting rights that can be exercised or converted on the balance sheet date is taken into consideration. Secondly, the Group must have the rights to variable returns and the ability to use its power over the investee to affect the amount of the investor's returns. If all of the following conditions are met, the Group is considered having control. Subsidiaries are consolidated from the date on which the Group obtains control, and are deconsolidated when control ceases. Control ceases to exist if a parent loses control of a subsidiary through loss of power or exposure to variable returns. Deconsolidation results in a derecognition of assets and liabilities in the consolidated statement, and recognizes the gain or loss associated with the loss of control in profit or loss.

Any change in the ownership interest of a subsidiary, without the loss of control, is accounted for as an equity transaction.

For accounting purposes, acquisitions of subsidiaries that do not constitute a business as defined in IFRS 3, such as subsidiaries that only consist of a building, are treated as asset acquisitions. The cost of acquisition is then attributed to the individual identifiable assets and liabilities based on their relative fair values on the acquisition date. Expenses associated with the transaction are capitalized under the property. In such cases no provision is made for deferred tax

Intra-group transactions, balances and unrealized gains are eliminated. Unrealised losses are eliminated but are considered as an indication that the transferred asset may be impaired.

Transactions with non-controlling interests

Transactions with non-controlling interests in subsidiaries are treated as equity transactions. If shares are acquired from a noncontrolling interest, the difference between the payment and the proportion of the carrying amount of the subsidiary's net assets attributable to the shares is recognized in the equity of the parent company's owners. Gain and losses arising from the sale of shares to non-controlling interest are similarly recognised in equity.

If the Group loses control over a subsidiary, any residual holding is re-measured at fair value through profit or loss. Thereafter, the fair values are used as the acquisition cost for accounting purposes, and the holding is treated as an investment in an associate, in a jointly controlled entity or in a financial asset. Amounts previously included in comprehensive income that related to the company are treated as if the Group had disposed of the underlying assets and liability. These may result in amounts that previously included in comprehensive income being reclassified to the income statement.

Joint arrangements and associates

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. In a joint arrangement, no single party controls the arrangement on its own. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Judgement is required in assessing whether a joint arrangement is a joint operation or a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of arrangement.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

R8 Property classifies its investments based on an analysis of the degree of control and underlying facts. This includes an assessment of voting rights, ownership structure and relative strength, purchase and sale rights controlled by R8 Property and other shareholders. Each individual investment is assessed. Upon changes in underlying facts and circumstances, a new assessment must be made as to whether this is still a joint venture/associates. Changes in contractual rights and obligations relating to the underlying asset or debt and changes in the shareholders agreement might lead to a shift in the accounting method.

In joint ventures and associates, the Group's share of the companies' profit/loss after tax, adjusted for amortization of excess value and any deviations from accounting policies, are presented on a separate line in the consolidated income statement. Joint ventures are recognized in the consolidated accounts using the equity method and presented as non-current assets. When assets are acquired from a joint venture, any gain or loss is only recognized in profit or loss when the asset is sold by the Group. A loss is recognized immediately if the transaction indicates that the value of the company's current or non-current assets has fallen.

A transaction that entails a change of control from an investment in a joint venture or associate to an investment in a subsidiary is treated as a realization and require that a gain/loss at the time of derecognition of the joint venture has to be calculated and recognized in the income statement as results from associates and JVs according to equity method.

The Group only partly owns the companies R8 Evolve AS and Orbit Technology AS and these investments are treated as joint ventures. Kammerherreløkka AS, Dokkvegen Utvikling AS and Vestsiden Terrasse AS is treated as a subsidiary because of control. For information about the evaluation of control, see note 25.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Initial measurement takes into consideration the property's cost price, which includes direct transaction costs such as document duty and other public duties, legal fees and due diligence costs. Transaction costs associated with properties acquired through business combinations (as defined in IFRS 3) are expensed.

After initial recognition, investment property is measured at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Gains or losses as a result of changes in the fair value of investment properties are recognised in profit or loss as they arise, and are presented on a separate line after "net income from property management." Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to property for sale following the accounting principles of IFRS 5. A property's deemed cost for subsequent accounting as property for sale is its fair value at the date of change in use.

Owner-occupied property

Property that has more than an insignificant portion of owner-occupation is classified as owner-occupied property following IAS 16. The entity considers both qualitative and quantitative factors when determining whether there is a significant part of the property used for own proposes. If the property is considered owner-occupied, the whole property is accounted for under IAS 16, unless the portions of the property can be sold separately.

A property used by owner is accounted for at revalued value less accumulated depreciation and amortization. An evaluation of fair value for such properties is carried out in the same manner as described for investment properties. Increase in value of owner-occupied property is not recognised in the income statement, but recognised as a change of the revaluation reserve in comprehensive income. An impairment of the value is recognised against the revaluation reserve, related to revaluation of the specific building. If impairment exceeds the revaluation reserve, the remainder is recognised against the income statement.

If an investment property becomes owner-occupied, it is reclassified as property used by owner. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity.

Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to income statement.

Property, plant and equipment

All property, plant and equipment (PPE) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and where applicable borrowing costs (see below).

Cost of an item of PPE includes its purchase price and any directly attributable costs. Cost includes the cost of replacing part of an existing PPE at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day- to-day servicing of an item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Land and property under construction: not depreciated
- Buildings: 25-40 years;
- Other operating assets: 3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Borrowing costs

Borrowing costs for capital used to finance buildings under construction are capitalised under the asset in question. When calculating the capitalised borrowing costs, the average interest rate on the company's debt portfolio over the course of the year is used, unless there is separate financing for the specific project. In such cases the specific borrowing cost for the loan in question is used. When calculating the average interest rate to be used for the capitalisation of borrowing costs, loans taken out for specific projects are not included.

SEGMENTS

Operating segments are reported in the same way as in internal reports to the Group's highest decision-making authority. The Group's chief operating decision maker , which is responsible for allocation resources and assessing the profitability of the operating segments, has been identified as executive board and the CEO.

INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the fair value of consideration transferred and the fair value of the Group's share of net identifiable assets in the entity on the acquisition date. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset. For the purpose of impairment testing, goodwill is allocated to the relevant cash flow generating units. Goodwill is allocated to the cash flow generating units or group of cash f generating units that are expected to benefit from the acquisition from which the goodwill arose. Goodwill is tested for impairment annually. Impairment of goodwill is not reversed. Gains and losses on the sale of an operation including the carrying amount of goodwill relating to the sold operation.

Goodwill arising from the purchase of shares in associates and jointly controlled entities is included under the investment in the associate or jointly controlled entity, and is tested for impairment as part of the carrying amount of the investment.

Software

Purchased software is recognised at cost (including expenditure on making programs operative) and is amortised over the expected useful life. Expenses directly associated with the development of identifiable and unique software owned by the Group are capitalised as intangible assets, and are depreciated over the expected useful life, normally 3 years. The Group considers a range of factors in determining if the intangible assets can be recognized in the balance sheet. Factors such as if the completed asset would be available for use or sale, if the Group has adequate technical, financial and other resources necessary for completion of the intangible asset and the probability of the develop asset to generate future net financial benefits. Expenses relating to the maintenance of software are expensed as incurred.

Development projects

Activities related to the application of knowledge to a plan or in relation to a concept or project prior to being taken into use/production, are classified as development activities that are capitalised as intangible assets when the Group considers it likely that the skills developed will generate net financial benefits. Expenses that are capitalised as development projects are directly attributable expenses relating to the development of the new skills.

Impairment of non-financial assets

Intangible assets with an indefinite useful life are not depreciated and are instead tested annually for impairment. Property, plant and equipment and intangible assets that are depreciated are also tested for impairment if there is any indication to suggest that future cash flows cannot justify the carrying amount of the asset. Write-downs are recorded through the income statement as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and the value in use When testing for impairment, non-current assets are grouped at the lowest possible level at which it is possible to identify independent cash inflows (cash flow generating units). In conjunction with each financial report, the company assesses whether it is possible to reverse past write-downs of non-financial assets (except goodwill).

FINANCIAL INSTRUMENTS

A financial instrument is defined as being any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity. Financial instruments are recognised on the transaction date, i.e. the date on which the Group commits to buying or selling the asset.

Financial assets are classified in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Equity instruments designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Groups financial assets at amortised cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities at fair value through profit or loss comprise loans designated at fair value upon initial recognition (fair value option) and derivatives. Financial liabilities at amortised cost consist of liabilities that do not fall under the category at fair value through profit or loss.

Inventory Property

Property being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and measured at the lower of net realizable value (NRV) and cost.

Inventory property is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each inventory property to its present condition and location includes:

- Acquisition cost of the land

- Amounts paid to contractors for development

- Planning and design costs, costs of site preparation, professional fees for legal services, development overheads and other related costs

When an inventory is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of inventory property recognized in profit or loss is determined with reference to directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Trade receivables and other financial assets

Trade receivables and other financial assets are classified as amortised cost. The Group applies the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. At every reporting date, the Group evaluates the debtors past default events, current financial situations and forward-looking factors such as the general economic condition of the industry, debtor specific factors and so on. The Group considers all reasonable and supportable information that is available without undue cost or effort. Any subsequent payments received against accounts for which a provision has previously been made are recognized in the profit & loss statement. Trade receivables and other financial assets are classified as current assets, unless they are due more than twelve months after the balance sheet date. If so, they are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and other short-term, highly liquid investments with an original term to maturity of no more than three months.

Financial derivatives

The Group uses derivatives to manage its interest rate risk. Financial derivatives are not accounted for as hedging instruments but are valued at fair value. Changes in fair value are recognised in the income statement. Regular payments are presented as interest and other finance expenses. Changes in the value of the derivatives are presented under "Unrealised changes in value of financial instruments".

The fair value of interest rate swaps is the estimated amount the Group would receive or pay to redeem the contracts on the balance sheet date. This amount will depend on interest rates and the contracts' remaining term to maturity. The derivatives are classified on the balance sheet as current liabilities or non-current liabilities, depending on whether they are expected to be redeemed under or over 12 months from the balance sheet date.

Trade payables and other non-interest-bearing financial liabilities

Trade payables and other non-interest-bearing liabilities are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method. Interest is ignored if it is insignificant.

Interest-bearing liabilities

Interest bearing liabilities are classified as financial liabilities at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as net realized financial in the statement of profit or loss. The liabilities are measured at their nominal value when the effect of discounting is immaterial. Interest-bearing liabilities are classified as current liabilities where the debt is due for repayment less than 12 months from the balance sheet date.

PENSIONS

The Group has defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.

TAX

The tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognised directly in equity or in other comprehensive income. In such cases, the tax is either recognised in comprehensive income or directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and consolidated accounting values of assets and liabilities. Any deferred tax arising from the initial recognition of a liability or asset in a transaction which is not a business combination and which on the transaction date does not affect accounting or tax results is not recognised on the balance sheet. Deferred tax is defined using tax rates and laws which are enacted or likely to be enacted on the balance sheet date, and which are expected to be used when the deferred tax asset is realised or when the deferred tax is utilised. Deferred tax is calculated and provided or reduced in the event of adjustments to the value of investment properties at a nominal tax rate of 22 per cent from 31 December 2020.

For investment properties acquired through the purchase of shares in property companies or not acquired through a business combination, in the event of an adjustment in value, deferred tax is calculated on the property's fair value. A deferred tax asset is recognised to the extent that it is likely that future taxable profit will be available against which the temporary differences can be offset.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Nor is a liability for deferred tax calculated upon initial recognition of assets or liabilities obtained through an acquisition of a subsidiary not classified as a business combination.

REVENUE RECOGNITION

R8's key sources of income include:

- Rental income
- Services to tenants including management charges and other expenses recoverable from tenants
- Sale of inventory property – completed property

The accounting for each of these elements is discussed below.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

The initial direct costs and tenant lease incentives are presented as current assets in the line item 'Prepayments' in the statement of financial position is amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the statement of profit or loss when the right to receive them arises.

Revenue from services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning, security, landscaping and snow removal of common areas), as well as other support services (e.g., reception services, catering and other event related services). The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The consideration charged to tenants for these services is based on a percentage of the rental income. The variable consideration only relates to the non-lease component and is allocated to each distinct period of service (i.e., each day) as it meets the variable consideration allocation exception criteria.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

Revenue from services to tenants is presented as other operating revenue in the income statement alongside income from revenue from contracts with customers.

Total operating income consists of rental income and other operating revenue. Gains on the sale of property are presented as part of the change in fair value. Gains on the sale of property are presented as part of the change in fair value. Rental income encompasses the fair value of the payments received for services that fall within the ordinary activities of the company. Rental income is presented net of VAT, rebates and discounts. Shared costs are capitalized alongside payments on account from tenants and therefore have no impact on the income statement. Shared costs are settled after the balance sheet date.

Photo: Ivar Kvaal

STATEMENT OF CASH FLOWS

The Group reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities. Dividends paid to shareholders and non-controlling interests are presented under financing activities.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND SUBJECTIVE JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investment properties
Each quarter, all the properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The valuations at 31 December 2019 and 2020 were obtained from Newsec AS. The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a period of 10-15 years using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of the gross cash flows from signed leases less maintenance cost, other operating and management expenses, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rate, exit yield and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenants' financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk relating to letting and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

When carrying out their valuations, the valuers receive comprehensive details of the leases for the properties, floor space and details of any vacant premises, and up-to-date information about all ongoing projects. Any uncertainties relating to the properties/projects and leases are also clarified verbally and in writing as and when required. The Group management performs internal controls to ensure that all relevant information is included in the valuations.

The valuers perform their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. If available, each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc.)

Value changes comprise realised and unrealised changes in value and are reported net for all properties. The unrealised change in value is calculated on the basis of the valuation at the end of the financial year compared with the same period in the previous year plus capitalised, value enhancing investment during the year.

For properties acquired during the year, unrealised changes in value are calculated as the difference between the valuation at the end of the financial year and the cost of the acquisition plus any value enhancing investments. For properties sold during the year, changes in value are calculated as the difference between the sales price less sales costs and value enhancing investments undertaken in the financial year.

More information about the fair value measurement is set out in note 8 and 15.

The table below shows to what extent the value of the property portfolio is affected by inflation, market rents, discount rates (interest rates) and exit yields (market yields), assuming that all other factors are equal. Estimates by Newsec AS in conjunction with valuations at 31 December 2020.

Change variable	Change in per cent	Positive change (tNOK)	Negative change (tNOK) [1)]
Inflation	+/- 1,00	213 088	-213 088
Market rent	+/- 10,00	196 528	-196 528
Discount rates	+/- 0,25	-97 685	106 772
Exit yield	+/- 0,25	-47 868	52 340

1) Estimates by Newsec AS in conjunction with valuations at 31 December 2020 Development projects are not included in the estimates.

Overview of input parameter for the discounted cash flow model for estimating fair value of the Group's investment property:	2020
Valuation hierarchy level	3
Total square meter	108 093
Actual rent per sqm (interval)	144 - 4 366
Actual rent pr sqm (average)	1 589
Length on existing lease agreements (interval)	0,2 - 21,3
Wault 1)	6,8
Market rent pr sqm (interval)	869 - 3 890
Market rent pr sqm (average)	1 675
Expected inflation %	2,0
Actual vacancy %	12,5
Nominal discount rate % (interval)	5,7- 10,2
Nominal discount rate % (average)	8,8

Fair value of financial liabilities
The Group values liabilities with fixed interest rates and financial derivatives at fair value in the Group's balance sheet.

The table below shows the overall impact on the Group's financing costs of a parallel shift in market rates for NOK of +/- 1 per centage point, based on the Group's debt portfolio and interest rate derivatives on the balance sheet date. The figure quoted for the change in the fair value of debt and derivatives reflects what the market value of the portfolio would be on the balance sheet date if the yield curve were 1 per cent higher or lower, based on discounted future cash flows from the various instruments.

31.12.2020	Change in the Group's interest expense (annualised) (tNOK)
Market rates increase by 1 percentage point[1)]	**-10 707**
Interest-bearing debt	-16 506
Derivatives	5 799
Market rates fall by 1 percentage point[1)]	**10 707**
Interest-bearing debt	16 506
Derivatives	-5 799

[1)] A positive figure signifies an increase in profit after tax.

31.12.2019	Change in the Group's interest expense (annualised) (tNOK)
Market rates increase by 1 percentage point[1)]	**-9 286**
Interest-bearing debt	-13 525
Derivatives	4 239
Market rates fall by 1 percentage point[1)]	**9 286**
Interest-bearing debt	13 525
Derivatives	-4 239

[1)] A positive figure signifies an increase in profit after tax.

Business Combinations
The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, considerations is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, etc.)

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

In 2020 the Group acquired Vestsiden Terrasse AS. The transaction was considered to represent a single asset and was not treated as business combination.

NOTE 4 FINANCIAL RISK MANAGEMENT

All amounts in NOK thousand

Financial risk factors
The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. The Group's finance strategy shall ensure that the Group has financial flexibility and that it achieves competitive financial terms. The Group is exposed to financial risk and has defined the following relevant risk areas:
- Financing risk
- Capital management and solvency
- Cash flow and fair value interest rate risk
- Liquidity risk
- Credit/counterparty risk
- Currency risk

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the administration under policies approved by the Board of Directors. The administration identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

Financing risk
Financing risk is the risk that the Group will be unable to obtain funding, obtain funding only to a certain extent or can only receive funding on unfavorouble terms.

The company seeks to limit financing risk through:
- requirements for committed capital to cover refinancing requirements
- average credit period requirements
- the use of various credit markets and counterparties
- spread maturity structure for the Group's financing

Capital management and solvency
The main purpose of the Group's capital management is to maintain a good balance between debt and equity, in order to maximise the value of the shares in the Group, while also maintaining a good credit rating, and obtaining loan terms with lenders that reflect the risk profile of the Group. The Group has defined a target for the Loan-To-Value ratio of approximately 60-65 per cent over the economic cycle. Current LTV-ratio is 70.5%. There are covenants in the Group's loan agreements that specify requirements in relation to the company's financial strength.

Cash flow and fair value interest rate risk
As the Group's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income.

The Group's interest rate risk principally arises from long-term borrowings (Note 21). Interest rate risk affects the Group's cash flows and the market value of the Group's liabilities. The main purpose of the Group's interest rate strategy is to ensure that the Group achieves the desired balance between the interest expense and interest rate risk. The Group's interest rate risk is managed within the following financial policy requirements:
- minimum 40 per cent of the interest-bearing debt to be hedged at fixed interest rate
- average remaining time to maturity for interest rate hedges in the interval 2–10 years
- diversification of the maturity structure for fixed interest rates

The Group's policy is to fix the interest rate on its variable interest borrowings. To manage this, the Group enters into interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. The Group's interest rate risk is managed through the requirements for fixed interest rates for at least 40 per cent of the debt portfolio, an average remaining term to maturity in the range of 2–10 years and diversification of the maturity structure for fixed interest rates. Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

At 31 December 2020, the weighted average remaining term to maturity was 5.0 years. The average interest rate was 3.43 per cent at 31 December 2020.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The liquidity risk is mitigated by having available liquidity reserves, a moderate loan-to-value ratio, long-term loan agreements and by using various sources of finance and markets. The Group's liquidity position is monitored on a daily basis by the management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial assets and liabilities is used by key management personnel to manage liquidity risks.

Credit and counterparty risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Stable, predictable and long-term access to capital is critical for R8 Property. The Group considers that the ability of creditors to behave predictably over the long term is often dependent on their creditworthiness. For this reason, R8 Property wants the Group's creditors to be of a good credit quality and has established credit rating limits for the Group's creditors. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. The credit ratings of the Group's financial counterparties are continuously monitored.

Currency risk
The Group shall not incur any currency risk and at 31 December 2020, the Group had no currency exposure.

MATURITY PROFILE OF ALL FINANCIAL INSTRUMENTS

	Remaining term				
31.12.2020	Under 1 year	1-3 year	3-5 year	Later than 5 years	Total
Interest-bearing bank loans – principal	299 827	774 266	188 787	148 235	1 411 115
Interest-bearing bank loans – amortising	42 921	80 078	30 313	117 462	270 774
Interest-bearing bank loans – estimated interest	47 017	51 881	24 955	11 141	134 994
Subordinated loans - principal	42 525	-	-	-	42 525
Subordinated loans - estimated interest	2 790	-	-	-	2 790
Financial derivatives					
- Interest rate derivatives	-	4 854	10 382	20 410	35 646
Trade and other payables					
- Trade payables	40 926	-	-	-	40 926
- Other financial	60 575	-	-	-	60 575
- Accruals	8 189	-	-	-	8 189
Lease liability	1 258	3 567	-	-	4 825
Total	**546 027**	**914 646**	**254 437**	**297 248**	**2 012 358**

31.12.2019	Remaining term Under 1 year	1-3 year	3-5 year	Later than 5 years	Total
Interest-bearing bank loans – principal	899 553	248 958	-	180 386	1 326 897
Interest-bearing bank loans – amortising	27 046	67 931	29 925	119 826	244 728
Interest-bearing bank loans – estimated interest	72 939	53 201	25 610	40 118	191 868
Subordinated loans - principal	24 874	-	-	-	24 874
Subordinated loans - estimated interest	717	-	-	-	717
Financial derivates					
- Interest rate derivatives	2 719	4 661	2 511	1 898	11 789
Trade and other payables					
- Trade payables	38 324	-	-	-	38 324
- Other financial	25 920	-	-	-	25 920
- Accruals	9 881	-	-	-	9 881
Lease liability	1 127	3 944	573		5 644
Total	**1 103 099**	**378 695**	**58 619**	**342 228**	**1 880 641**

The table is based on undiscounted contractual cash flows. The maturity analysis is based on the earliest possible redemption for instruments where the counterparty has a choice as to when to redeem the instrument. Estimated interest is based on the interest rate on the individual loan/ instrument on the balance sheet date.

The interest-bearing debt has a diversified maturity structure, with an average time to maturity of 5.0 years. This years principal is significantly reduced compared to last year due to the refinancing of debt related to the R8 Office portfolio.

The table below shows the nominal value of outstanding current and non-current interest-bearing debt including derivatives.

MATURITY STRUCTURE OF THE GROUP'S EXPOSURE TO NOMINAL INTEREST RATE RISK

31.12.2020	31.12.2020	31.12.2022	31.12.2024	31.12.2025+	
Term to maturity	Up to 1 year	1-3 year	3-5 year	Later than 5 years	Total
Percentage	22,3	49,5	12,7	15,4	100,0
Amount	385 273	854 343	219 100	265 697	1 724 413

31.12.2019	31.12.2019	31.12.2021	31.12.2023	31.12.2024+	
Term to maturity	Up to 1 year	1-3 year	3-5 year	Later than 5 years	Total
Percentage	59,6	19,7	1,9	18,8	100,0
Amount	951 473	314 889	29 925	300 212	1 596 499

MATURITY STRUCTURE OF THE GROUP'S EXPOSURE TO NOMINAL INTEREST RATE RISK

	2020	2019
Nominal value of interest rate derivatives on the balance sheet date of which	**589 591**	**570 275**
- Variable-to-fixed swaps	589 591	570 275
Range of fixed interest rates (%)	1.03 - 4.05	1.54 - 4.05
Variable rate basis	3M NIBOR	3M NIBOR
Average fixed rate	2,25 %	2,35 %
Fair value of interest rate derivatives on the balance sheet date (tNOK)	35 646	11 789
Change in fair value of interest rate derivatives over the year	-23 856	509
Total change in fair value of financial instruments	**-23 856**	**509**

NOTE 5 RISK LEASE MANAGEMENT

All amounts in NOK thousand

The Group mainly enters into contracts with a fixed rent for the lease of property.

THE GROUP'S FUTURE ACCUMULATED RENT FROM NON-TERMINABLE OPERATIONAL LEASE CONTRACTS AT 31.12.

	2020	2019
1 year	4 569	8 155
2 years	48 243	7 793
3 years	25 334	64 086
4 years	29 883	35 660
5 years	46 624	72 987
5 years < 10 years	357 052	176 394
≥ 10 years	640 758	837 482
Total	**1 152 462**	**1 202 557**

THE GROUP'S LEASE CONTRACTS AT 31.12 HAVE THE FOLLOWING MATURITY STRUCTURE MEASURED IN ANNUAL RENT [1)]

	2020			2019		
Remaining term	Number of contracts	Contract rent	Contract rent, %	Number of contracts	Contract rent	Contract rent, %
1 year	25	6 359	4,1	29	13 772	8,8
2 years	27	28 912	18,9	18	5 528	3,5
3 years	30	9 914	6,5	30	26 347	16,8
4 years	17	8 160	5,3	23	11 183	7,1
5 years	23	10 776	7,0	23	16 158	10,3
5 years < 10 years	42	44 671	29,2	30	23 908	15,2
≥ 10 years	13	44 449	29,0	19	60 211	38,3
Total	**177**	**153 242**	**100,0**	**172**	**157 107**	**100,0**

The tables above show all the remaining non-terminable contractual rent, including forward starting contracts, for current leases without taking into account the impact of any options.

[1)] The rent is stated as the annualised contractual rent, and is therefore not reconcilable with the rental income for the year for accounting purposes.

NOTE 6 SEGMENT INFORMATION

The operating segments are formally divided on the basis of products and services. The Group is organised into three 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
⌂ Technology, which provides IT applications to properties

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. Geografically, 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 recogniced in accordance with IAS 40. Income from Residential Properties is considered revenue from contracts with customers (IFRS 15). Income from the segment Technology is also treated in accordance with IFRS 15.

In the current period the Group has changed their segment reporting to reflect a more compliant segment reporting over the Group's activities. The involvement in a new business activitiy for residential development has also played a role in the decision to change the reported segments. The corresponding information from earlier periods, as a consequence, is restated.

All amounts in NOK thousand

31.12.2020	Commercial Properties[1)]	Residential Properties	Technology[2)]	Eliminations[3)]	Consolidated
INCOME STATEMENT					
Total operating income	130 474	760	3 767	-2 510	132 491
- of which is rental income	*114 153*	-	-	-	*114 153*
- of which is other operating revenue	*16 321*	*760*	*3 767*	*-2 510*	*18 338*
Total operating costs	82 112	1 911	4 522	-2 510	86 034
Net income	**48 362**	**-1 151**	**-754**	**-**	**46 457**
Fair value adjustments investment property	-46 726	-	-	-	*-46 726*
Net fair value financial derivates	26 628	-	-	-	*26 628*
Net financial items	-70 535	-296	-404	-234	*-71 468*
Segment profit	**-42 270**	**-1 447**	**-1 158**	**-234**	**-45 109**
BALANCE SHEET					
Investment property	2 436 000	-	-	-	*2 436 000*
Inventory property	-	9 360	-	-	*9 360*
Total assets from operating segments	**2 436 000**	**9 360**	**-**	**-**	**2 445 360**
Deferred tax liability	79 637	-528	-	-	*79 110*
Interest bearing debt	1 714 156	10 258	-	-	*1 724 414*
Total liabilities from operating segments	**1 793 794**	**9 730**	**-**	**-**	**1 803 523**
RECONCILIATIONS					
Reconciliation of revenue:					
Total operating income from the segments					132 491
Other operating income					-
The Group's total operating income					**132 491**
Reconciliation of profit:					
Segment profit					-45 109
Total other comprehensive income before tax					-
The Group's profit before tax					**-45 109**
Reconciliation of balance sheet:					
Total assets from operating segments					2 445 360
Non-current assets					199 429
Current assets					76 828
The Group's total assets					**2 721 617**
Total liabilities from operating segments					1 803 523
Equity					761 300
Non-current liabilities					39 213
Current liabilities					117 580
The Group's total equity and liabilities					**2 721 617**

1) For key metrics of the segment Commercial Properties - see Note 14 Investment Property
2) The segment Technology was sold during the year and hence there's no assets or liabilities outlined above
3) Eliminations consists of intercompany transactions made at arm lengths principles

The financial report has in 2020 changed the structure of it's reportable segments, hence earlier periods for comparable amounts has been restated.

31.12.2019	Commercial Properties	Residential Properties	Technology*	Eliminations	Consolidated
INCOME STATEMENT					
Total operating income	113 391	-	-	-	113 391
- of which is rental income	*99 755*	-	-	-	*99 755*
- of which is other operating revenue	*13 636*	-	-	-	*13 636*
Total operating costs	70 756	919	-	-	71 674
Net income	**42 635**	**-919**	**-**	**-**	**41 717**
Fair value adjustments investment property	78 664	-	-	-	78 664
Net fair value financial derivates	509	-	-	-	509
Net financial items	-44 166	-20	-	-69	-44 255
Segment profit	**77 643**	**-939**	**-**	**-69**	**76 635**
BALANCE SHEET					
Investment property	2 409 000	-	-	-	2 409 000
Inventory property	-	7 805	-	-	7 805
Total assets from operating segments	**2 409 000**	**7 805**	**-**	**-**	**2 416 805**
Deferred tax liability	84 591	-	-	-	*84 591*
Interest bearing debt	1 566 641	10 116	-	-	*1 576 757*
Total liabilities from operating segments	**1 651 232**	**10 116**	**-**	**-**	**1 661 348**
RECONCILIATIONS					
Reconciliation of revenue:					
Total operating income from the segments					113 391
Other operating income					-
The Group's total operating income					**113 391**
Reconciliation of profit:					
Segment profit					76 635
Total other comprehensive income before tax					-
The Group's profit before tax					**76 635**
Reconciliation of balance sheet:					
Total assets from operating segments					2 416 805
Non-current assets					12 575
Current assets					121 398
The Group's total assets					**2 550 778**
Total liabilities from operating segments					1 661 348
Equity					778 131
Non-current liabilities					16 306
Current liabilities					94 992
The Group's total equity and liabilities					**2 550 778**

* The segment Technology was aqcuired during the current financial year, hence there's no comparable figures on this segment in 2019.

NOTE 7 CATEGORIES OF FINANCIAL INSTRUMENTS

All amounts in NOK thousand

31.12.2020	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Assets			
Financial investments			
- shares			
- Loans to associates	14 370	-	14 370
Financial derivatives	-	46 618	46 618
Trade receivables	14 155	-	14 155
Other current receivables	12 625	-	12 625
Cash and cash equivalents	35 679	-	35 679
Total financial assets	**76 828**	**46 618**	**123 446**

31.12.2020	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Liabilities			
Interest-bearing non-current liabilities	-	1 351 103	1 351 103
- Debt to related parties	-	6 633	6 633
Interest-bearing current liabilities	-	376 879	376 879
Financial derivatives	35 646	-	35 646
Other non-current liabilities	-	-	-
Trade payables	-	40 926	40 926
Other current liabilities	-	68 764	68 764
Total financial liabilities	**35 646**	**1 844 303**	**1 879 949**

31.12.2019	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Assets			
Financial investments			
- shares			
- Loans to associates		-	-
Financial derivatives	30 585	-	30 585
Trade receivables	12 607	-	12 607
Other current receivables	27 166	-	27 166
Cash and cash equivalents	51 040	-	51 040
Total financial assets	**121 398**	**-**	**121 398**

31.12.2019	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Liabilities			
Interest-bearing non-current liabilities	-	649 543	649 543
Interest-bearing current liabilities	-	20 868	20 868
Financial derivatives	11 789	931 732	943 521
Other non-current liabilities	-	-	-
Trade payables	-	38 465	38 465
Other current liabilities	-	35 659	35 659
Total financial liabilities	**11 789**	**1 676 267**	**1 688 056**

NOTE 8 INFORMATION ABOUT FAIR VALUE OF ASSETS & LIABILITIES

All amounts in NOK thousand

Investment properties are valued at fair value, based on independent external valuations.

Bank loans with variable interest rates are valued at amortised cost.

Financial derivatives are measured at fair value using valuation methods where the significant parameters are obtained from quoted market data.

The Group uses the following hierarchy to classify assets and liabilities, based on the valuation methods used to measure and disclose their fair value.
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

ASSETS MEASURED AT FAIR VALUE

	31.12.2020	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Investment properties	2 436 000	-	-	2 436 000
- Derivatives[1)]	46 618	-	-	46 618
- Equity instruments	34 374		-	34 374
Total	**2 516 993**	**-**	**-**	**2 516 993**

LIABILITIES MEASURED AT FAIR VALUE

	31.12.2020	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	35 646		35 646	
Total	**35 646**	**-**	**35 646**	**-**

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

ASSETS MEASURED AT FAIR VALUE

	31.12.2019	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Investment properties	2 409 000	-	-	2 409 000
Total	**2 409 000**	**-**	**-**	**2 409 000**

LIABILITIES MEASURED AT FAIR VALUE

	31.12.2019	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	11 789	-	11 789	-
Total	**11 789**	**-**	**11 789**	**-**

The fair value is the same as the carrying amount for loans to associates, as the interest rate is adjusted continuously and no changes in credit margins have been identified. Trade receivables have a short anticipated term, so the fair value is the same as the carrying amount.

The difference between the fair value and the amortised cost of interest-bearing liabilities with variable interest rates is described in Note 21. Other financial liabilities are short term and the difference between the fair value and the amortised cost is marginal.

NOTE 9 DEVELOPMENT PROJECTS

All amounts in NOK thousand

R8 Property has in 2020 one ongoing project, a research center (Polymer Exploration Center) located in Porsgrunn. This project is 50% owned by R8 Property through the ownership of Dokkvegen Utvikling AS.

Polymer Exploration Center is a research center where Norner will be the tenant. This is a combination building consisting of office, laboratory areas, machine hall and gas storage. The size of the building is 4,858 sqm, and the occupancy is 100 per cent. The project is 50 per cent owned of R8 Property. The project is a natural expansion of Porsgrunn Næringspark and will improve the overall infrastructure on the property. Norner will conduct research on plastic and polymers in general on behalf of customers world wide. The center has also been granted the status of Norsk Katapult, which is a government act to promote businesses with potential for international expansion. Scheduled completion of the project is fourth quarter of 2021.

NOTE 10 OPERATING COSTS

All amounts in NOK thousand

	2020	2019
Operating costs		
Administrative management costs	16 823	7 992
Operating and maintenance costs	36 386	38 371
Total maintenance and other operating costs	**53 208**	**46 363**
Other property costs		
Rental, market, and other income-related expenses	2 196	1 088
Owner's share of service charge expenses	-	-
Total other property costs	**2 196**	**1 088**
Administrative costs		
Payroll and personnel expenses	22 606	17 572
Depreciation	-	779
Other operating expenses	8 025	5 872
Total administrative costs	**30 630**	**24 223**

NOTE 11 PERSONNEL COSTS AND OTHER REMUNERATION OF SENIOR EXECUTIVES

All amounts in NOK thousand

	2020	2019
Wages and salaries	28 472	*25 188
Employee options	5 920	-
Social security costs	4 052	2 734
Pension costs defined contribution plan	1 621	1 178
Total	**40 065**	**29 100**
Number of full-time equivalents	24,3	22,0
Number of employees at 31.12	27,0	24,0

*The increase in personnel costs in 2019 is mainly due to a bonus scheme granted from R8 Urban Estate AS. The calculated bonus of the fiscal year 2019 in R8 Urban Estate AS amounts to tNOK 5 551, whereby tNOK 2 410 of the bonus is granted Tommy Thovsland.

The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.
No loans/sureties have been granted to the CEO, Chair of the Board or other related parties.

The total remuneration of the CEO consists of a fixed package of salary and benefits supplemented by pension and insurance arrangements. The CEO also has a severance package of twelve months salary upon resignation.

REMUNERATION TO SENIOR EXECUTIVES IN 2020

	Salary	Bonus	Benefits in kind	Pension costs	Total remuneration
Emil Eriksrød, CEO	1 717 184	0	14 957	120 203	1 852 343
Eirik Engaas, CFO	1 315 405	0	8 609	92 078	1 416 092

BOARD FEES

	2020	2019
George Emil Aubert, Chair	200	200
Tommy Thovsland, board member (resigned during 2020)	56	75
Else Christina Maria Sundby, board member	75	75
Knut Bråthen, board member	75	75
Leif Oddvin Jensen, board member	75	75
Runar Rønningen, board member	75	75
Emil Eriksrød, board member (resigned during 2019)	-	100
Øivind Gundersen, board member (resigned during 2019)	-	25
Total	**556**	**700**

NOTE 12 FINANCIAL ITEMS

All amounts in NOK thousand

	2020	2019
Interest income	916	1 631
Other finance income	7	0
Interest income from group companies	1 130	1 474
Total interest and other finance income	**2 053**	**3 105**
Interest expenses	78 963	68 830
- of which capitalised borrowing costs	-13 311	-22 269
Interest expenses group companies	490	799
Total interest and other finance expense	**66 142**	**47 360**

NOTE 13 INTANGIBLE ASSETS AND OTHER OPERATING ASSETS

All amounts in NOK thousand

	2020			2019		
	Goodwill	Software	Other operating assets	Goodwill	Software	Other operating assets
At 1 January						
Acquisition cost at 01.01	7 011	1 061	9 748	7 011	602	9 371
Acquisitions		232	477		459	377
Disposals				-	-	-
Acquisitions cost as 31.12	**7 011**	**1 293**	**10 225**	**7 011**	**1 061**	**9 748**
Accumulated depreciation and write-downs as of 01.01	-	-442	-8 510	-	-263	-3 639
Depreciations and write-downs	-	-112	-317	-	-179	-872
Transfer to investment property	-	-145	-634	-	-	-4 000
		-	-	-	-	-
	-	-	-	-	-	-
Accumulated depreciation and write-downs at 31.12	**-**	**-699**	**-9 461**	**-**	**-442**	**-8 510**
Carrying amount at 01.01		619	1 238	-	161	1 665
Carrying amount at 31.12	**7 011**	**594**	**764**	**7 011**	**619**	**1 238**
Economic life		3 year	3-10 year		3 year	3-10 year
Depreciation plan		Linear	Linear		Linear	Linear

The goodwill relates to the acquisition of shares in Mulighetenes By AS in 2017 and R8 Management AS in 2018.
The Group performs annual impairment test of the intangible assets, such as goodwill and software, and other assets at year-end. No impairment indicators were identified for these assets in December 2020. There were no impairment charges in 2018, 2019 or 2020.

For information about right-of-use and lease liabilities, see note 14.

NOTE 14 LEASES

The Group has lease contracts for the use of company cars and other operating assets such as furnitures, coffee machines etc. The lease term varies depending on the type of assets and ranges from 3 to 10 years. For lease contracts with a lease term of less than 12 months or certain leases of office equipment with low value, the Group uses the recognition exemptions for these leases. For rights-of-use assets in which the assets relates to investment property, the asset is classified under investment property.

All amounts in NOK thousand

	2020	2019
RIGHTS-OF-USE ASSETS (included in other operating assets)		
At 1 January	270	377
Additions	-	-
Disposals	-	-
Depreciation	142	107
At 31 December	**127**	**270**
LEASE LIABILITIES		
At 1 January	5 644	377
Additions	-	6 184
Disposals	-	-
Payments	818	917
At 31 December	**4 825**	**5 644**
Non-current	3 567	5 644
Current	1 258	-
Interest expense on lease liabilities	272	198
Variable payments not included in the lease liabilities	-	-
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets	220	142
Total cash outflow for leases	1 017	1 122

For information about the maturity profile of lease liabilities, see note 4.

NOTE 15 INVESTMENT PROPERTIES

All amounts in NOK thousand

	2020	2019
VALUE OF INVESTMENT PROPERTIES		
Opening balance previous period	**2 409 000**	**1 731 500**
Other movements		
Purchase of investment properties	16 000	301 989
Projects and upgrades in the property portfolio	164 415	280 778
Capitalised borrowing costs	13 311	22 269
Sale of investment property	-120 000	-6 200
Change in value from investment properties	-46 726	78 664
Total value of investment property	**2 436 000**	**2 409 000**

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

SPECIFICATION OF INVESTMENT PROPERTIES

All amounts in NOK thousand

The Groups investment properties is organised into three corporate units:
Green Office: properties with energy classification and environmental focus
City Office: other ordinary office properties
Commercial Property: properties located in the city center where majority of tenants operates within food & beverage or healthcare

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

CORPORATE UNITS Q4-20

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

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

R8 Property has one ongoing projects in Porsgrunn (research center - Polymer Exploration Center). This project is 50% owned by R8 Property. Futhermore, R8 Property are doing feasibility studies on additional four properties. Powerhouse Telemark in Porsgrunn and Henrik Ibsens gate 40-42 in Oslo were completed in Q2.

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 on the next page.

TENANT INDUSTRY Q4-20

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

CORPORATE UNITS Q4-19

31.12.2019	Area (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	26 463	23 287	88,0	4	702 000	26 528	3,2	41 790	1 795	3,4	5,5	6,0	47 890	1 810
City Office	32 772	28 439	86,8	13	409 500	12 495	3,3	29 050	1 021	3,3	6,2	7,0	37 534	1 145
Commercial Prop.	35 827	28 769	80,3	8	769 500	21 478	10,3	50 515	1 756	10,4	5,1	6,8	67 192	1 875
Total management portfolio	**95 062**	**80 495**	**84,7**	**25**	**1 881 000**	**19 787**	**6,1**	**121 355**	**1 508**	**6,1**	**5,5**	**6,5**	**152 616**	**1 605**
Project Office	17 788	15 719	88,4	7	528 000	29 683	11,4							
Total project portfolio	**17 788**	**15 719**	**88,4**	**7**	**528 000**	**29 683**	**11,4**							
Total property portfolio	**112 850**	**96 214**	**85,3**	**32**	**2 409 000**	**21 347**	**7,3**							

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

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

TENANT INDUSTRY Q4-19

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

1) Wault weighted on property market value
2) Wault weighted on annual rent
3) includes market rent from available areas

NOTE 16 TRADE RECEIVABLES

All amounts in NOK thousand

	2020	2019
Trade receivables	16 542	14 998
Provisions for bad debts	-7 110	-2 391
Net trade receivables before accrued not invoiced	**9 432**	**12 607**
Accrued not invoiced	4 723	-
Net trade receivables	**14 155**	**12 607**

At 31 December 2020 provisions for a loss is tNOK 7 110. 6 650 tNOK is provision for specific uncertain trade receivables in companies in the Group, and 460 tNOK is a provision set based on historic rates and expected losses. The age analysis of these trade receivables is as follows:

31.12.2020 — **Rent and other trade receivables and contract assets**

	Contract assets	Days past due: Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
Expected credit loss rate	0,0 %	0,0 %	18,7 %	9,0 %	0,0 %	90,2 %	82,0 %	40,2 %
Carrying amount	0	5 355	1 064	2 203	432	1 352	6 136	16 542
Expected credit loss	0	0	199	199	0	1 220	5 033	6 650
Net Amount	**0**	**5 355**	**865**	**2 004**	**432**	**132**	**1 103**	**9 892**

31.12.2020 — **Rent and other trade receivables and contract assets**

	Contract assets	Days past due: Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
Expected credit loss rate	0,0 %	0,1 %	1,0 %	5,0 %	10,0 %	20,0 %	25,0 %	4,6 %
Carrying amount	0	5 355	865	2 004	432	132	1 103	9 892
Expected credit loss	0	5	9	100	43	26	276	460
Net Amount	**0**	**5 350**	**856**	**1 904**	**389**	**106**	**827**	**9 432**

31.12.2019 — **Rent and other trade receivables and contract assets**

	Contract assets	Days past due: Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
Expected credit loss rate	0,1 %	0,0 %	4,9 %	18,9 %	88,1 %	21,8 %	69,9 %	15,9 %
Carrying amount	6 656	3 044	972	254	109	1 204	2 758	14 997
Expected credit loss	7	0	48	48	96	262	1 929	2 390
Net Amount	**6 649**	**3 044**	**924**	**206**	**13**	**942**	**829**	**12 607**

The Group has yet to report contract assets from it's residential development activities or other operations. All of the above is, as stated, trade receivables. The trade receivables is considered having no significant financing component.

NOTE 17 OTHER RECEIVABLES

All amounts in NOK thousand

	2020	2019
VAT receivable	6 650	23 973
Accrued not invoiced	-	174
Advance payments and accruals	1 869	1 374
Other current receivables	4 106	1 645
Total other current receivables	**12 625**	**27 166**

NOTE 18 INVENTORY PROPERTIES

In 2019 the Group has acquired a development site in Skien, Telemark. The acquired land is expected to be zoned for residential development. The commencement of the project is estimated in Q3/Q4 2021. The land is intended for sale of housing units upon completion. We refer to note 2 for accounting policies affecting inventory property.

	2020	2019
At 1 January	7 805	-
Acquisition of land/development sites		7 200
Development costs incurred	1 414	605
Transfers to investment property		-
Interest capitalized	141	-
Disposals (recognized in cost of sales)	-	-
At 31 December	**9 360**	**7 805**

NOTE 19 BANK DEPOSITS

All amounts in NOK thousand

	2020	2019
Cash and bank deposits	34 549	50 159
Tied bank deposits	1 130	881
Total bank deposits	**35 679**	**51 040**

Tied bank deposits relate to the tax deduction account.

NOTE 20 SHARE CAPITAL AND SHAREHOLDER INFORMATION

R8 Property's share capital is NOK 4,930,160 divided into 19,720,640 shares, with each share having a par value of NOK 0.25. 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. Neither R8 Property nor any of its subsidiaries directly or indirectly owns shares in the Company.

As of 31 December 2020 R8 Property had 51 shareholders. Norwegian investors held 100 per cent of the share capital.

The table below (and on the next page) sets out the change in share capital, the average number of shares the last year, the largest shareholders at year end, and shares owed by directors as of 31 December 2020.

	Number of shares	Share capital (tNOK)	Share premium (tNOK)	Other paid-in equity (tNOK)	Face value (NOK)
At 1 January	1 972 064	4 930	200 291	134 420	2,50
Stock split as of 29.10.2020 [1]					
Old shares being replaced	-1 972 064	-4 930	-200 291	-134 420	-2,50
New shares issued	19 720 640	4 930	200 291	134 420	0,25
Share based options	-	-	-	5 920	
At 31 December 2020	**19 720 640**	**4 930**	**200 291**	**140 340**	**0,25**

Paid-in capital amounts to tNOK 345,561 and consists of tNOK 4,930 in share capital, tNOK 200,291 in share premium and tNOK 140,340 in other paid-in capital.

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

For other changes in shareholders' equity, see the consolidated statements of changes in equity.

The shareholders as registered as of 31 December 2020 were as follows:

	Number of shares per 31.12.2020	Shareholding %	Country
R8 Group AS, represented by Emil Eriksrød - CEO	9 774 547	49,57	Norway
Brødrene Jensen A/S, represented by Leif Oddvin Jensen - board member	2 697 110	13,68	Norway
IKAB AS, represented by Knut Bråthen - board member	1 791 980	9,09	Norway
Sarepta Holding AS, represented by Runar Rønningen - board member	550 000	2,79	Norway
Carucel Invest AS, connected to Else Christine Maria Sundby - board member	476 190	2,41	Norway
Aubert Invest AS, represented by George Emil Aubert - Chair	405 000	2,05	Norway
RP Holding AS	363 500	1,84	Norway
Kabbe Holding AS	350 000	1,77	Norway
Holta & Co. AS, represented by George Emil Aubert - Chair	325 000	1,65	Norway
Østerlid AS	219 400	1,11	Norway
Gambetta AS	200 000	1,01	Norway
Thovsland Holding AS	200 000	1,01	Norway
Carl Erik Krefting, connected to Else Christine Maria Sundby - board member	154 160	0,78	Norway
Jan Henrik Krefting	154 160	0,78	Norway
Børseth-Hansen AS	145 800	0,74	Norway
Spartveit Invest AS	140 700	0,71	Norway
Goldcrest AS	136 670	0,69	Norway
ET-Invest AS	126 000	0,64	Norway
Røinås Holding AS	118 053	0,60	Norway
Heimberg Holding AS	115 000	0,58	Norway
Caba Holding AS	100 000	0,51	Norway
Stensrød Invest AS	100 000	0,51	Norway
Sundvall Invest AS	100 000	0,51	Norway
Lucky-Holding AS	100 000	0,51	Norway
Freezing Point Invest AS	100 000	0,51	Norway
Sonja og Emil Aubert Legat, represented by George Emil Aubert - Chair	97 000	0,49	Norway
Castra Invest AS	59 000	0,30	Norway
Handlekraft Holding AS, represented by Elin Tufte Johansen - board member	57 000	0,29	Norway
Frii AS	53 000	0,27	Norway
Eråk Holding AS	50 000	0,25	Norway
Skarven Industrier AS	50 000	0,25	Norway
Kornveien 5 AS	50 000	0,25	Norway
Magne Georg Sigurdsen	40 000	0,20	Norway
Marit Sigurdsen	40 000	0,20	Norway
Paragon Holding AS	32 000	0,16	Norway
AM Capital AS	30 000	0,15	Norway
Løbert Invest AS	30 000	0,15	Norway
Fjeld Holding AS	28 000	0,14	Norway
Habiqo AS	26 500	0,13	Norway
Bauta Invest AS	20 000	0,10	Norway
Jhk Invest AS	16 220	0,08	Norway
Carucel Holding || AS, connected to Else Christine Maria Sundby - board member	16 220	0,08	Norway
Masiw Holding AS	15 000	0,08	Norway
Giraffa AS, represented by Else Christine Maria Sundby - board member	15 000	0,08	Norway
Leif Morten Stølen	12 000	0,06	Norway
Jor Holding AS	10 000	0,05	Norway
Roger Finnstrøm	9 500	0,05	Norway
Roberto Holding AS	8 000	0,04	Norway
Thomas Tollefsen	5 300	0,03	Norway
Glott Eiendom AS	5 000	0,03	Norway
Christen Knudsen	2 630	0,01	Norway
Total	**19 720 640**	**100**	

EMPLOYER OPTIONS
Under the current share-options scheme share options of the parent are granted to senior executives of the parent. These options to purchase shares were granted during the fiscal year of 2020 at an exercise price equal to the market price of the underlyring shares on the date of the grant. The options granted senior executives gives the right to exercise the option immediately, but limited to certain time intervalls in regards to the Group's reporting dates. There is no specific conditions that has to be met in order to exercise the options. On the other hand, If the senior executive decides to leave the Group, the options granted can no longer be exercised.

The fair value of the share options is estimated at the grant date using the Black Scholes option pricing model. The fair value takes into consideration the exercise price settled to market price of the Group at the start of the grant period, the market value at the reporting date, risk free rate, divident yield, volatility and the length of the share options. The expected volatility reflects the assumption that the historical volatility over a period equivalent to the life of the granted options is indicative for future trends. As a result, expected volatility is measured by calculating actual volatility of a similar company traded on the Oslo stock exchange. The fair value of the options are expensed in the profit and loss statement.

	2020			2019		
	No. of options	Exercise price[1)]	Last exercis-able date	No. of options	Exercise price	Last exercis-able date
Outstanding at 1 January	-	-		-	-	
Granted during the year	350 000	30,55	31.10.2023			
Forfeited during the year	-	-				
Exercised during the year	-	-				
Expired during the year	-	-				
Oustanding at 31 December	**350 000**	**30,55**	**31.10.2023**	**-**	**-**	

1) The exercise price outlined above is a weighted average of all exercise prices of each options granted.

Total weighted average fair value of the outstanding share options at the reporting date is mNOK 5,9 (excl. social security costs). The following conditions has been used when assessing the fair value through the BS-model:

	Option 1	*Option 2*	*Option 3*
⌂ Range of exercise prices for options	7.56	17.72	37.72
⌂ Current stock price (EPRA NAV)	42.63	42.63	42.63
⌂ Expected volatility	31.70%	31.70%	31.70%
⌂ Risk-free interest rate	0.77%	0.77%	0.77%
⌂ Dividend yield	0.00%	0.00%	0.00%
⌂ Fair value (NOK)	35.23	25.56	11.52

The Group has granted the CEO, CFO and one board member each 50 000 options with an exercise price of NOK 37.72. One option gives the right to buy one share. The share options granted in 2020 has a maturity of approximately three years, ending 31.10.2023.

NOTE 21 INTEREST-BEARING LIABILITIES AND ACCRUED INTEREST

All amounts in NOK thousand

NON-CURRENT INTEREST-BEARING LIABILITIES

	2020			2019		
	Nominal value	Fair value	Carrying amount	Nominal value	Fair value	Carrying amount
Bank loans	1 347 535	1 347 535	1 347 535	645 026	645 026	645 026
Total non-current interest-bearing liabilities	**1 347 535**	**1 347 535**	**1 347 535**	**649 543**	**649 543**	**649 543**

CURRENT INTEREST-BEARING LIABILITIES

	2020			2019		
	Nominal value	Fair value	Carrying amount	Nominal value	Fair value	Carrying amount
Bank loans	376 879	376 879	376 879	931 732	931 732	931 732
Total current interest-bearing liabilities	**376 879**	**376 879**	**376 879**	**231 732**	**231 732**	**231 732**

The average risk premium on the Group's loans at 31 December 2020 was 2.94 per cent.

The pledged assets used as collateral include all items presented under "Investment property" in the statement of financial position.

MORTGAGES
The Group's financing is based on the parent company borrowing from external parties using negative pledge clauses. Subsidiaries are mainly financed using intra-group loans. Torggata 8 Skien AS, Dokkvegen 11 AS, Rådhusgata 2 Skien AS, Mulighetenes By AS, Henrik Ibsensgate 6 AS, Kammerherreløkka AS, HIG 40-42 Prosjekt AS, Vestsiden Terrasse AS, Utsikten 1 AS, Dokkvegen 20 AS and R8 Management AS are financed in own balance sheets.

NOTE 22 FINANCIAL INSTRUMENTS - RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

All amounts in NOK thousand

31.12.2020	01.01.2020	Cash flows	Corporate acquisitions	Fair Values changes	New leases	Reclassificat ion debt	31.12.2020
Non-current liabilities	649 543	200 176	-69 161	0	0	570 545	1 351 103
Financial derivatives	11 789	0	0	23 856	0	0	35 646
Current liabilities	952 600	2 714	0	0	0	-570 545	384 769
Total liabilities from financing activities	**1 613 932**	**202 890**	**-69 161**	**23 856**	**0**	**0**	**1 771 518**

31.12.2019	01.01.2019	Cash flows	Corporate acquisitions	Fair Values changes	New leases	Reclassificat ion debt	31.12.2019
Non-current liabilities	953 718	304 791	93 949	-	5 644	-708 559	649 543
Financial derivatives	11 394	-	-114	509	-	-	11 789
Current liabilities	170 044	-	73 997	-	-	708 559	952 600
Total liabilities from financing activities	**1 135 156**	**304 791**	**167 832**	**509**	**5 644**	**0**	**1 613 932**

NOTE 23 TAX

All amounts in NOK thousand

INCOME TAX EXPENSE

	2020	2019
Tax payable	-	-
Change in deferred tax on profit and loss	-18 338	17 458
Change in deferred tax on comprehensive income	-	-
Income tax expense	**-18 338**	**17 458**

TEMPORARY DIFFERENCES

	2020	2019
Fixed assets	682 084	671 104
Profit and loss account	1 652	2 079
Other differences	-11 354	-3 924
Interest rate swap	-35 646	-11 789
Net temporary differences	**636 736**	**657 470**
Tax losses carried forward	-324 323	-272 964
Basis for deferred tax	**312 413**	**384 506**
Deferred tax	68 941	84 591
Deferred tax in the balance sheet	**68 941**	**84 591**

INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2020	2019
Profit before tax	-45 109	76 635
Cost of equity transactions directly in equity	-	-908
Other permanent differences	-36 135	4 841
Changes in temporary differences	5 358	65 914
Changes in loss carry-forwards	75 885	-146 482
Profit for tax purposes	**-**	**-**
Tax payable on the balance sheet	-	-
Tax payable on the balance sheet	**-**	**-**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2020	%	2019	%
Profit for accounting purposes multiplied by nominal tax rate	-9 924	22,0	16 860	22,0
Tax on permanent differences	-7 950	17,6	866	1,1
Effect of change in tax rate from 23 to 22 per cent	-	-	-	-
Tax effect on day one related to aquisition with loss carry forwad	-464	1,0	-267	-0,3
Tax expense for accounting purposes	**-18 338**	**40,7**	**17 458**	**22,8**

MOVEMENTS IN DEFERRED TAX

	2020	2019
Opening balance at 01.01.	**84 591**	**70 789**
Tax expense recognized through income statement	-18 338	17 458
Acquisition of subsidiaries	2 688	-3 656
Net deferred tax at 31.12.	**68 941**	**84 591**

DEFERRED INCOME TAX

The Group has offset deferred tax assets and deferred tax liabilities on the balance sheet as the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The following net value was recognised:

	2020	2019
Deferred tax liability	79 110	84 591
Deferred tax assets	-10 169	-
Net deferred tax	**68 941**	**84 591**

The Group has offset deferred tax assets and deferred tax liabilities on the balance sheet where the Group has a legally enforceable right to set off current tax assets against current tax liabilities.

The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and consolidated accounting value of investment properties. Deferred tax linked to the retrospective accumulated change in the value of investment properties at 31 December 2020 is tNOK 150 058.

THE ANALYSIS OF DEFERRED TAX ASSETS AND LIABILITIES IS AS FOLLOWS

	2020	2019
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	-10 169	-
Deferred tax assets to be recovered within 12 months	-	-
	-10 169	**-**
Deferred tax liabilities		
Deferred tax liability reversion after more than 12 months	77 619	83 226
Deferred tax liability reversion within 12 months	1 490	1 365
	79 110	**84 591**
Deferred tax liabilities (net)	**68 941**	**84 591**

NOTE 24 TRADE PAYABLES AND OTHER LIABILITIES

All amounts in NOK thousand

	2020	2019
Trade payables	40 926	38 324
Tenants prepayments	2 188	-
Holiday pay owed	2 339	1 704
Unpaid government taxes and duties	7 406	2 943
Seller credit and withheld purchase price	34 747	-
Interest accrued	8 189	9 881
Other liabilities	13 896	21 272
Total trade payables and other liabilities	**109 689**	**74 125**

NOTE 25 SUBSIDIARIES

All amounts in NOK thousand

The Group comprise of the following legal entities at 31 December 2020.

SUBSIDIARY OF R8 Property ASA

	Business office	Equity interest %	Result 31.12.2020	Equity 31.12.2020	Result 31.12.2019	Equity 31.12.2019
R8 Management AS	Porsgrunn	100	1 428	1 604	149	1 593
Rådhusgata 2 Skien AS	Porsgrunn	100	153	114	-1 089	-39
R8 Office AS	Porsgrunn	100	-1 095	141 924	3 677	143 020
R8 Urban Estate AS	Porsgrunn	100	-1 208	98 807	-7 496	102 924
R8 Hotels AS	Porsgrunn	100	-87	34 503	-188	34 598
Valore AS	Porsgrunn	100	423	37 334	1 247	36 911
R8 Home AS	Porsgrunn	100	-793	3 276	-925	2 069
R8 Projects AS	Porsgrunn	100	-576	441	-4	17
HIG 40-42 Prosjekt AS	Porsgrunn	100	-2 213	23 910	312	26 123
R8 Technology AS	Porsgrunn	100	72	40		

SHARES IN SUBSIDIARIES OWNED THROUGH SUBSIDIARIES:
(all of which has business office in Porsgrunn and 100% voting rights except Dokkveien Utvikling AS, Orbit Technology AS, Vestsiden Terrasse AS and Kammerreløkka AS, see below)

R8 Office AS
Grønlikroken 5 AS
Torggata 8 Skien AS
Versvikveien 6B AS
Storgata 106 AS
Hesselberggaten 4 AS
Porsgrunn Næringspark AS
Dokkvegen 9 AS
Vinkelbygget AS
HE-Kjelleveien AS
Kongensgate 20A AS
Dokkvegen 11 AS

R8 Urban Estate AS
Tollboden AS
Østveien 665-667 AS
Mulighetenes By AS
|--- Nedre Hjellegate 11 AS
|--- Henrik Ibsensgate 6 AS

R8 Hotels AS
Kammerherreløkka AS ***)

Valore AS
Bedriftsveien 52/58 AS
Rødmyrlia 20 AS
Storgata 171-175 AS
Vipeveien 51 AS

R8 Technology AS
Orbit Technology AS*****)

HIG 40-42 Prosjekt AS
Henrik Ibsens gate 40-42 Oslo AS

R8 Projects AS
Dokkvegen Utvikling AS *)
|--- Dokkvegen 20 AS **)
R8 Prosjektselskap 3 AS

R8 Home AS
Utsikten 1 AS
Vestsiden Terrasse AS****)

*) R8 Projects AS owns 50% of the shares in Dokkvegen Utvikling AS. Voting rights equivalents ownership. The remaining shares is owned by Dione AS.
**) Dokkvegen 20 AS owns the development project Polymer Exploration Center, which is described in more detail in note 9.
***) R8 Hotels AS owns 50% of the shares in Kammerherreløkka AS. Voting rights equivalents ownership. The remaining shares is owned by Bane Nor Eiendom AS.
****) R8 Home AS owns 50% of the shares in Vestsiden Terrasse AS. Voting rights equivalents ownership. The remaining shares is owned by Mynd Eiendom AS.
*****) R8 Technology AS owns 50% of the shares in Orbit Technology AS. Voting rights equivalents ownership. The remaining shares is owned by Alligate AS.

The Group is considered having control of companies in which the Group holds 50% of the shares for the following: Vestsiden Terrasse AS, Dokkvegen Utvikling AS and Kammerherreløkka AS. These companies are being fully consolidated as a consequence of the assessment of control. The Group has the power to control decision-making through their influence and has the seat of the chairman. The parties holds an equivalent number of board seats.

NOTE 26 INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

All amounts in NOK thousand

Investments in associates and jointly crontrolled entities are recognised using the equity method.

JOINT VENTURES

	Business office	Ownership/ voting right	Equity 31.12 (100%)	Result 2020 (100 %)	Balance sheet value
R8 Evolve AS*	Porsgrunn	75 %	99 405	129	68 118
Orbit Technology AS**	Porsgrunn	50 %	12 233	-3 758	8 000
Balance sheet value 31.12.2020					

* R8 Evolve AS has 100% ownership and voting rights in the entities Evolve Akersgata AS, Evolve Bjørvika AS, Evolve IT Fornebu AS and Evolve Sandaker AS. R8 Evolve AS and its subidiaries are providing coworking solutions to customers through office space in central regions. R8 Evolve AS was considered as a joint venture from the date of acquisition and the equity method was used accordingly. The owners of R8 Evolve AS has signed a legally binding shareholder agreement balancing the rights of the owners. The shareholders agreement explicitly states that the board of directors has to vote unanimous when deiciding matters. The board will consist of 2-5 seats, each owner has the right to at least one seat. The board is represented solely of members from the owners.

** Orbit Technology AS was being considered a subsidiary due to controll over 100% of oustanding shares in the company until the sale of 50% of the shares 15.12.2020. After the sale, the shares in Orbit Technology AS is considered a joint venture.

ASSOCIATES

	Business office	Ownership/ voting right	Equity 31.12 (100%)	Result 2020 (100 %)	Balance sheet value
Skien Brygge Utvikling AS*	Porsgrunn	25,0 %	11 380	-620	3 000
Sandefjord Eiendomsinvest AS**	Sandefjord	25,2 %	42 582	-213	11 100
Balance sheet value 31.12.2020					

* Skien Brygge Utvikling AS is owned by the subsidiary R8 Projects AS.
** Sandefjord Eiendomsinvest AS is owned by the subsidiary R8 Office AS.

FINANCIAL INFORMATION FROM JOINT VENTURES AND ASSOCIATES

	R8 Evolve AS	Orbit Technology AS	Sandefjord Eiendoms-invest AS	Skien Brygge Utvikling AS*
Revenues	43 209	-	-	
Operating costs	55 750	4 507	33	
- of which depreciation and amortisation	*23 920*	-	-	
Net operating income	**-12 541**	**-4 507**	**-33**	
Net financial items	-5 079	-313	-180	
- of which interest income	*41*	*0*	*342*	
- of with interest expense	*-5 116*	*-315*	*-521*	
Profit before tax	**-17 620**	**-4 821**	**-213**	
Tax expense	3 855	1 063	-	
Profit for the year	**-13 765**	**-3 758**	**-213**	

	R8 Evolve AS	Orbit Technology AS	Sandefjord Eiendoms-invest AS	Skien Brygge Utvikling AS*
Current assets	64 295	6 620	319	
- of which cash and cash equivalents	*916*	*2 690*	*319*	
Non-current assets	195 265	13 444	122 961	
Total assets	**259 560**	**20 064**	**123 280**	
Current liabilities	57 075	5 710	699	
- of which current financial liabilities other than accounts payable and provisions	*39 073*	*763*	*693*	
Non-current liabilities	116 236	2 122	80 000	
- of which non-current financial liabilities other than accounts payable and provisions	-	-	-	
Total liabilities	**173 311**	**7 832**	**80 699**	
Equity	**86 249**	**12 233**	**42 582**	
RECONCILIATION OF CARRYING AMOUNT				
Group's share in equity	64 687	6 116	10 731	
Goodwill	3 438	1 884	-	
The Group's carrying amount	**68 118**	**8 000**	**11 100**	
Excess (shortage) value	7	-	-369	

* Skien Brygge Utvikling AS is a newly established company in 2020 and as of reporting date for the Group, the company has not yet reported.

The Group also holds shares in Telemarksgata 10 AS and Inkognitogaten 33 AS recognized in the balance sheet with an amount of mNOK 35.6.

NOTE 27 TRANSACTIONS WITH RELATED PARTIES

All amounts in NOK thousand

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

	Associated companies	2020	2019
Income statement			
Other operating revenue	Evolve Akersgata AS (mNOK 3,6), Evolve IT Fornebu AS (mNOK 0,8)	4 458	318
Operating costs	R8 Consulting AS (mNOK 3,5), R8 Consulting Group AS (mNOK 6,1), R8 Edge AS (mNOK 1,2)	10 851	9 162
Interest income	R8 Investment AS (mNOK 1,0), R8 Group AS (mNOK 0,1)	1 130	530
Interest expense	Bane Nor Eiendom AS	490	-
Balance sheet			
Receivables		-	-
Loans	R8 Group AS (mNOK 13,2), Telemarksgata 10 AS (mNOK 1,2)	14 370	30 585
Debt	R8 Group AS (mNOK 6,6), Bane Nor Eiendom AS (mNOK 5,2), Dione AS (mNOK 1,8)	13 671	20 868
Payables		-	-

The Group also acquired services from a related party in 2019 of tNOK 1 398 which is considered as additions on investment property and adjusted for in fair value of investment property.

NOTE 28 AUDITOR'S FEE

All amounts in NOK thousand

	2020	2019
Statutory audit	962	597
Tax advice (incl. technical assistance with tax return)	55	29
Other services not related to auditing (transactions, IFRS conversion)	1 918	833
Total auditor's fee (excl. VAT)	**2 935**	**1 460**

NOTE 29 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year. R8 Property has issued options which upon exercise has a dilutive effect on outstanding shares of 1,77%. Total options is 350 000 at year end. Furthermore, the Group has received convertible loans from a handful of investors of a total amount of mNOK 40. The potential dulution from convertible loans amounts to 5,17%.

	2020	2019
Total comprehensive income for the year attributable to equity holders of the Company (NOK thousand)	-11 007	48 767
Average number of outstanding shares without options (Note 20)	19 720 640	16 875 360
Basic earnings per share (NOK)	-0,56	2,89
Average number of outstanding shares incl. dilution from options	19 779 133	16 875 360
Diluted earnings per share (NOK)	-0,56	2,89

NOTE 30 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

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

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

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

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

Photo: Ivar Kvaal

FINANCIAL STATEMENTS
R8 PROPERTY ASA

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Statement of income
1 January to 31 December

All amounts in NOK thousand

	Note	2020	2019
Revenue		13 792	9 805
Total operating income		**13 792**	**9 805**
Cost of goods sold		193	5
Payroll expenses	2	20 580	8 676
Depreciation expenses		116	69
Other operating expenses	2	16 085	10 047
Total operating costs		**36 973**	**18 797**
Operating profit		**-23 181**	**-8 993**
Income from subsidiaries	9	1 901	-
Other financial income	9	2 024	2 631
Other financial expenses	9	-11 139	5 348
Net financial items		**-7 213**	**-2 717**
Profit before tax		**-30 395**	**-11 710**
Income tax expense/ -income	3	-4 131	-1 856
Profit for year		**-26 263**	**-9 854**
Allocated as follows			
Dividend		-	-
Transferred to other equity	8	-26 263	-9 854
Total allocated		-26 263	**-9 854**

Balance sheet
Assets

All amounts in NOK thousand

	Note	2020	2019
NON-CURRENT ASSETS			
Deferred tax asset	3	3 504	-
Intangible assets	4	593	474
Total intangible assets		**4 097**	**474**
Other operating assets		22	-
Total property, plant and equipment		**22**	**-**
Investments in subsidiaries	10	371 160	382 131
Loans to group companies	5	63 369	-
Investments in JV's and associated companies		75 000	-
Investments in shares		30 508	-
Other long-term receivables			
Total financial assets		**540 037**	**382 131**
TOTAL NON-CURRENT ASSETS		**544 156**	**382 604**
CURRENT ASSETS			
Trade receivables		3 371	2 543
Other receivables		1 795	374
Loans to group companies	5	1 901	31 888
Total current receivables		**7 068**	**34 805**
Cash and bank deposits	7	6 250	23 917
TOTAL CURRENT ASSETS		**13 318**	**58 722**
TOTAL ASSETS		**557 474**	**441 326**

Balance sheet
Equity and liabilities

All amounts in NOK thousand

	Note	2020	2019
EQUITY			
Paid-in equity	8	4 930	4 930
Share premium	8	196 792	196 792
Other paid-in equity	8	186 656	180 736
Total paid-in equity		**388 378**	**382 458**
Retained earnings	8	-30 946	-4 683
Total retained earnings		**-30 946**	**-4 683**
TOTAL EQUITY		**357 432**	**377 775**
LIABILITIES			
Deferred tax liability	3	-	628
Convertible loans		40 979	-
Liabilities to financial institutions		15 000	-
Liabilities to group companies	5	96 250	-
Total non-current liabilities		**152 229**	**628**
Trade creditors		6 010	2 070
Liabilities to group companies	5	3 010	58 786
Liabilities to financial institutions		5 109	-
Public duties payable		838	668
Other short-term liabilities		32 846	1 400
Total current liabilities		**47 813**	**62 924**
TOTAL LIABILITIES		**200 042**	**63 552**
TOTAL EQUITY AND LIABILITIES		**557 474**	**441 326**

Notes 1 through 11 form an integral part of the financial statements.

Porsgrunn, 26 March 2021

Board of Directors for R8 Property ASA

Legally signed by George Emil Aubert 26.03.2021
George Emil Aubert
Chair of the Board

Legally signed by Leif Oddvin Jensen 26.03.2021
Leif Oddvin Jensen
Board member

Legally signed by Christina Sundby 26.03.2021
Else Christina Maria Sundby
Board member

Legally signed by Knut Bråthen 26.03.2021
Knut Bråthen
Board member

Legally signed by Marianne Lie 26.03.2021
Marianne Lie
Board member

Legally signed by Runar Rønningen 26.03.2021
Runar Rønningen
Board member

Legally signed by Elin Tufte Johansen 26.03.2021
Elin Tufte Johansen
Board member

Legally signed by Emil Eriksrød 26.03.2021
Emil Eriksrød
CEO

Statement of cash flows
1 January to 31 December

All amounts in NOK thousand

	Note	2020	2019
Profit before tax		-30 395	-11 710
Write-down shares in subsidiaries	9	5 186	4 500
Other adjustments		5 920	-
Depreciation and amortisation	4	116	69
Change in trade creditors and trade debtors		3 112	231
Change in other provisions		-2 138	804
Net cash flow from operating activities		**-18 199**	**-6 106**
Proceeds from sales of stocks /fixed assets		25 000	-
Purchase of business net of cash	10	-130 548	-45 244
Purchase of intangible assets and other plant and equipment	4	-254	-457
Net cash flow from investment activities		**-105 802**	**-45 701**
Net change in liabilities from group companies	5	14 857	-58 112
Interest-bearing debt		60 979	-
Proceeds from equity	8	-	130 086
Cost of equity transactions	8	-	-908
Seller credit		30 497	-
Net cash flow from financing activities		**106 333**	**71 066**
Change in cash and cash equivalents		-17 668	19 259
Cash and cash equivalents at beginning of period		23 917	4 658
Cash and cash equivalents at end of period		**6 250**	**23 917**

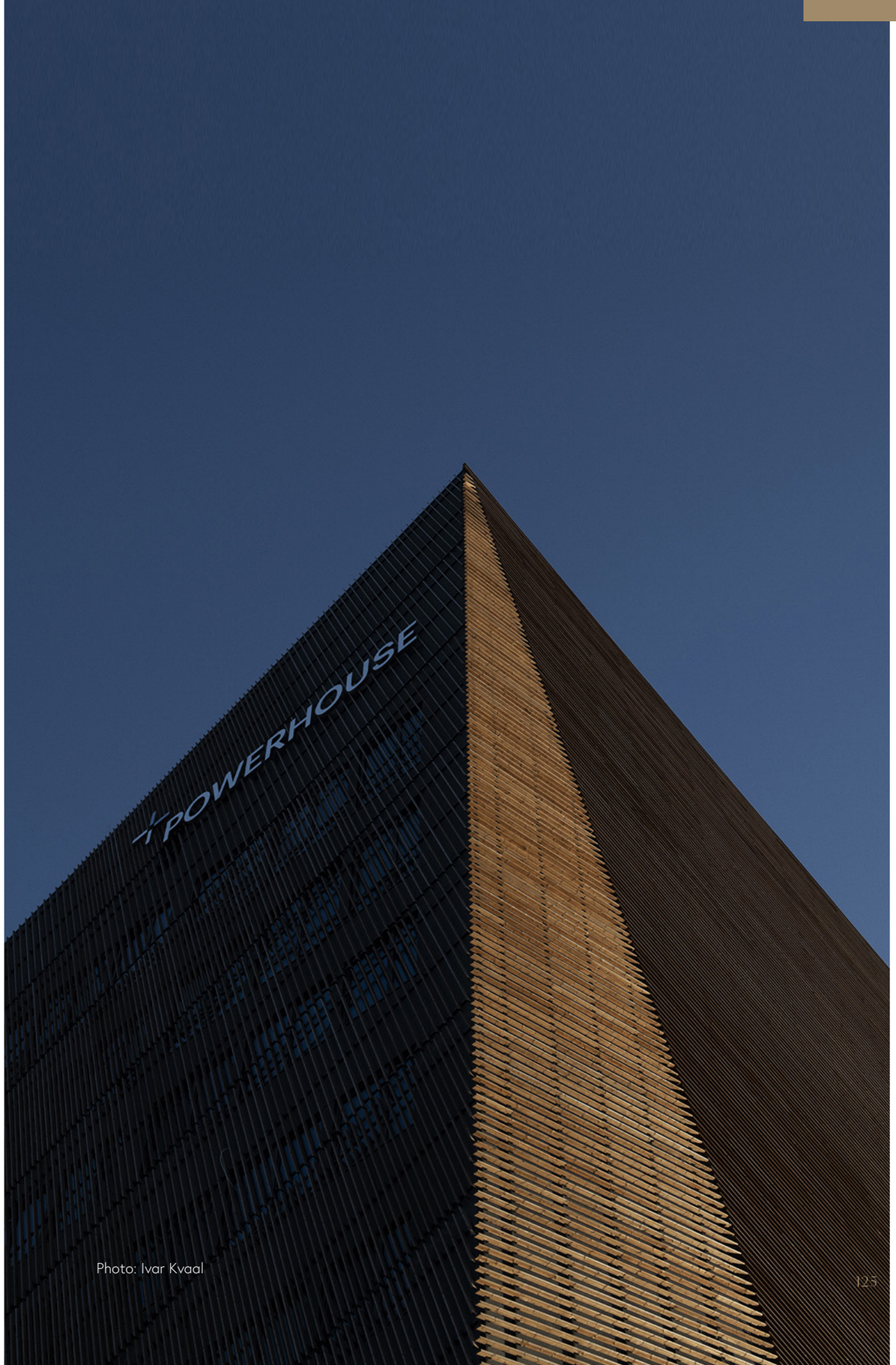

Photo: Ivar Kvaal

SUMMARY OF NOTES

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NOTE 1 ACCOUNTING POLICIES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Use of estimates
The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Investment in subsidiaries, associates and joint ventures
Subsidiaries are all entities which the Group exercises control of financial and operating policies, normally through ownership of more than half the capital with voting rights. Associates are companies over which the Group has significant influence but not control. Significant influence normally exists where the Group's investment represents between 20 and 50 per cent of the capital with voting rights.

The cost method is applied to investments in subsidiaries and associates in the company accounts. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Classification of balance sheet items
Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's installment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Taxes
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry forward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes). Deferred tax is reflected at nominal value.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, balances on bank accounts and net deposits in the group account scheme. The difference in net deposits in the company's account in the group account scheme and net deposits in the group account scheme for the Group overall will be presented as intercompany balances.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

NOTE 2 PERSONNEL COSTS AND OTHER REMUNERATION

All amounts in NOK thousand

	2020	2019
Wages and salaries	11 072	6 801
Employer options	5 920	-
Social security costs	2 509	1 022
Pension costs defined contribution plan	798	417
Other remuneration	281	436
Total	**20 580**	**8 676**
Number of full-time equivalents	9,0	5,0
Number of employees at 31.12	11,0	7,0

The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.
No loans/sureties have been granted to the CEO, Chair of the Board or other related parties.

The total remuneration of the CEO consists of a fixed package of salary and benefits supplemented by pension and insurance arrangements. The CEO also has a severance package of twelve months salary upon resignation.

SENIOR EXECUTIVE AS AT 31.12.2020

	Salary	Bonus	Benefits in kind	Pension costs	Total remuneration
Emil Eriksrød, CEO	1 717 184	-	14 957	120 203	1 852 343
Eirik Engaas, CFO	1 315 405	-	8 609	92 078	1 416 092

BOARD FEES

	2020	2019
George Emil Aubert, Chair	200	200
Tommy Thovsland, board member (resigned during 2020)	56	75
Else Christina Maria Sundby, board member	75	75
Knut Bråthen, board member	75	75
Leif Oddvin Jensen, board member	75	75
Runar Rønningen, board member	75	75
Emil Eriksrød, board member (resigned during 2019)	-	100
Øivind Gundersen, board member (resigned during 2019)	-	25
Total	**556**	**700**

AUDITOR'S FEE

	2020	2019
Statutory audit	281	180
Other assurance services	1 557	644
Total auditor's fee (excl. VAT)	**1 838**	**824**

NOTE 3 TAX

All amounts in NOK thousand

INCOME TAX EXPENSE

	3	2020	2019
Tax payable		-	-
Change in deferred tax on profit and loss	5	-4 131	-1 856
Income tax expense		**-4 131**	**-1 856**

TEMPORARY DIFFERENCES

	2020	2019
Profit and loss account	-	-
Interest rate swap	-	-
Net temporary differences	**179**	**13 943**
Tax losses carried forward	-16 106	-11 091
Basis for deferred tax	**-15 927**	**2 852**
Deferred tax	-3 504	628
Deferred tax in the balance sheet	**-3 504**	**628**

INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2020	2019
Profit before tax	-30 395	-11 710
Cost of equity transactions directly in equity		-908
Other permanent differences	11 615	4 812
Changes in temporary differences	13 764	-88
Changes in loss carry-forwards		-
Profit for tax purposes	**-5 015**	**-7 895**
Tax payable on the balance sheet	-	-
Tax payable on the balance sheet	**-**	**-**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2020	%	2019	%
Profit for accounting purposes multiplied by nominal tax rate	-6 687	22	-2 576	22
Tax on permanent differences	2 555	-8	859	-5
Effect of change in tax rate from 23 per cent to 22 per cent	-	-	-	-
Tax expense for accounting purposes	**-4 131**	**14**	**-1 717**	**17**

From the income year 2020 the tax rate on normal income is 22 per cent.

NOTE 4 INTANGIBLE ASSETS

All amounts in NOK thousand

	2020	2019
	Software	Software
At 1 January	474	62
Cost	474	62
Accumulated depreciation	-	-
Net book amount	**474**	**62**
Year ended 31 December		
Opening net book amount	474	62
Additions	232	480
Disposals	-	-
Transfer from investment property	-	-
Depreciation charge	-112	-69
Closing net book amount	**593**	**474**
Economic life	5 year	5 year
Depreciation plan	Linear	Linear

NOTE 5 BALANCE WITH GROUP COMPANIES

All amounts in NOK thousand

LOANS TO GROUP COMPANIES

	2020		2019	
	Long term	Short term	Long term	Short term
R8 Urban Estate AS	21 935	-	-	2 526
R8 Group AS	13 170	-	-	-
Orbit Technology AS	1	-	-	-
R8 Hotels AS	5 706	-	-	2 962
R8 Technology AS	8 034	86	-	-
R8 Home AS	1 998	-	-	5 423
R8 Project AS	12 526	-	-	6 880
R8 Consulting Group AS	-	-	-	116
Østveien 665-667 AS	-	-	-	13 981
R8 Management AS	-	1 816	-	-
Total	**63 369**	**1 901**	**-**	**31 888**

LIABILIITIES TO GROUP COMPANIES

	2020		2019	
	Long term	Short term	Long term	Short term
Rådhusgata 2 Skien AS	18 819	-	-	15 385
HIG 40-42 Prosjekt AS	338	-	-	-
Valore AS	34 381	-	-	139
R8 Office AS	34 407	-	-	3 410
R8 Management AS	8 305	-	-	2 535
R8 Group AS	-	-	-	16 455
Østveien 665-667 AS	-	-	-	13 981
Porsgrunn Næringspark AS	-	-	-	6 880
R8 Home AS	-	2 000	-	-
R8 Projects AS	-	1 000	-	-
R8 Technology AS	-	10	-	-
Total	**96 250**	**3 010**	**-**	**58 786**

R8 Property has given group contribution to R8 Home AS, R8 Projects AS and R8 Technology AS in 2020 for the amount of tNOK 3 010.

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

R8 Property ASA has sold 25% of the shares in R8 Evolve AS for the amount of mNOK 25 to Alligate AS, which is partly owned by R8 Group AS and Brødrene Jensen AS.

NOTE 7 BANK DEPOSITS

All amounts in NOK thousand

	2020	2019
Bank deposits	5 712	23 633
Tied bank deposits	538	284
Total bank deposits	**6 250**	**23 917**

NOTE 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION

R8 Property's share capital is NOK 4,930,160 divided into 19,720,640 shares, with each share having a par value of NOK 0,25. R8 Property has one class of shares. All shares provide equal rights, including the right to any dividends. Neither R8 Property nor any of its subsidiaries directly or indirectly owns shares in the Company.

As of 31 December 2020 R8 Property had 51 shareholders. Norwegian investors held 100 per cent of the share capital.

The table below (and on the next page) sets out the change in share capital, the average number of shares the last year, the largest shareholders at year end, and shares owed by directors as of 31 December 2020.

	Number of shares	Share capital (tNOK)	Share premium (tNOK)	Other paid-in equity (tNOK)	Retained earnings	Total
At 1 January	1 972 064	4 930	196 792	180 736	-4 683	**377 775**
Stock split as of 29.10.2020 1)						
Old shares being replaced	-1 972 064	-4 930	-196 792	-180 736	4 683	**-377 775**
New shares issued	19 720 640	4 930	196 792	180 736	-4 683	**377 775**
Profit for the year	-	-	-	-	-26 263	**-26 263**
Share based options	-	-	-	5 920	-	**5 920**
At 31 December 2020	**19 720 641**	**4 930**	**196 792**	**186 656**	**-30 946**	**357 432**

Paid-in capital amounts to tNOK 388,378 and consists of tNOK 4,930 in share capital, tNOK 196,186656 in share premium and tNOK 186,656 in other paid-in capital.

The shareholders as registered as of 31 December 2020 were as follows:

	Number of shares per 31.12.2020	Shareholding %	Country
R8 Group AS, represented by Emil Eriksrød - CEO	9 774 547	49,57	Norway
Brødrene Jensen A/S, represented by Leif Oddvin Jensen - board member	2 697 110	13,68	Norway
IKAB AS, represented by Knut Bråthen - board member	1 791 980	9,09	Norway
Sarepta Holding AS, represented by Runar Rønningen - board member	550 000	2,79	Norway
Carucel Invest AS, connected to Else Christine Maria Sundby - board member	476 190	2,41	Norway
Aubert Invest AS, represented by George Emil Aubert - Chair	405 000	2,05	Norway
RP Holding AS	363 500	1,84	Norway
Kabbe Holding AS	350 000	1,77	Norway
Holta & Co. AS, represented by George Emil Aubert - Chair	325 000	1,65	Norway
Østerlid AS	219 400	1,11	Norway
Gambetta AS	200 000	1,01	Norway
Thovsland Holding AS	200 000	1,01	Norway
Carl Erik Krefting, connected to Else Christine Maria Sundby - board member	154 160	0,78	Norway
Jan Henrik Krefting	154 160	0,78	Norway
Børseth-Hansen AS	145 800	0,74	Norway
Spartveit Invest AS	140 700	0,71	Norway
Goldcrest AS	136 670	0,69	Norway
ET-Invest AS	126 000	0,64	Norway
Røinås Holding AS	118 053	0,60	Norway
Heimberg Holding AS	115 000	0,58	Norway
Caba Holding AS	100 000	0,51	Norway
Stensrød Invest AS	100 000	0,51	Norway
Sundvall Invest AS	100 000	0,51	Norway
Lucky-Holding AS	100 000	0,51	Norway
Freezing Point Invest AS	100 000	0,51	Norway
Sonja og Emil Aubert Legat, represented by George Emil Aubert - Chair	97 000	0,49	Norway
Castra Invest AS	59 000	0,30	Norway
Handlekraft Holding AS, represented by Elin Tufte Johansen - board member	57 000	0,29	Norway
Frii AS	53 000	0,27	Norway
Eråk Holding AS	50 000	0,25	Norway
Skarven Industrier AS	50 000	0,25	Norway
Kornveien 5 AS	50 000	0,25	Norway
Magne Georg Sigurdsen	40 000	0,20	Norway
Marit Sigurdsen	40 000	0,20	Norway
Paragon Holding AS	32 000	0,16	Norway
AM Capital AS	30 000	0,15	Norway
Løbert Invest AS	30 000	0,15	Norway
Fjeld Holding AS	28 000	0,14	Norway
Habiqo AS	26 500	0,13	Norway
Bauta Invest AS	20 000	0,10	Norway
Jhk Invest AS	16 220	0,08	Norway
Carucel Holding || AS, connected to Else Christine Maria Sundby - board member	16 220	0,08	Norway
Masiw Holding AS	15 000	0,08	Norway
Giraffa AS, represented by Else Christine Maria Sundby - board member	15 000	0,08	Norway
Leif Morten Stølen	12 000	0,06	Norway
Jor Holding AS	10 000	0,05	Norway
Roger Finnstrøm	9 500	0,05	Norway
Roberto Holding AS	8 000	0,04	Norway
Thomas Tollefsen	5 300	0,03	Norway
Glott Eiendom AS	5 000	0,03	Norway
Christen Knudsen	2 630	0,01	Norway
Total	**19 720 640**	**100**	

EMPLOYER OPTIONS

Under the current share-options scheme share options of the parent are granted to senior executives of the parent. These options to purchase shares were granted during the fiscal year of 2020 at an exercise price equal to the market price of the underlyring shares on the date of the grant. The options granted senior executives gives the right to exercise the option immediately, but limited to certain time intervalls in regards to the Group's reporting dates. There is no specific conditions that has to be met in order to exercise the options. On the other hand, If the senior executive decides to leave the Group, the options granted can no longer be exercised.

The fair value of the share options is estimated at the grant date using the Black Scholes option pricing model. The fair value takes into consideration the exercise price settled to market price of the Group at the start of the grant period, the market value at the reporting date, risk free rate, divident yield, volatility and the length of the share options. The fair value of the options are expensed in the profit and loss statement.

	2020			2019		
	No. of options	Exercise price[1)]	Last exercis-able date	No. of options	Exercise price	Last exercis-able date
Outstanding at 1 January	-	-		-	-	
Granted during the year	350 000	30,55	31.10.2023			
Forfeited during the year	-	-				
Exercised during the year	-	-				
Expired during the year	-	-				
Oustanding at 31 December	**350 000**	**30,55**	**31.10.2023**	**-**	**-**	

1) The exercise price outlined above is a weighted average of all exercise prices of each options granted.

Total fair value of the outstanding share options at the reporting date is mNOK 5,9 (excl. social security costs). The following conditions has been used when assessing the fair value through the BS-model:

	Option 1	*Option 2*	*Option 3*
⌂ Range of exercise prices for options	7.56	17.72	37.72
⌂ Current stock price (EPRA NAV)	42.63	42.63	42.63
⌂ Expected volatility	31.70%	31.70%	31.70%
⌂ Risk-free interest rate	0.77%	0.77%	0.77%
⌂ Dividend yield	0.00%	0.00%	0.00%
⌂ Fair value (mNOK)	1.8	1.3	2.9

The Group has granted the CEO, CFO and one board member each 50 000 options with an exercise price of NOK 37.72. Each option gives the right to buy one share. The share options granted in 2020 to the aforementioned executives has a maturity to 31.10.2023.

NOTE 9 SPECIFICATION OF FINANCIAL INCOME AND EXPENSES

All amounts in NOK thousand

FINANCIAL INCOME

	2020	2019
Group contributions from subsidieries	1 901	0
Interest income from group companies	2 018	2 574
Other interests income	6	58
Total financial income	**3 925**	**2 631**

FINANCIAL EXPENSES

	2020	2019
Interest expenses to group companies	3 505	569
Other interests expenses	2 306	280
Write-downs of investment in subsidiaries	-	4 500
Other financial expense	5 328	-
Total financial expenses	**11 139**	**5 348**

NOTE 10 SUBSIDIARIES

All amounts in NOK thousand

The Group comprise of the following legal entities at 31 December 2020.

SUBSIDIARY OF R8 PROPERTY ASA

	Business office	Equity interest %	Result 31.12.2020	Equity 31.12.2020
R8 Management AS	Porsgrunn	100	1 428	1 604
Rådhusgata 2 Skien AS	Porsgrunn	100	153	114
R8 Office AS	Porsgrunn	100	-1 095	141 924
R8 Urban Estate AS	Porsgrunn	100	-4 118	98 807
R8 Hotels AS	Porsgrunn	100	-87	34 503
Valore AS	Porsgrunn	100	423	37 334
R8 Home AS	Porsgrunn	100	-1 280	2 789
R8 Project AS	Porsgrunn	100	-576	441
HIG 40-42 Prosjekt AS	Porsgrunn	100	-2 838	22 747
R8 Technology AS	Porsgrunn	100	72	40

SHARES IN SUBSIDIARIES OWNED THROUGH SUBSIDIARIES:
(all of which has business office in Porsgrunn and 100% voting rights except Dokkvegen Utvikling AS, Orbit Technology AS, Vestsiden Terrasse AS and Kammerherreløkka AS, see below)

R8 Office AS
Grønlikroken 5 AS
Torggata 8 Skien AS
Versvikveien 6B AS
Storgata 106 AS
Hesselberggaten 4 AS
Porsgrunn Næringspark AS
Dokkvegen 9 AS
Vinkelbygget AS
HE-Kjelleveien AS
Kongensgate 20A AS
Dokkvegen 11 AS

R8 Urban Estate AS
Tollboden AS
Østveien 665-667 AS
Mulighetenes By AS
|--- Nedre Hjellegate 11 AS
|--- Henrik Ibsensgate 6 AS

R8 Hotels AS
Kammerherreløkka AS ***)

Valore AS
Bedriftsveien 52/58 AS
Rødmyrlia 20 AS
Storgata 171-175 AS
Vipeveien 51 AS

R8 Technology AS
Orbit Technology AS*****)

HIG 40-42 Prosjekt AS
Henrik Ibsens gate 40-42 Oslo AS

R8 Home AS
Utsikten 1 AS
Vestsiden Terrasse AS****)

R8 Projects AS
Dokkvegen Utvikling AS *)
|--- Dokkvegen 20 AS **)
R8 Prosjektselskap 3 AS

*) R8 Projects AS owns 50% of the shares in Dokkvegen Utvikling AS. Voting rights equivalents ownership. The remaining shares is owned by Dione AS.
**) Dokkvegen 20 AS owns the development project Polymer Exploration Center.
***) R8 Hotels AS owns 50% of the shares in Kammerherreløkka AS. Voting rights equivalents ownership. The remaining shares is owned by Bane Nor Eiendom AS.
****) R8 Home AS owns 50% of the shares in Vestsiden Terrasse AS. Voting rights equivalents ownership. The remaining shares is owned by Mynd Eiendom AS.
*****) R8 Technology AS owns 50% of the shares in Orbit Technology AS. Voting rights equivalents ownership. The remaining shares is owned by Alligate AS.

The Group is considered having control of companies in which the Group holds 50% of the shares, namely Orbit Technology AS, Vestsiden Terrasse AS, Dokkvegen Utvikling AS and Kammerherreløkka AS. These companies are being fully consolidated as a consequence of the assessment of control.

NOTE 11 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

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

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

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

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

Photo: THT Foto

Statsautoriserte revisorer
Ernst & Young AS

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Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of R8 Property ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of R8 Property ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the income statement and the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2020, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements and the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Porsgrunn, 26 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Bård Erik Pedersen
State Authorised Public Accountant (Norway)

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	2020 / 31.12.2020	2019 / 31.12.2019
EPRA Earnings per share (EPS)	NOK	-0,8	0,4
EPRA NAV per share	NOK	42,6	40,7
EPRA NNNAV per share	NOK	40,8	37,8

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

EPRA EARNINGS

EPRA Earnings is a measure of the underlying development in the property portfolio and is calculated as net income after tax adjusted for non-controlling interesterts, 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

	2020	2019
Profit for period/year	-26 771	59 177
Add:		
Changes in value of investment properties	46 726	-78 664
Tax on changes in value of investment properties [1]	-10 280	17 306
Changes in value of financial instruments	-26 628	-509
Tax on changes in value of financial instruments [1]	-5 248	112
Share of profit jointly controlled entities - fair value adjustments	6 882	-
Reversal of deferred tax EPRA adjustments jointly controlled entities [1]	-	-
Net income non-controlling interest of subsidiaries	-211	13 347
Reversal of tax non-controlling interests of subsidiaries [1]	45	-2 936
Change in tax rate [1]	-	-
EPRA Earnings	**-15 485**	**7 832**

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

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.

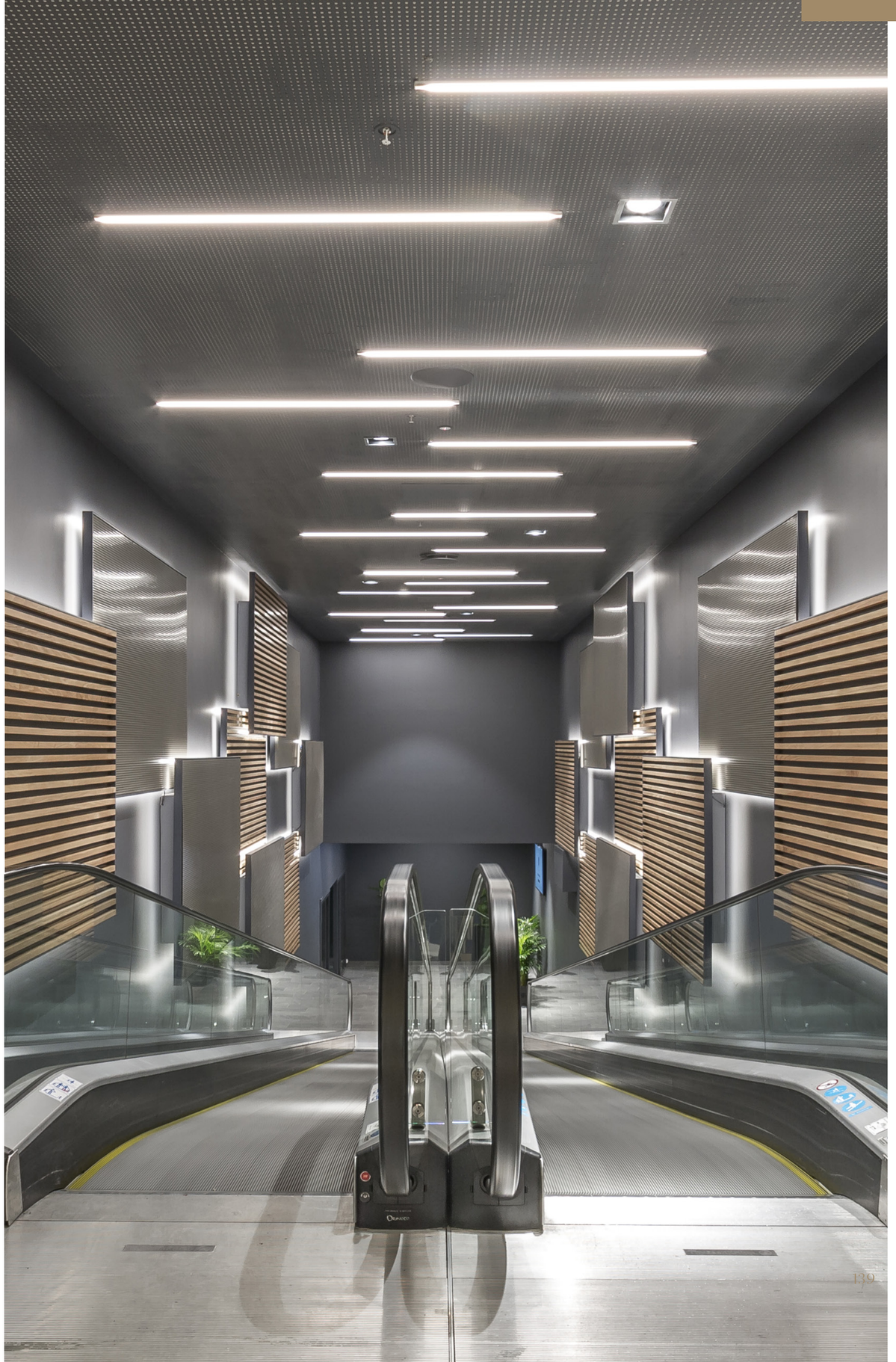
All amounts in NOK thousand

	31.12.2020	31.12.2019
NAV - book value of equity	**761 300**	**778 131**
Less: Non-controlling interest	-52 919	-64 663
Deferred property tax	150 058	79 395
Fair value of financial derivative instruments	-18 815	9 196
EPRA NAV	**839 625**	**802 060**
Market value on property portfolio	2 436 000	2 409 000
Tax value on property portfolio	1 352 105	1 455 350
Basis for calculation of tax on gain on sale	1 083 895	953 650
Less: Market value of tax on gain on sale (5 per cent tax rate)	**54 195**	**47 683**
Net market value on financial derivatives	-10 972	11 789
Tax expense on realised financial derivatives [1]	-7 842	-2 594
Less: Net result from realisation of financial derivatives	**-18 815**	**9 196**
Book value of interest bearing debt	1 724 414	1 581 274
Nominal value of interest bearing debt	1 724 414	1 581 274
Basis for calculation of tax on realisation of interest bearing debt	-	-
Less: Market value of tax on realisation	**-**	**-**
EPRA NNNAV	**804 245**	**745 182**

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

DEFINITIONS

Annual rent	The contractual annual rent from the properties of the Group including forward starting contracts and excluding any market contribution.
Cash earnings	Result from property management less payable tax.
Contractual rent	Annual cash rental income being received as of relevant date.
EPRA Earnings	Net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects. EPRA earnings are intended to give an indication of the underlying development in the property portfolio.
EPRA NAV	Net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties. The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon.
EPRA NNNAV	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. 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.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities (excluding debt to group companies) divided by the market value of the property portfolio.
Management properties	Properties that are actively managed by the company.
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the independent professionally qualified valuers.
Market value of property portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes.
Net yield	Net rent divided by the market value of the management properties of the Group.
Occupancy	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
Project properties	Properties where it has been decided to start construction of a new building and/or renovation.
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group, divided by net interest on interest-bearing nominal debt and fees and commitment fees related to investment activities.
Total area	Total area including the area of management properties, project properties and land / development properties.
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group.

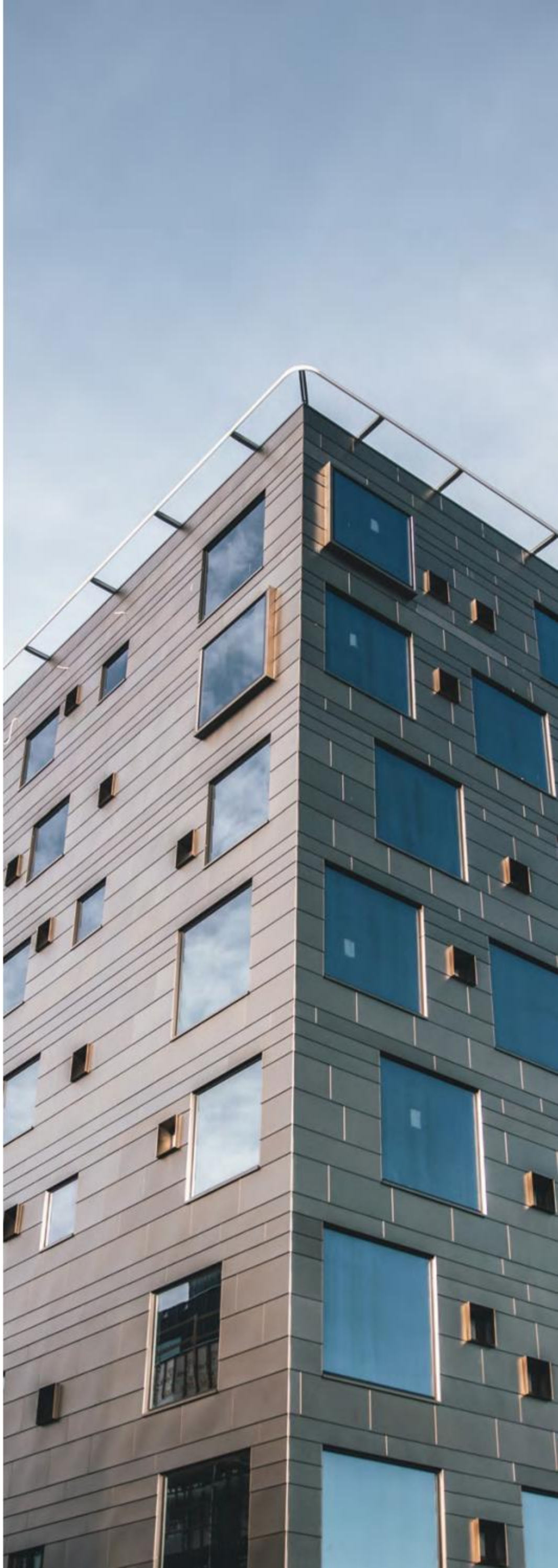


APPENDIX C

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF R8 PROPERTY ASA FOR THE YEAR ENDED 31 DECEMBER 2019

Annual report

R8 Property
2019



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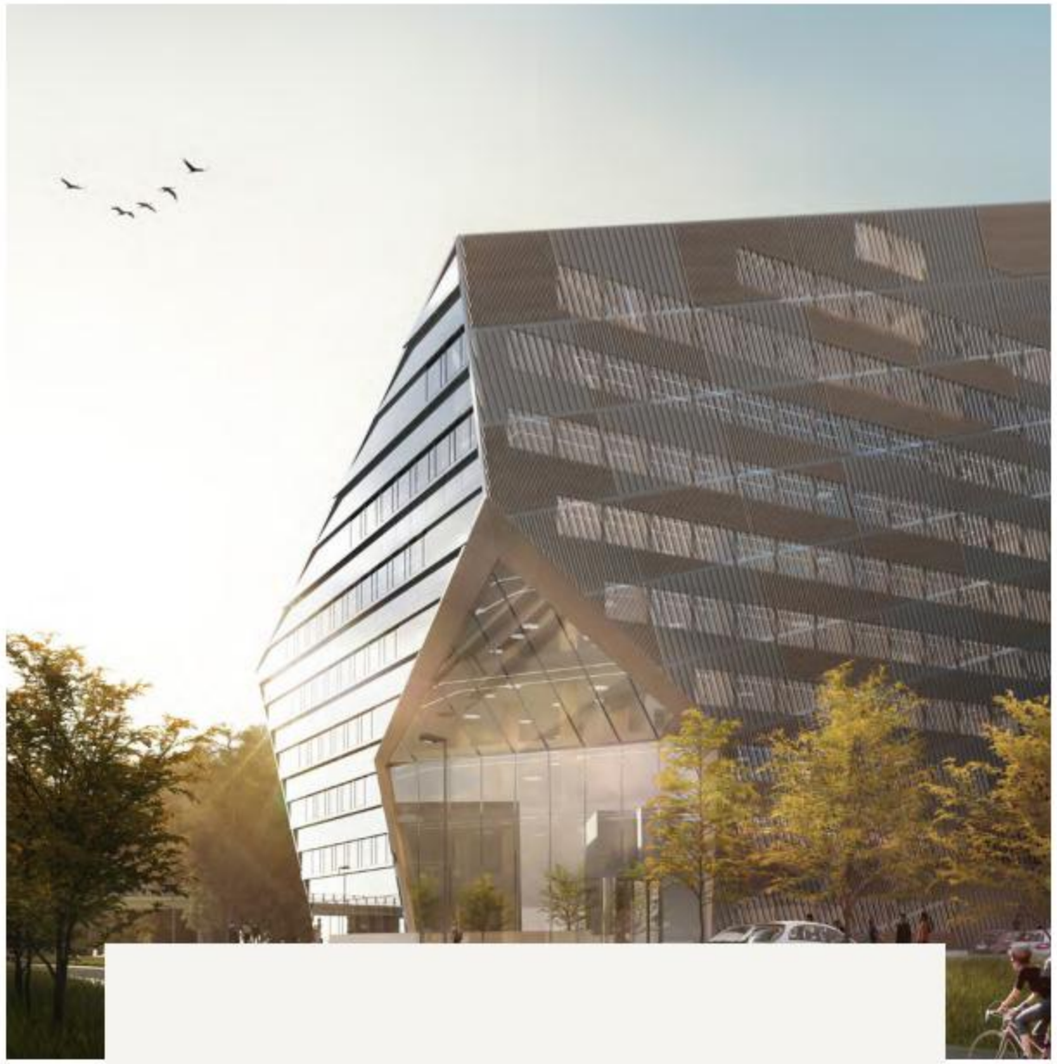


THIS IS R8 PROPERTY

R8 Property AS (The Company) is the mother company of R8 Property AS (the Group), and 36 daughter companies. The headquarter is located in Porsgrunn, Telemark. Since the company was established in 2010, R8 Property has built a solid property portfolio in Skien, Porsgrunn, Sandefjord, Tønsberg and Oslo. The Properties are owned by R8 Property through single-purpose companies.

This spring, R8 Property has developed the company's new business strategy in collaboration with Accenture. We're still dedicated to the development of modern and future-oriented commercial property, and this focus is at the heart of the strategy set towards 2025. We want to be a driving force when it comes to sustainable buildings. And we want to use technology and passion to inspire and enlighten collaborators, politicians, other property developers, tenants and people about how we can change the way we build and manage property.

To take a further step with our technology commitment, R8 Property hired Wasim Rashid and Daniel Bentes in January this year. They will build and develop our technology department, and came from DNB where they respectively worked as EVP Head of Platforms and Platform Strategy Lead. Their first project will be launched when Powerhouse Telemark opens in the autumn of 2020. This might be a game changer for the property business.

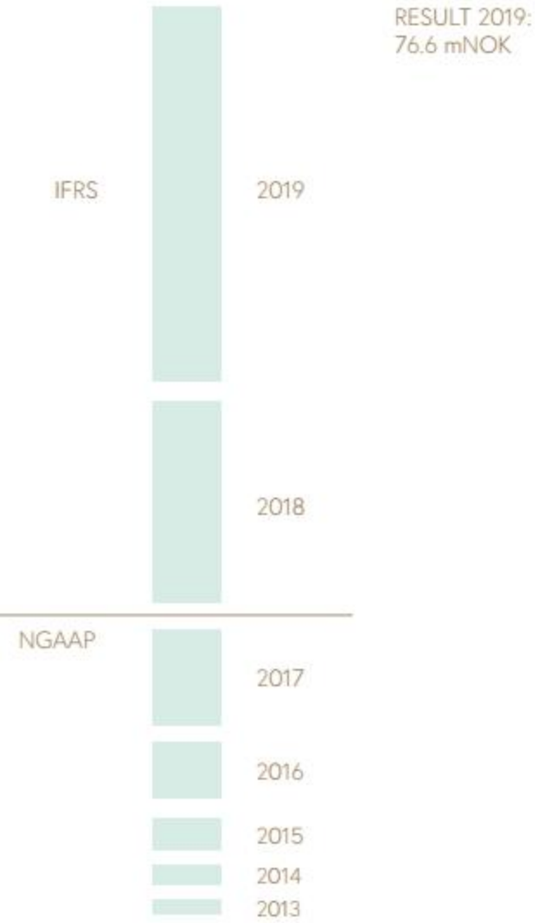
R8 Property is an industry leader when it comes to customer satisfaction. 2019 was the fifth consecutive year with first place in the national survey, Norwegian Tenant Index. The company is evolving every year to sustain and increase the customer satisfaction. This year R8 Property came in with a score of 88 out of 100. To adapt the customer needs regarding flexibility and services, we've acquired Evolve Business Space - a coworking concept with 18 locations in Oslo, Drammen, Tønsberg, Fredrikstad and Porsgrunn. Evolve will have 3 floors in Powerhouse Telemark, and also has a floor in Kammerherreløkka.

Until now, we've only focused on commercial property. To establish and develop R8 Home, we hired the very experienced real estate agent Magnus Watvedt to have exclusively focus on residential projects. This includes - amongst other projects - Skien Brygge, which will be a new neighbourhood in Skien city centre.

KEY FIGURES

OPERATIONAL	2019	2018
Market value of real estate portfolio (tNOK)	2 409 000	1 731 500
Total area (gross sqm)	112 850	90 720
Occupancy rate (%)	85.3	86.2
WAULT (years)	7.3	6.8
FINANCIAL		
Rental income (tNOK)	99 755	70 149
Profit before value adjustment (tNOK)	- 2 539	11 882
Profit after tax (tNOK)	59 177	60 733
EPRA earnings (tNOK)	7 832	11 266
Net cash flow from investment activities (tNOK)	- 378 985	-128 770
Net nominal interest-bearing debt (tNOK)	1 581 274	1 123 762
Debt ratio (LTV) (%)	65.6	64.9
Interest coverage ratio (ICR) (%)	0.6	1.25
Equity ratio (%)	30.4	29.5
NUMBERS PER SHARE		
Earnings (NOK)	28.9	45.9
EPRA Earnings (NOK)	4.0	8.3
Cash earnings (NOK)	-1.3	19.2
Net asset value - EPRA NAV (NOK)	406.7	377.4
EPRA NNNAV (NOK)	377.9	346.7
Number of shares	1 972 064	1 364 500

KEY FIGURES



7.3 years

Unexpired lease terms (weighted average)

121.4 mNOK

Gross rent per year (run rate)

85.3%

Occupancy

112 850 m²

Total area in portfolio

HIGHLIGHTS

MARCH

Eirik Engaas (39) started as our new CFO. He's specialised within finance, property development and investment analysis. He came from ISS Facility Services AS, where he worked as Nordic Head of Property for the Telenor portfolio.

The new Kammerherreløkka quarter and the Comfort Hotel Porsgrunn opened. The city's population was invited to entertainment, cake, coffee and speeches from the mayor Robin Kåss, R8 Property's CEO Emil Eriksrød and the hotel manager, Teo K. Luisa. The quarter consists of a commercial property with 5 floors, as well as the hotel with 8 floors and 134 rooms.

Arkaden was nominated to become Marketer of the Year, in a national competition directed by Markedsføringsforeningen i Oslo. This was mainly because of all the events and happenings Arkaden has offered to people living in Skien. Arkaden was in competition with big, national companies like DNB, Norwegian and Thon Hotels, who became the winner.

HIGHLIGHTS

APRIL

The official opening of Comfort Hotel Porsgrunn was a successful event. The guests were especially invited by Bane NOR Eiendom, Comfort Hotel Porsgrunn and R8 Property, and had an unforgettable night with lovely food, live entertainment and speeches. Petter Stordalen, the founder of Nordic Choice Hotels and the most famous "son of Porsgrunn" held an extraordinary and personal speech.

JUNE

R8 Property agreed to purchase the coworking company Evolve Business Space. The company was established in 2004, and has 18 locations in Oslo, Akershus, Tønsberg, Drammen, Fredrikstad and Porsgrunn. The first part of the agreement, 50% ownership, was implemented in January 2020.

AUGUST

In cooperation with Skanska, we created an event at Arendalsuka with the theme "How to decrease the climate crisis by focus on energy effective buildings". The speakers were i.e. from Snøhetta, Skanska and ZERO, and Emil Eriksrød talked about how important it is that the politicians are positive and solution oriented, and that it's possible to develop profitable projects by building energy effective.

R8 Home was established. This is a daughter company of R8 Property, whose purpose is residential projects. Magnus Watvedt was hired as the Managing Director. He has more than 15 years of experience from real estate, both as a director and real estate agent.

SEPTEMBER

We launched the news that R8 Property is going to build Norner's new technology centre: Polymer Exploration Centre. The building is next to Powerhouse Telemark, and will be a global research- and technology centre for the plastic industry. With this centre, Norner will be one of the world's best developers within sustainable plastic solutions.

HIGHLIGHTS

OCTOBER

This became a month we won't ever forget, with huge ups and downs.

First of all, we raised mNOK 130 in an emission targeting existing and selected new investors. The capital will be used to further growth and new investments, especially within sustainable property projects.

In the aftermath of the emission, the financial newspaper Finansavisen published an article with the intention to undermine R8 Property's trust and reputation. The nine pages article, included strong and severe accusations towards our CEO Emil Eriksrød and the company. This article became our most demanding test regarding crisis management, but it also gave us the possibility to check our standing with our financial partners. It turned out that the article, and the extra work we got because of it, resulted in even better trust and connections with our investors, banks, board members, financial partners and employees. They gave us their full support, and we especially want to thank both Carl Erik Krefting (Carucel) and our Chair George Aubert, who on their own initiative made public statements that they were very sceptical to both the article and the methods of journalism. The end game is that R8 Property now is stronger than ever, because all of our financial partners and stakeholders did renewed and extended due diligence on R8 Property. Their feedback was that they still believe in us - and they still invest in us.

We bought our first property in Oslo, Henrik Ibsens gt 40-42, an attractive building next to The Royal Palace and Slottsparken.

HIGHLIGHTS

NOVEMBER

For the fifth time in a row, R8 Property won the Norwegian Tenant Index as the most preferred landlord among tenants. We got 88 points out of 100, which was two points more than the runners up, Aspelin Ramm and Entra.

R8 Property and R8 Management were recertified as Eco-lighthouse businesses. This is both a documentation and a commitment that we are focused on green, environmental solutions.

DECEMBER

Skien Brygge, which is a collaboration between Bane NOR Eiendom, Skien Boligbyggelag and R8 Property, signed a letter of intent with the hotel director Teo K. Luisa about building a new hotel: Comfort Hotel Skien Brygge.

To take a further step with our technology commitment, R8 Property hired Wasim Rashid and Daniel Bentes. They will build and develop our technology department, and came from DNB where they respectively worked as EVP Head of Platforms and Platform Strategy Lead.

We took over the Telenor building in Kongens gate in Skien. This building has solid lease agreements, and a perfect location, next to the bus and taxi hub. The municipality has big development plans for this area.

HISTORICAL AND CHALLENGING TIMES

As I am writing this, we're in the middle of the biggest global crisis the world has seen in a century. We can not predict the full scope of the final consequences yet, but there's no doubt that there will be worldwide changes that are both necessary and unwanted. Because of COVID-19, better known as the corona pandemic, we experience a bigger uncertainty than ever before; both globally, nationally - and of course in our own neighbourhoods and workplaces.
I haven't met any of my colleagues during the last month, except in video meetings. The whole country is essentially "shut down"; including schools and kindergartens, stores, cinemas, soccer fields, restaurants and so on. Everyone is part in the voluntary national "dugnad", which means staying at home, and avoid contact with others to stop the infection from additional spread.

The future is uncertain
This crisis has a tremendous effect on our daily life, both personally and professionally.
The pandemic has hit everyone hard, including our employees, tenants and business partners. Luckily, 25% of our portfolio income is from public tenants, like Gassnova, Skatteetaten, NAV, Kriminalomsorgen and HELFO. Further, another 25% of our portfolio income is from tenants we consider very solid, i.e. banks, insurance and IT companies. We've worked hard to build a strong portfolio, and now we truly see the importance of stable and economically sound tenants.
Because of the uncertainty of the pandemic's further expansion, it's hard to predict the company's situation during the next months and the years to come. Presently, some of our tenants are having difficulties paying rent, decreasing our income, resulting in the sad but necessary decision to temporary and partly layoffs among our employees.

The times are more challenging than ever, and with that in mind, it's comforting and reassuring to look back on a year with extremely good financial results. In 2019 R8 Property generated the best profit after tax ever. Although R8 Property had great results in the end of 2019, there's unfortunately no doubt that the pandemic will have a negative impact on our financial statements this year. Further, the uncertainty forces us to put some upcoming projects on hold.

A strong culture is essential
I've always been very proud of our culture, and our employees. And now, when everyone are remote working and we're not able to meet on a regular basis over a coffee cup, it's extremely important that every one of us still "feel" the culture in our hearts and minds. I have strong trust in my colleagues, I know that they do everything possible to maintain their high degree of engagement and motivation. R8's core values; trust, courage and engagement still makes sense in the worst global crisis we've ever seen. We need to have trust in each other. We still need to have the courage to think positively and challenge ourselves to new and innovative solutions. We need to feel the engagement to be able to be innovative and make changes.

Maybe it's a paradox, but after a few years with discussions and internal workshops, R8 Property finally has hired Accenture to help us develop our new business strategy. This strategy will be our guidance for the next few years, both when it comes to the organization, communication, projects, technology, employments and so on. The business strategy will be finished before summer.

Proptech is the future
Every crisis creates possibilities, and makes us aware of unleashed potential. The corona pandemic is no exception. We know that proptech is the future within our business, and that tenants are more committed to both technology and sustainability. To greet this future and be innovators/early adopters, we hired Wasim Rashid and Daniel Bentes this winter, to establish R8 Technology. They have worked together in big companies like DNB, Telia and Schibsted, and have an extremely interesting competence and experience. We will see the result of their first project already this autumn. We're very lucky to have them in our family, and I know that they will have a crucial impact on the company in the months and years to come.

Spaces as a service
In last year's annual report, I said that we have to develop our business model to adapt to the customer needs regarding flexibility and services. To directly address our ambition, we bought Evolve Business Space - a coworking concept with 18 locations in Oslo, Drammen, Tønsberg, Fredrikstad and Porsgrunn. Evolve will have 3 floors in Powerhouse Telemark, and also has a floor in Kammerherreløkka.

Letter from CEO

A new era

As mentioned under "Highlights" in this annual report, 2019 was packed with unforgettable happenings. Most importantly - both for us and the community - was the opening of the Kammerherreløkka quarter, and the Comfort Hotel Porsgrunn. This city has had only one hotel for the last century. The space that used to be a hub for taxis and buses, now includes a beautiful hotel with 134 rooms, and welcoming meeting rooms. The hotel delivered far beyond budget in 2019, and Porsgrunn is now able to compete with other cities regarding national conferences.

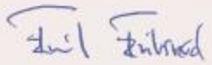
In August we established R8 Home and hired Magnus Watvedt, to have exclusively focus on residential projects. This includes - amongst other projects - Skien Brygge, which will be a new neighbourhood in Skien city centre. In collaboration with Bane NOR Eiendom and Skien Boligbyggelag, we signed a letter of intent with the hotel director Teo K. Luisa to develop Comfort Hotel Skien Brygge. This will be one of our biggest and most exciting projects in the future.

Last but not least, most importantly during the autumn of 2019, we raised mNOK 130 in an emission targeting existing and selected new investors. In the aftermath of the emission, the financial newspaper Finansavisen published an article with the intention to undermine R8 Property's trust and reputation. The article included strong and severe accusations towards myself and the company, and became our most demanding test regarding crisis management.
I would like to thank our investors, board members, banks, financial partners and employees for stepping up for us, reaffirming their belief in R8 Property. Thanks to you, the end game is that R8 Property now is stronger than ever.

In the end of the year, we bought our first property in Oslo, Henrik Ibsens gt. 40-42, an attractive building next to The Royal Palace and Slottsparken, where Evolve will be the biggest tenant.

Also, for the fifth consecutive year, we won the Norwegian Tenant Index (Norsk Leietakerindeks / NLI) for 2019 with the score of 88 out of 100. Not to forget that Arkaden won the NLI for shopping centres for the second consecutive year.

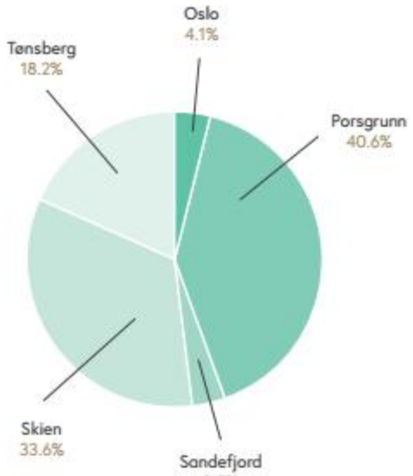
All in all, I still strongly believe that the future is bright, but we need to use this global crisis to be even more aware of unleashed potential and new possibilities. We need to maintain and develop our fantastic culture, and we need to challenge ourselves and other collaborators.



Emil Eriksrød, CEO and founder

Key figures

Geographic exposure (area)



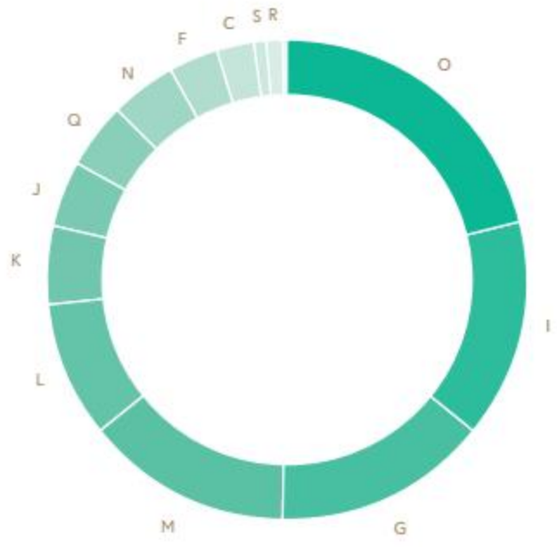
25
Management properties

7
Project properties

1 508 NOK
Average rent per sqm (management portfolio)

7.3 years
Average wault

O - Public administration and defence; compulsory social security	21.1%
I - Accommodation and food service activities	14.8%
G - Wholesale and retail trade and repair of motor vehicles and motorcycles	14.6%
M - Other professional, scientific and technical activities	14%
L - Real estate activities	9.2%
K - Financial and insurance activities	5%
J - Information and communication	4.6%
Q - Human health and social work activities	4.5%
N - Administrative and support service activities;	4.4%
F - Construction of buildings	3.5%
I - Accommodation and food service activities	2.3%
S - Other personal service activities	1.1%
R - Arts, entertainment and recreation	1.1%
H - Transportation and storage	



Property portfolio

The Group´s management portfolio consists of 25 (14) properties with a total of 95 062 (70 022) square meters. 8 of the properties are situated in Porsgrunn, 12 in Skien, 4 in Tønsberg and 1 in Sandefjord. As of 31 December 2019, this portfolio had a market value of 1 881.0 (1 230.5) millions. The occupancy was at 84.7 (85.3) per cent and the average rolling rent was 1 508 (1 455) kroners per square meters. The average duration of the existing lease agreements was 6.2 (4.8) years. The group's project portfolio consists of 7 projects. 1 in Oslo, 4 in Porsgrunn, 1 in Tønsberg and 1 in Skien. The Group uses Newsec for property valuations on a quarterly basis and all market values used in the balance sheet are based on valuations from Newsec. Valuation of the management portfolio is performed on a property-by-property basis, using individual DCF models and taking into the account the property's current characteristics combined with the external appraiser's estimated return requirements and expectations as to future market development.

31.12.2019	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)
Office	59 235	51 726	87.3	17	1 111 500	18 764	3.3	70 841	1 370	3.3	5.8	6.4	85 424	1 142
Urban Estate	26 730	20 572	77.0	6	459 500	17 190	8.6	31 578	1 535	8.7	5.0	7.2	45 213	1 691
Hotels	9 097	8 197	90.1	2	310 000	34 077	12.7	18 928	2 309	12.7	5.3	6.3	21 979	2 416
Total management portfolio	95 062	80 495	84.7	25	1 881 000	19 787	6.1	121 356	1 508	6.2	5.5	6.5	152 616	1 605
Project Office	17 788	15 719	88.4	7	528 000	29 683	11.4							
Total project portfolio	20 698	15 719	88.4	7	528 000	29 683	11.4							
Total property portfolio	112 850	96 214	85.3	32	2 409 000	21 374	7.3							

[1] Wault weighted on property market value
[2] Wault weighted on annual rent
[3] includes market rent from available areas

Project portfolio

The project portfolio consisted of four projects in 2019.

Powerhouse Telemark is a future-oriented project. With its high ambitions when it comes to energy consumption, the Powerhouse Telemark differs from other projects. During its lifetime a Powerhouse produces more renewable energy than it uses for materials, production, operation, renovation and demolition. Upon completion, this will be one of the most energy-efficient and environmentally friendly office buildings in the world. Powerhouse Telemark is also aiming for a BREEAM Excellent classification. The construction started in Q4 - 2018 and is on schedule toward commencement during summer 2020. The project attracts great interest from media as well as the local community. The size of the building is 8.358 sqm and is leased to solid and attractive tenants. The building will also be the future head office of all the companies in the R8 Group.

Eeks Gård is a renovation project in Rådhusgata 2 in Skien. The building is located at the city square and has an attractive location near public transportation, market place, shopping mall (Arkaden) and the waterfront. The building will also have an exterior renaissance that will contribute greatly to the the overall look of the city square in Skien. This project finished in January 2020, NAV Skien moved in to their new Activity Based Workspace (ABW) facilities on January 31st.

The Kammerherreløkka development project, joint venture with Bane NOR Eiendom AS, finished in the spring of 2019. The project consists of an office building (2.767 sqm), a hotel (6.282 sqm) and a parking garage with a capacity of 86 cars. The hotel building is fully let to Comfort Hotel Porsgrunn. This project is located on the public transportation hub in Porsgrunn, and is considered to be one of the most important development areas in Telemark in the years to come.

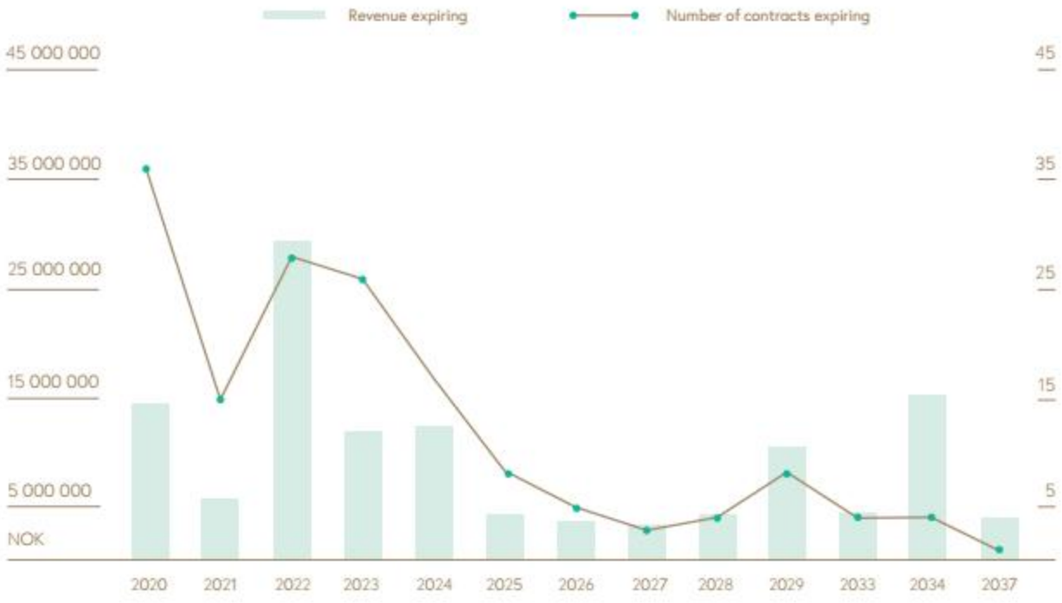
Polymer Exploration Centre is a development project adjacent to Powerhouse Telemark. The project (4,450 sqm) is customized for single tenant Norner AS, a Norwegian subsidiary of global giant SCG Chemicals, and one of the leading entities within plastic R&D in the world. The project will break ground in May 2020, and is set to be finalized in the autumn of 2021.

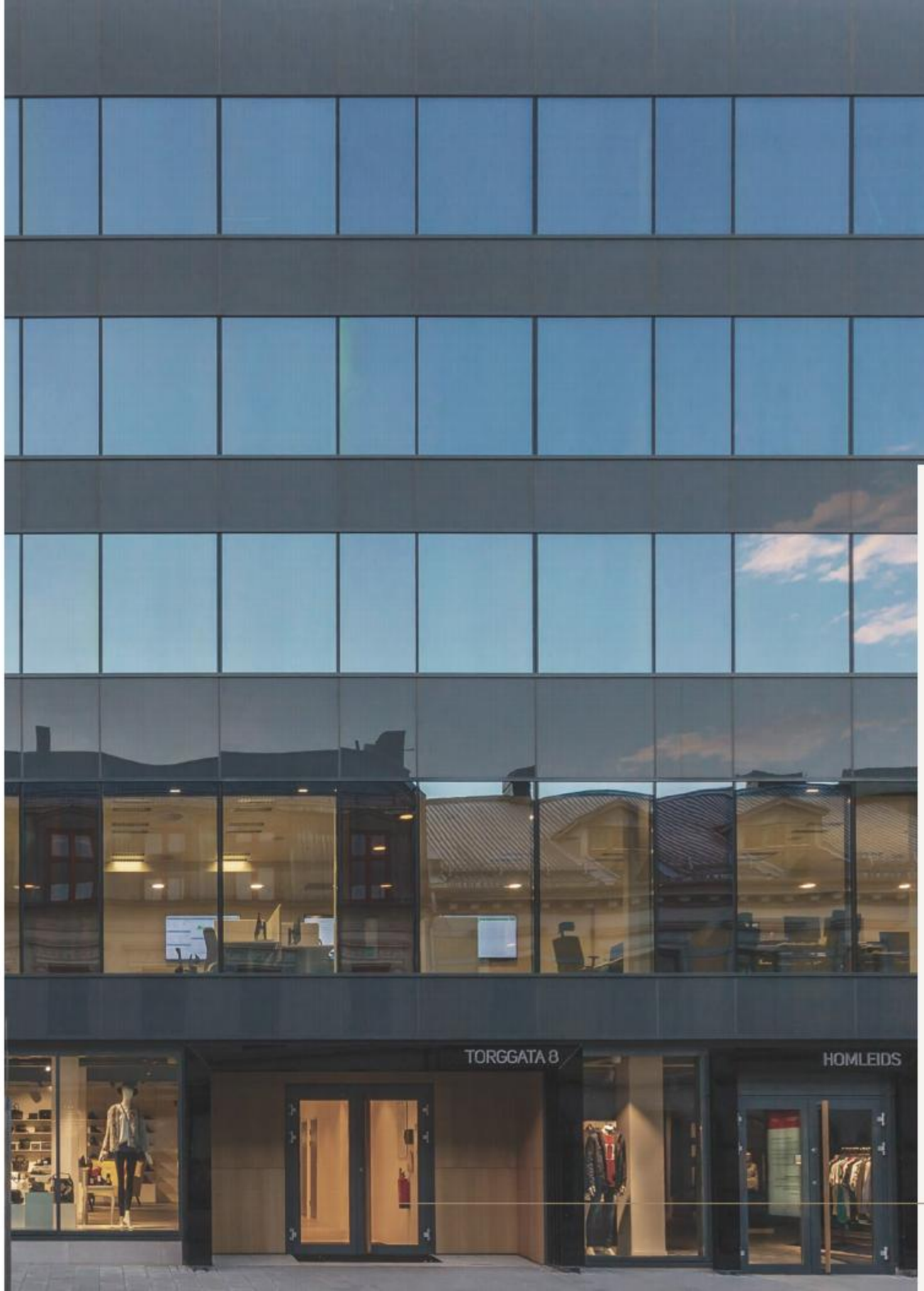
Tenant lease overview

R8 Property tenant base in the management portfolio comprises of both private and public sector tenants with leases up to 20 years. Public sector tenants upheld 24.2% of the management portfolio by the end of December 2019. The 10 largest tenant's share of R8 Property's rental income represents 43.0% of revenues.

Tenant	in % of rent	Sector
HELFO	12.4%	Public
Comfort Hotel Porsgrunn	9.6%	Private
Kriminalomsorgen Region Sør	3.5%	Public
Skien Sportsbar AS (O'Learys)	3.1%	Private
Telenor Norge AS	2.7%	Public
Emerson Process Norway	2.6%	Private
Gassnova SF	2.4%	Public
Gjensidige Forsikring ASA	2.3%	Private
DNB Bank ASA	2.3%	Private
Asplan Viak AS	2.1%	Private

Maturity profile in the management portfolio





COMPANY STRUCTURE

R8 Property started 2019 with 3 property owning sub-groups in R8 Office, R8 Hotels and R8 Retail. During 2019 R8 Retail was renamed R8 Urban Estate - a name better reflecting the underlying portfolio of properties, location and tenants across different segments. Further, R8 Property added two new subgroups in 2019, both ownership tools to the groups development projects within both commercial and residential property in R8 Projects and R8 Home.

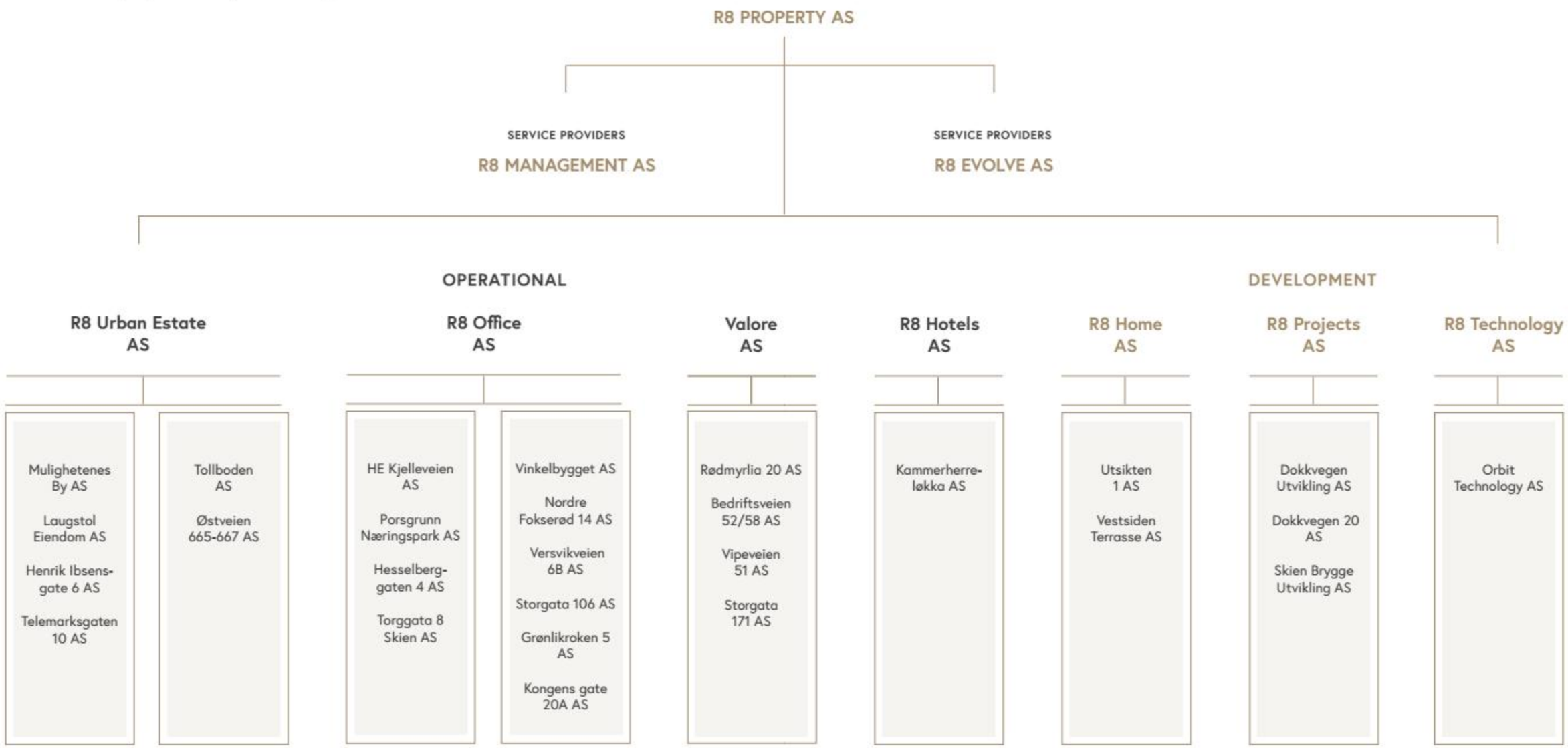
R8 Property's operational activities and management across property owning sub-groups is organized in R8 Management and our coworking business under R8 Evolve. R8 Technology is the group's corporate leg leading our commitments and investment in technology and proptech.

R8 Property AS holds 100 percent of the shares in each sub-group, with the exception of R8 Evolve in which the company holds 50 per cent (R8 Property has an agreement to acquire the remaining 50% over the coming years).

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 1st of May 2020.



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

The Management

Emil Eriksrød

CEO/FOUNDER

Emil Eriksrød returned as company CEO on January 1st 2019, after a year and a half as Chair of R8 Property. He specializes in investment, development and management of commercial property. Emil has previously worked as Chief Financial Officer for Hathon Holding. He also has extensive experience as an entrepreneur, a career he started in parallel with the studies. Since 2010, he has worked to build up an investment portfolio, which as of December 2019 had a market value of 2,5 billion NOK.

Eirik Engaas

CFO

Eirik Engaas became CFO in R8 Property in March 2019. Eirik has an MBA with specialization in finance. His long and broad experience within financial instruments, financial statement analysis, real estate, management and projects is very important for R8 Property. He plays a crucial part of the Company's operational and growth strategies.

Eirik previously worked at the international company ISS Facility Services AS for five years, where he was Nordic Head of Property for the Telenor portfolio.

Wasim Rashid

CDO

R8 Property's strong focus on technology resulted in the hiring of Wasim Rashid as Chief Digital Officer in January 2020. Wasim is specialized within new business models and technology, and has a broad experience with change management in big companies like DNB, Telia and Schibsted.

Ronny Sundvall

MANAGING DIRECTOR,
R8 MANAGEMENT

Ronny Sundvall is specialized within marketing and business growth. When he became the managing director of R8 Management in 2016, he had 8 years experience as managing director at the biggest shopping center in Telemark, Herkules. Together with the employees in R8 Management, Ronny is the lead for the group's professional responsibility and care of tenants.

Marianne Wollan

MANAGING DIRECTOR, R8 EVOLVE

Marianne Wollan founded and established Evolve Business Space 15 years ago, in August 2005. Evolve is a coworking concept with 18 locations in Oslo, Drammen, Tønsberg, Fredrikstad and Porsgrunn. They offer their tenants beautiful and central locations, combined with the possibility of working and networking with other tenants, across industries, competence and experience.

Magnus Watvedt

MANAGING DIRECTOR, R8 HOME

Magnus Watvedt has over 15 years experience from real estate, mainly as a real estate agent in Oslo, where he also owned and managed Privatmegleren Allé Eiendomsmegling. Magnus is in charge of our residential commitment and upcoming housing projects, among others what is going to be our biggest development project - Skien Brygge.

Tommy Thovsland

DEVELOPMENT DIRECTOR,
R8 PROPERTY / CEO, R8 GROUP

Although Tommy Thovsland's official title is CEO of R8 Group, he delivers significant services to R8 Property, mainly to work with early phase project development in our biggest projects. Tommy is educated chemical engineer, and has experience as business developer in LEARN.

Elin Tufte Johansen

CHIEF HUMAN OFFICER, R8 GROUP

Elin Tufte Johansen has more than 15 years of experience within organizational development, change management and leadership. She's involved in several projects, especially within employments and the strategic development of R8 Property. Elin also offers important support for our managing directors and the management team.

CORPORATE GOVERNANCE

R8 Property has ambitions to exercise good corporate governance at a level similar to listed companies. Through these ambitions we aim to strengthen confidence in the company and contribute to the greatest possible value creation over time. The objective is to professionalize the whole Company; its shareholders, the board and the executive management through a clear division of roles and responsibilities. R8 Property is currently in the process of implementing the applicable Norwegian code of practice for corporate governance of 30 October 2014. The code of practice is available on the Norwegian Committee for Corporate Governance homepage: www.nues.no.

The following report on corporate governance is done in alignment with how listed companies report on corporate governance. Below is a description of how the Company has complied with the recommendation given by NUES. The report covers each section of the code, and possible variances from the code are specified under the relevant section.

Implementation and reporting on corporate governance

The board wishes to apply good corporate governance to contribute to a good trust-based relationship between R8 Property and the company's shareholders, the capital market, and other stakeholders. The administration has in 2019 completed several tasks regarding role clarity, resource allocation and the division of authorization and responsibilities both within the Company and between the companies in the R8 Property. These tasks are described in each relevant section.

Business

The Group's business is stated in §3 of the statutes: "The company's purpose is owning, operating and rental of real estate, owning shares in other companies, investing in stocks and other securities, and other activities that are naturally associated with this." Main strategy and objectives within this framework are stated in the Board's annual report.

Capital and dividends

EQUITY

The Group's equity as of 31 December 2019 was 778.1 (532,3) million and gives an equity ratio of 30.4 (29.4) per cent. The Board considers the equity situation as satisfactory and in line with the company's objectives, strategies, and risk profile. R8 Property is dependent on a satisfactory financial flexibility, and the Board has therefore set the ambition that the relationship between net interest bearing debt and gross fair value will be in the range of 60–65 per cent.

DIVIDEND

The Group has long-term growth objectives and the growth rate is high. To ensure the financial flexibility to sustain the high growth rate the main short-term principle is not to distribute large dividends to shareholders. Nevertheless, when results are strong, moderate dividends are accepted. It is considered essential that the level of dividend does not set significant limits to planned investment projects.

Authorization

The Articles of Association do not contain provisions allowing the Board to decide that the company will buy back or issue shares. It is also not issued other authorizations to the Board of R8 Property.

In the general assembly in April 2019 the Board of Directors was given the power of attorney to increase the share capital by up to 394 737 new shares with pair value of NOK 2.50, total NOK 150 000 060. The objective for the proposal was the Board's wish to be able to issue new shares to support the company's growth, and strengthen the capital reserve.

It was also decided that the preferential right of the existing shareholders pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be deviated from if new shares are issued within the frame described.

The power of attorney also included share capital increase against contribution in kind, cf Section 10-2 of the Norwegian Public Limited Companies Act, and allows share capital increase regarding mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.

The described power of attorney is valid for one year until the company's Annual General Meeting in 2020.

Equal treatment of shareholders and transactions with related parties

There is only one class of shares in R8 Property and all shares have equal rights. There are no voting rights restrictions in the statutes.

R8 Property issued 342 331 new shares in 2019, through a private placement in September 2019 - generation gross proceeds of NOK 130 085 780. There has also been several transactions of shares in 2019, both between existing shareholders while also introducing new investors.

The change in shareholder composition demands increased professionalism in the company's communication with shareholders to ensure equal treatment of the shareholders. In order to support R8 Property's ongoing professionalization, and offer flexibility and value to our investors, the company and the company's shares were registered in the Norwegian VPS Security Center (Verdipapirsentralen - VPS) at july 31st 2019. The company presented all its quarterly reports in 2019 to the public (through r8property.no) to provide the same information to all its shareholders and stakeholders. In the event of a share issue in the future, existing shareholders in R8 Property have preferential rights to the capital increase.

The preferential rights are safeguarded by sharing information in good time for the existing shareholders. All transactions with related parties is subject to an independent valuation from a chartered accountant or other expert. This is to ensure that transactions with close associates and intercompany agreements are carried out correctly on an arm's length basis.

Guidelines on conflicts of interest have been developed and included in the instructions for the company's board of directors, and to ensure that directors inform the board if they have a significant direct or indirect interest in an agreement being entered by the company. To avoid unintentional conflicts of interest, the company will present an overview which identifies the various roles of its directors, the offices they hold and so forth. This overview will in the future be updated when required and in the event of changes in the board's composition.

Transferability

There are no restrictions on share transferability.
The shares are considered liquid with a shareholder base of 47 investors as of 31.12.2019. During 2019 the company entered into an agreement with Arctic Securities to be R8 Property's preferred broker for transactions of shares and provide a marketplace for buyers and sellers. The board considers good liquidity of the share to be positive for the company to be regarded as an attractive investment. The company also works actively to attract interest from the investor market.

The executive management holds information meetings with existing shareholders, and meets with potential new shareholders and investors.

General meetings

The board encourages as many as possible of its shareholders to exercise their rights by attending the General meeting. The 2020 Annual General Meeting is scheduled to take place on May 20th, 2020. The company's financial calendar is decided by the Board. Notice of the general meeting, with comprehensive documentation is made available to shareholders no later than 7 days before the meeting takes place.

Due to corona pandemic and the capacity in the administration, the company will in 2020 be unable to make the information available 21 days in advance as recommended by NUES.

All relevant documents relating to the general assembly will be accurate so that all shareholders can decide on the issues that are submitted to be negotiated.

The chair will ensure a thorough and fair conduct of the general assembly. A chairperson opens the meeting and the general assembly elects the chairperson. R8 Property has not yet prepared its own procedures that ensures an independent chairperson for the general assembly.

The directors and senior executives are present at the general assembly together with the auditor.

Shareholders who are unable to attend are encouraged to appoint a proxy. The attached summons to the general assembly should be attached to related documents and form of proxy. This form has been prepared so that it will allow voting on each case to be negotiated, and candidates for election. In the general assembly summons, the procedures relating to participation and voting, as well as use of proxy, are explained.

Minutes from the general meeting is sent to the shareholders at the latest 14 days after the meeting.

Nomination committee

The NUES recommendations call for the appointment of a nomination committee. R8 Property does not yet have a nomination committee. However, the company aims to appoint a nomination committee at the general meeting in 2021 to be prepared for any future changes in the shareholder composition. The committee will then be independent of the board and the executive management. Members of the nomination committee and its chair will be elected by the general meeting and their remuneration will be determined by the general meeting.

Corporate assembly, board of directors and independence

The Company does not have a corporate assembly due to its small number of employees. The board currently has six shareholder-elected members. Board members and the chair of the board are elected by the Annual General Meeting each year. The board's composition is intended to secure the interests of the shareholders in general. The background and experience of board members are presented on the company's website and in this annual report.

However, five of the six board members are independent of R8 Property's executive management and significant commercial partners. According to the NUES´ principles, the majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. It is recommended that "at least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s)". This is the case in today's board. The five independent shareholders are Runar Rønningen, Leif Oddvin Jensen, Christina Sundby, George Emil Aubert and Knut Bråthen.

One board member is a part of the executive management of R8 Property or closely related to the main shareholder. This is:

- Emil Eriksrød is the founder of the company and the main shareholder.
- Tommy Thovsland is CEO of the entire R8 Group (mother) while still being hired to work with development projects for R8 Property. Tommy also holds 20.000 shares in R8 Property.

To counteract independence issues the administration has developed routines and guidelines that ensures equal treatment of shareholders and transactions with related parties. It is not expected that there will be changes in the Board composition at the Annual General Meeting in May 2020. There has been consistently good attendance at the Board meetings in 2019. The Board's expertise is considered substantial with regards to economy, market understanding, and business operations.

The Board currently consists of five men and one woman.

The work of the board of directors

The board has the overall responsibility for managing the company and for supervising the chief executive officer and the company's activities. Its principal tasks includes determining the company's strategy and monitoring its operational implementation. It also holds a control function to ensure acceptable management of the company's assets. The board appoints the CEO.

Instructions which describe the rules of procedure for the board's work and its consideration of matters have been adopted by the board. The division of labour between the board and the CEO is specified in greater detail in standing instructions for the CEO. Instructions for the management clarifies the duties, powers, and responsibilities of the CEO. The CEO is responsible for the company's executive management. Responsibility for ensuring that the board conducts its work in an efficient and correct manner rests with the chair.

The board establishes an annual plan for its meetings, and evaluates its work and expertise at the end of each meeting. Also, once a year, the board evaluates its own work and that of the CEO. As of 31 December 2019, R8 Property has not established an audit committee or remuneration committee. It is considered as part of the Board's evaluation whether it is appropriate to establish these committees in 2020.

Risk management and internal control

RISK AREAS AND GENERAL RISK MANAGEMENT

Through its activities, the company has earned substantial financial assets that are exposed to several risk factors. Most of these factors are directly or indirectly affected by macroeconomic situation such as interest rates, the letting market, the property development market and so on. The financial risk has been revised and presented to the board through a new financial strategy.

The strategy has been discussed by the board in 2019 and the administration reports to the board in each meeting with regards to relevant KPIs within the following risk areas: overall funding, operations and liquidity, interest rate risk, and financial leverage. The target level of each KPI is revised yearly. During 2019 several measures have been implemented or initiated to prevent and reduce risk. In addition to the contents in the financial strategy the following measurements are made in addition to others:

LEGAL RISK

During 2019 the company has hired legal assistance when considering agreements with substantial obligations such as large rental agreements, turnkey contracts in development projects and so on. Although there is a cost associated to buying legal services, it is considered important to reduce the risk in agreements with potentially high financial consequences.

MARKET (PROPERTY VALUE) RISK

Each quarter the company obtains professional third-party valuations of its properties to ensure that the values presented in the reports are as accurate as possible, and to become aware of market changes as early as possible. Also, the company considers the property value market risk when setting the target levels in the financial strategy.

MARKET (INCOME) RISK

The Company's income is mainly based on leases and the average duration is continuously monitored. R8 Property seeks to diversify the different maturities on the different leases to spread risk. Also, the portfolio is diversified when it comes to both industry and geographical segments. To counteract on the market risk related to the letting activity the company has a high degree of service to its tenants. For the fifth consecutive year the company won the Norwegian Tenant Index, a research survey measuring the degree of content and satisfaction for the tenants.
The company believes that providing good services to its´ tenants help reduce the letting risk.

Guidelines are made to ensure that all tenants with expiring contracts the next year are contacted. Also, when new lease agreements are negotiated, gaining long term contracts is a main objective. The focus on development projects with high environmental and energy standards, such as Powerhouse Telemark, has proven important to be able to sign long-term lease agreements and to diversify the risk over many years.

INTEREST RATE RISK

The financial strategy contains several KPIs set up to reduce the interest rate risk. For instance, interest coverage ratio, average time to maturity (hedges) and percentage of fixed interest rate. As an example, minimum 30 percent of the current interest-bearing debt have fixed interest rates. This fixed rates percentage will increase in H1 2020. The setup of the company's debt structure is considered continually, to obtain the desired diversification and financial flexibility.

OPERATIONAL RISK

The debt coverage ratio (DCR) (net income from property management / total debt service) is a measure of the cash flow available to pay current debt obligations. The ratio states net income from property management as a multiple of debt obligations due within the period, including interest and principal. The DCR is an important KPI and will be closely monitored and reported to the board in each meeting. The target for the debt coverage ratio is set in the Company's financial strategy.

The operational risk in R8 Property also relates to human error or system failure associated with daily operations. During 2019 the company expanded its workforce considerably to ensure adequate resources for all tasks and mitigate the risk and vulnerability connected to key employees. Further, the board members have very significant knowledge and experience within property and do contribute with their expertise when needed.

GENERAL RISK MANAGEMENT AND REPORTING TO THE BOARD

The board is briefed on developments on the risks facing the company on a continuous basis through the operating reports. The administration prepares periodic operating reports which are considered at the board meetings. These reports are based on management reviews of the various parts of the business, and contain an update of the status concerning important operational conditions, financial conditions, project development and a description of the status in risk areas. In addition, quarterly financial reports are prepared and reviewed by the board and presented to the public through the company website and social media.

The financial KPIs are followed up through periodic reports along with updates of forecasts for the year. Reporting also includes non-financial key figures related to the various business areas.

Balance sheet items are reconciled and documented on a continuous basis throughout the year. Significant profit and loss accounts and accounts related to direct and indirect taxation are also reconciled on a continuous basis.

INTERNAL CONTROL

Risk management and internal control is addressed by the board. The board also reviews the external auditor's findings and assessments after the interim and annual financial audits. The auditor's report is presented by the auditor in board meetings and reviewed by the board. There are eight employees in the Company as of 31. December 2019. Because of significant agreements with related companies, many of the authorizations involve key employees in related companies such as R8 Consulting and R8 Management. The authorizations are given through contractual agreements and follow recognized principles of authorization. The board performs an annual review of risk areas and the internal control system. The review will seek to pay attention to the recommendation set by NUES, such as:

- changes relative to previous years' reports in respect of material risks and the company's ability to cope with changes in its business and external changes
- the extent and quality of management's routine monitoring of risks and the internal control system
- the extent and frequency of management's reporting to the board on the results of such monitoring
- whether reporting makes it possible for the board to carry out an overall evaluation of the internal control situation in the company and how risks are being managed
- instances of material shortcomings or weaknesses in internal
- how well the company's external reporting process functions

Remuneration of the board of directors

Directors' fees are determined by the General Meeting. These fees are based on the Board's responsibility, expertise and time taken as well as the complexity of the business, and are not related to results. The board members are not awarded options. For 2019 the remuneration was NOK 75 000 for the ordinary board members. The Chair had an active role in the company in 2019 and the remuneration was NOK 200 000. Further information on the various board members' remuneration is provided in note 11 of the financial statements.

Remuneration of executive personnel

The current remuneration for company CEO has been settled by the Chair in consultation with other board members. Senior executives in the company will be subject to a stock option program, starting in 2020. There will be a set number of shares offered to each executive, with a duration of up to three years. Senior executives' remuneration is further described in note 11 in the financial statement.

Information and communication

The board has decided that the company seeks transparency to secure the general interest and shareholders' interests in the company. An annual financial calendar is set which includes the dates of any quarterly report and the dates for the presentation of the annual report. All quarterly and annual reports are published on the company's website: r8property.no. The annual report and the minutes of the General Meeting are presented in English. This is to prepare information that will be relevant and beneficial in the future in terms of attracting foreign investors and capital markets. The company also uses the press, social media and the website to inform the public about milestones and news regarding the company. Transactions of a significant nature and those of public interest will be made public through the media or press conferences. Through the company's established principles for investor communication, the board has determined guidelines for financial reporting and other information.

Company takeovers

The Board has not issued guidelines related to the receipt of bids for the company's shares. In 2020 the offer will be managed within the confines of the law and in terms of equal treatment of shareholders and their interests. Ordinary operations will as far as possible be shielded from such transactions. The Board does not intend to prevent or obstruct any takeover bid for the company or its shares, but will ensure that shareholders have sufficient time and information to be able to form a view of a possible offer for the company's business or shares.

The Board will always ensure that the shareholders' common interests are safeguarded.

Auditor

The company has no audit committee, and the Board itself oversees self-evaluation of the Board´s work. In 2019, the Group´s auditor, EY, has undergone the following tasks related to fiscal year 2019:

- Presented the main features of the audit work to the board
- Participated in the board meeting related to the 2019 annual financial statements
- Confirmed that the requirements for auditor independence are met
- Sent an overview of services other than audit services that are provided to the Company

The Board reports on the auditor's total remuneration between auditing and other services at the Company's Annual General Meeting. The Meeting approves the choice of auditor and the auditor's fee each year.

R8 PROPERTY

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

Both R8 Property and R8 Management are recently re-certified Eco-lighthouse businesses, and work proactively to reduce the environmental impact of the business. The Group seeks to reduce the carbon footprint and set an example of how to develop sustainable projects for the future: Buildings that contribute to local energy collection and production, reuse of water, green roofs that contribute to attenuation, and sustainable use of local materials and suppliers. When establishing new buildings or when renovating existing buildings, R8 Property focuses on measures giving positive effects to the environment. Measures may include replacement of ventilation, better heat recirculation, energy-saving lighting, and organizing electric vehicle parking. This year we will introduce emission totals/ emission accounting as a part of our standard operations, and further seek to employ this to both our property portfolio and tenants.

POWERHOUSE TELEMARK

In January, CNN Style published the article "The most anticipated buildings set to shape the world in 2020". Amongst 10 global buildings, Powerhouse Telemark was the only one in Europe to be mentioned, next to Berlin Brandenburg Airport. There is no doubt that to greet the future in a sustainable way, energyplus buildings will be part of the solution. Powerhouse Telemark will become a signature building for all of Telemark and a world class eco-building that challenges traditional property culture and architecture. The building will be finished summer 2020, and we aim to build more powerhouses in the years to come.

EDUCATION AND EMPLOYMENT

One of the most important tasks associated with a better community is to create and contribute to increased employment. Through its business and activities R8 Property contributes positively to employment in the operating regions. Several major construction projects contribute to significant employment with subcontractors. The Group also invests heavily in urban development with the desire to contribute to city centers in terms of new jobs, activities and quality of life.

During the last year we've donated money to build a school in Sierra Leone. Sami Town School is a secondary school with 350 pupils, and one of the employees in R8 Management has been on site to help out with the building process.

Our partnership with Lyk-Z & daughters has been helpful to several youths with personal challenges, and we'll continue our collaboration with this great organization. Frog Online Identity works to empower adolescents and young adults to participate in social venues, basic educational programs, and employment. The goal is to improve the individuals´ quality of life so they find the motivation to go back to school or work and through this contribute to positive development for the individual and the local society.

Coastal cleanup

R8 Flying Start: Yvonne Aasbø, managing director R8 Edge, the winner Maritsa Kissamitaki and Emil Eriksrød, CEO and founder R8 Property.

SUSTAINABLE FOOTBALL

R8 is one of Odds Ballklubb's major sponsors. Odds Ballklubb is the most environmental and sustainable football club in Norway. Odd was the first Norwegian football club to provide energy to the stadium with solar panels.

Because of the corona pandemic, it's still unsure whether there will be played any football in the national series this year. Regardless, we still take part in digital meetings with other sponsors, and we also want Odd to be a collaborator in relation with Powerhouse Telemark.

R8 FLYING START

For the third year in a row, we named the winner of R8 Flying Start. In collaboration with Innovation Norway Telemark and Vekst i Grenland we established this competition for entrepreneurs 3 years ago. The winner in 2019 was Maritsa Kissamitaki and her company Future Synthesis. Her product is a mechatronic head, which can use and test different technologies, sensors, motors, mechatronic, automation, 3D printing and microphones e.g. She received the prize at the Entrepreneurship Week, which was a free one-year lease agreement with R8 Property, as well as 70 hours of counselling from R8 Consulting, R8 Edge and R8 Property's founder, Emil Eriksrød.

SPONSORSHIPS AND COOPERATION AGREEMENTS

In addition to the agreements mentioned above, R8 Property and the R8 Group contribute with both money and/or services to a wide variety of clubs and organizations. We are dedicated to children and youth, and therefore it's natural to support different football clubs, theatre groups et cetera. Most of these sponsorships are given locally in Grenland. Also, we have a "fund" for all R8 employees, where they can apply for economical support for their own (or their children's) organizations.

NRK TELETHON

The NRK Telethon is a yearly event where we contribute with money as well as volunteering calls to other companies ("ringedugnad"). It is the largest information campaign and fundraising event in Norway, and with the funds from 2019's Telethon, CARE will make a better life for women in some of the world's most vulnerable areas.

THE BOARD OF DIRECTORS

GEORGE EMIL AUBERT
CHAIR OF THE BOARD

George Emil Aubert is educated IT engineer, and has a broad business experience. He was one of the founders of Syscom AS in Oslo, where he worked for 26 years until he moved back to Skien in 2014. He's CEO of the family businesses Aubert Invest and Holta & co, as well as the endowment of Sonja & Emil Aubert.

George is also Chair or board member of Telemark Museum, Aubert Invest, Holta & co, Skiens Aktiemølle, Broerne 6, Trebua Invest, Tenera, Stiftelsen Backe, Vauvert and Hovund's fund. George owned and controlled 66.700 shares i R8 Property at December 31st 2019.

TOMMY THOVSLAND
BOARD MEMBER

Tommy is educated as a chemical engineer at Telemark University College in Porsgrunn and has experience as business developer at LEARN AS. Although Tommy is employed in a different company, he delivers significant services to R8 Property and is hired to work with development projects. Tommy Thovsland became CEO of the entire R8 Group in March 2018, but still works with early phase project development for R8 Property. Tommy owned and controlled 20.000 shares i R8 Property at December 31st 2019.

KNUT BRÅTHEN
BOARD MEMBER

Knut has an MBA from BI and has been the CEO of the family Office company Ing. K.A.Bråthen AS (IKAB AS) since 1990. In 2006 he established Grenland Barnehagedrift, which he managed until 2016 when the company was sold to Læringsverkstedet.

Knut Bråthen is also board member in Grenland Energy AS and Safelink AS. Knut owned and controlled 179.198 shares in R8 Property at December 31st 2019.

CHRISTINA SUNDBY
BOARD MEMBER

Christina Sundby, Runar Rønningen and Leif Oddvin Jensen were elected as new board members at the General Assembly in April 2019. Christina is CFO of Carucel Holding AS, and has more than 30 years experience within finance, shipping, property and board work. She has an MBA from Fribourg in Switzerland. Christina owned and controlled 1.500 shares in R8 Property at December 31st 2019. She is also related to Carucel Invest AS and Carl Erik Krefting, which owned and controlled 64.657 shares in R8 Property AS at December 31st 2019.

RUNAR RØNNINGEN
BOARD MEMBER

Runar has over 20 years experience within financial journalism, asset management and investments. His education is from NHH, where he got an MBA in finance, and also became a European sertificated financial analyst. Runar has also completed a master course in negotiations at Harvard University. Runar was CEO of Pioneer Group from 2010-2019, and established Oslo Capital Partners AS in 2019 together with Martin P. Hoff. Runar owned and controlled 10.000 shares in R8 Property at December 31st 2019.

LEIF ODDVIN JENSEN
BOARD MEMBER

Leif Oddvin graduated from BI with a degree in accounting and auditing. He has experience from financial positions in different companies. Leif Oddvin works in the family office, Brødrene Jensen AS, and is currently head of the company. He is also a board member in a wide range of companies.

Leif owned and controlled 228.711 shares in R8 Property at December 31st 2019.

R8 PROPERTY

REPORT FROM THE BOARD OF DIRECTORS

2019 has been a year of continued growth and a strong emphasize on project development. Despite significant costs related to early phase project development, the financial results came out as good as expected. Operating revenues increased from NOK 83.7 million for 2018 to NOK 113.4 million in 2019, and net profit came in at NOK 59.2 million. Fair-value adjustments for investment properties were up NOK 78.7 million from 31 December 2018 to 31 December 2019.

THE COMPANY

R8 Property AS is the mother company in the Group. The Group's properties are primarily comprised of office premises, healthcare, retail and hotel space. The business is organized in parent company R8 Property AS with subsidiaries. The head office is in Porsgrunn. The properties have a market value of mNOK 2409.0 (mNOK 1731.5). The portfolio consists of properties and development projects in Skien, Porsgrunn, Sandefjord, Tønsberg and Oslo. The Group's purpose is to acquire, develop and own properties in central and attractive locations. In addition, the company also develops service functions through R8 Management and has a set goal to have Norway's most satisfied tenants (we scored 88 points and first place for 5th year in a row in recent survey).

MARKET ACTIVITIES

There were several significant transactions in R8 Property in 2019. In Q2 the second phase of the private placement from 2018 were completed, adding 6 new properties to our portfolio located in Skien, Porsgrunn and Tønsberg. Also in Q2, R8 Property signed a letter of intent to acquire our first property in Oslo - Henrik Ibsens gate 40-42 - a transaction that was completed in Q4. In Q3 we signed a letter of intent to purchase Kongens Gate 20A in Skien, Telenor regional headquarter, this transaction was also completed in Q4.

R8 Property has over time been searching for the proper way to facilitate the trend towards flexibility and simplicity for tenants - resulting in an agreement in Q2 to acquire coworking company Evolve Business Space. The first phase of the transaction was completed in Q1 this year, with subsequent transactions - to complete the purchase - over the next couple of years.

Annual rent for the company´s properties has increased from NOK 70.1 million in 2018 to NOK 99.8 million by the end of 2019. As of 31 December 2019, R8 Property had a management portfolio of 25 properties totaling 95 062 square meters and 7 projects totaling 17 788 square meters.

SEVERAL PROPERTIES WERE ACQUIRED THROUGH 2019:

Address	Area(sqm)	Ownership	City	Segment	Aquisition
Østveien 665 - 667	22 413	100%	Tønsberg	Retail	Q1
Rødmyrlia	343	100%	Skien	Valore	Q2
Vipeveien 51	5 418	100%	Porsgrunn	Valore	Q2
Bedriftsveien 52-58	6 282	100%	Skien	Valore	Q2
Storgata 171-175	1 927	100%	Porsgrunn	Valore	Q2
Langbrygga 1	3 286	100%	Skien	Retail	Q2
Henrik Ibsensgate 40-42	1 927	100%	Oslo	Office	Q4
Kongens Gate 20A	3 286	100%	Skien	Office	Q4

PROJECT DEVELOPMENT

To secure a profitable growth, the Group's strategy is to have an ongoing portfolio in project development. The Kammerherreløkka project finished in Q2 2019 with a grand opening of both the office building and hotel. The Group had four on-going projects in 2019;
Henrik Ibsens gate 40-42 in Oslo, Powerhouse Telemark and Polymer Exploration Center in Porsgrunn and Eeks Gård in Skien.

RISK AND RISK MANAGEMENT

Both the administration and the Board assesses risk on an ongoing basis. Risk management is carried out by the administration under policies approved by the Board. The Group's risk factors consist of financial and non-financial risks.

Financial risk

In 2019 the financial risks of the Group have been monitored through the KPIs set forth in the financial strategy. Several risk areas are established and reported on a regular basis. The target level of each KPI have been decided by the board in 2019. The Group seeks a good balance between debt and equity. The Group has defined a target for the Loan-To-Value ratio of approximately 65-70 per cent. The Group is exposed to interest rate risk. Changes in interest rate levels will have an impact on the Group's cash flow. The risk is managed by actively using interest rate swaps and by spreading maturities. The target is to obtain fixed interest rates at minimum 35-60 percent of the debt portfolio, average remaining term to maturity of 2–7 years and to diversify the maturity structure. Refinancing risk is reduced by entering long-term loans. Liquidity risk is monitored and managed through ongoing cash management and frequent reporting. There are covenants in the Group's bank loan agreements. At 31 December 2019, the Group "was not in breach of any covenants."

Market risk

The market value of the Group's property portfolio is affected by cyclical fluctuations in the economy. A decrease in the market value will reduce the Group's Equity and increase Loan-to-Value ratios. To reduce the risk concerning changes in the market the Group limits exposures to certain industries and groups of tenants. There is always a risk that yield changes in the market will reduce the value of the portfolio and cause changes in loan-to-value ratios.

To reduce the risk of sudden changes in the Company's property values the value of the portfolio is monitored on a quarterly basis by independant external experts in valuation of properties.

Credit risk

The Group seeks to reduce the credit risk by obtaining a diversification in the tenant portfolio. As of 31 December, 24.2 percent of the portfolio consists of public tenants and 75.8 percent of private tenants. Also, there is a spread between different industries and geographical exposure between five different cities/ areas.
Through 2019 there has also been a focus on obtaining tenants with a higher credit rating, and the company has participated and won several public procurements.

Development risk

R8 Property´s development activity may involve risk related to project costs, future letting ratio, level of rent, cost overruns, delays, delivery shortfalls and market developments. To reduce the development risk, the Group has hired personnel with relevant experience and knowledge in addition to using external resources, for instance legal expertise, when needed. The Group will continue to actively manage resource needs due to a large project pipeline.

Reputational risk

R8's brand and reputation are important advantages in competition with other companies. The Company focuses on maintaining the positive brand and preventing negative issues concerning the Group.

RESTRUCTURING

Through 2019 there has been restructuring and optimization of the Group structure to be better prepared for future growth. We have established two subsidiaries; R8 Home AS and R8 Projects AS. The shareholders and the issued shares in R8 Property are not affected by the additions. All subsidiaries of R8 Property are owned 100 percent, except Kammerherreløkka AS (which is owned 50 percent), Dokkvegen Utvikling AS (which is owned 50%) and R8 Evolve AS (* formalized January 3rd 2020 in which R8 Property has a 50% ownership - although there is an agreement in place to purchase the remaining outstanding shares over the next couple of years).

During the year R8 Property, including subsidiaries, acquired 100 percent of Henrik Ibsens gate 40-42 Oslo AS, Kongens Gate 20A AS, Østveien 665-667 AS and Valore AS. Further the company co-founded Dokkvegen Utvikling AS with a 50 percent ownership..

ORGANIZATION AND WORKING ENVIRONMENT

R8 Property had eight employees as of 31 December 2019. Seven of them are men, and we will strive to get a better gender balance in the future. This is twice as many employees as in 2018. There was no long-term or short-term absence in 2019. The work environment is good although the work pressure at times is high. The board consists of 5 men and 1 woman. The Board will continue to strive to improve the gender balance. There were no injuries or accidents within the Group in 2019.

CORPORATE GOVERNANCE

R8 Property works in accordance with the principles of conducting transparent business to build and maintain a high level of trust among shareholders, banks and financial institutions, tenants, and society in general.

CORPORATE SOCIAL RESPONSIBILITY

The Group strives to constantly improve and to operate in accordance with responsible, ethical, and honorable business principles. The three core areas of contribution to society are environment, social engagement and community support.

Exterior environment

The Group aims to conduct business so that the impact on resources and the environment is kept to a minimum and well within the requirements imposed by authorities and contracting parties.

GROUP ACCOUNTS

Going concern

The financial statements have been prepared based on the going concern assumption. This is based on an evaluation of the financial position and budgets and forecasts for 2020. R8 Property group has an equity of NOK 778 million and positive result in 2019. The group has short term debt that is due in December 2020. The company has been in dialogue with the banks, and they have confirmed their intention of renewing the loan facilities depending on formal approval. Liquidity management is an important and prioritized task, especially due to high activity and costs related to project development.

The board was pleased with the private placement in 2019 that generated gross proceeds of NOK 130 million, and the company will also, if necessary, take actions in 2020 to improve the liquidity situation.

Events after 31 December 2019 have a significant impact on the financial statements, and the company follows the situation closely and is prepared to take the actions necessary: see 'Outlook'

Financial risk

The financial statements show that the Group had another year of strong results in 2019. The result comes from both net income in property management and growth in property values. Profit before tax amounted to NOK 76.6 million (70.5 million), up by 6.2 million from the year before, and close to the expected result. Net profit amounted to NOK 59.2 million (60.7 million). The profit includes a change in value of investment properties of NOK 78.7 million (37.6 million). Fair-value for investment properties is NOK 2 409.0 million (1 731.5 million). The financial results are in line with expectations going into 2020, but the risks have increased in 2020 due to the Covid19 virus, see 'Outlook'.

Statement of income, balance sheet, and statement of cash flows

The annual report has been prepared in compliance with IFRS. This accounting principle has been applied consistently throughout 2019.

Income

Total operating income for the Group increased from NOK 83.7 million in 2018 to 113.4 million in 2019. The Group's financial income totaled NOK 3.1 million (1.3 million). Financial costs, primarily interest costs and other costs associated with the Group's financing activities, totaled NOK 47.4 million (30.3 million). Profits before tax was NOK 76.6 million (70.5 million), and total comprehensive income after tax was NOK 59.2 million (60.7 million). Tax expense was NOK 17.5 million (9.7 million).

Balance sheet

As of 31 December 2019, the Group's assets had a book value of NOK 2 550.8 million (1 805.0 million). Of the total assets, investment properties accounted for NOK 2 409.0 million (1 731.5 million). Total accounting equity in the Group was 778.1 million (532.3 million).

Cash flow statement

Net cash flow from operating activities was NOK - 4.3 million in 2019 (3.5 million). The net cash flow from investments was NOK -379.0 million (-128.8 million). There were NOK 6.2 million (Vipeveien 43) from property transactions (0.0 million).

Upgrades and construction of investment properties amounted to NOK 294.7 million (135.6 million) and primarily relates to the construction of Eeks Gård, Powerhouse Telemark, Kammerherreløkka and development of Arkaden. Net cash flow from financing activities was NOK 413.8 million (144.2 million). Net proceeds of interest bearing debt was NOK 321.1 million (97.1 million). During 2019 R8 Property has made a repayment of NOK 24.7 million (28.6 million) in bank loans. The net change in cash and cash equivalents was NOK 30.5 million at 31 December 2019 (18.9 million). One of the objectives in the financial strategy is to define a level on liquidity buffer that fits the size and the growth ambitions for the Group.

Financial structure and exposure

R8 Property's collective loan portfolio is comprised of long and short-term financing in the Norwegian capital market. At the end of the year, loans totaled NOK 1 581.2 million (1 123.7 million), 36 per cent (25 percent) of which was tied up in different interest rate swaps. The overall loan portfolio has an average time to maturity of 3.2 years.

Average interest cost at 31 December 2019 was 4.45 per cent (3.9 per cent).

As a general principle R8 Property's financing is based on a negative pledge of the Group´s assets. The Group has adopted a financial strategy with a medium loan-to-value ratio. The Group´s loan-to-value ratio at 31 December 2019 was 65.6 per cent up from 64.9 percent at the end of 2018.

Events after the balance sheet date: see 'Outlook'.

PROFIT FOR THE YEAR AND ALLOCATIONS

In 2019, R8 Property AS, the parent company of the Group, made a profit after tax of NOK -9.9 (-1.8) million, as set out in the financial statements prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles. The Board proposes that the profit after tax of NOK -9.9 (-1.8) million is transferred to retained earnings for 2019.

BOARD OF DIRECTORS

The Annual General Meeting in April 2019 elected George Emil Aubert (Chair) for 2 years, Christina Sundby, Tommy Thovsland, Leif Oddvin Jensen, Runar Rønningen for 1 year and Knut Bråthen for 2 years as ordinary directors, until the next annual General meeting in 2020. There were 6 ordinary board meetings and 9 extraordinary board meetings in 2019.

Health, Environment and Safety

Every board meeting includes a report of current HSE status, events and deviations - and are treated according to standards.

OUTLOOK

The Norwegian economy is, along with the rest of the world, in uncharted waters due to the corona pandemic. The road ahead is uncertain, hopefully the next couple of quarters will provide a sense of direction for both the pandemic's impact on general health and healthcare - and also economic and financial outlook.

We expect that the pandemic will have substantial impact on our business in 2020, the total effects is too early to determine. We expect our total revenue and received rent to decrease across operating segments, but the effect will vary - with some segments more impacted than others. In times like these we cherish our diversified portfolio of tenants, with a basis of 25 percent of income from public tenants - another 25 percent of our portfolio rent is generated from large and solid tenants within telecom, banking etc - giving R8 Property a sound foundation to weather the storm in these extraordinary times.

On the financial side decreasing interest rates will contribute positively to our running financial costs and overall cash flow.

The night is darkest before dawn, and although the current situation is challenging, we believe that there is light at the end of the tunnel. Through dedication, innovation and a highly skilled group of employees, the Board is aiming for R8 Property to be an even stronger company post corona pandemic.

Porsgrunn, 13 May 2020
Board of Directors for R8 Property AS

Legally signed by George Emil Aubert 13.05.2020
George Emil Aubert
Chair of the Board

Legally signed by Tommy Thovsland 13.05.2020
Tommy Thovsland
Board member

Legally signed by Christina Sundby 13.05.2020
Christina Sundby
Board member

Legally signed by Knut Bråthen 13.05.2020
Knut Bråthen
Board member

Legally signed by Leif Oddvin Jensen 13.05.2020
Leif Oddvin Jensen
Board member

Legally signed by Runar Rønningen 13.05.2020
Runar Rønningen
Board member

Legally signed by Emil Eriksrød 13.05.2020
Emil Eriksrød
CEO

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CONSOLIDATED

FINANCIAL STATEMENTS
R8 PROPERTY AS

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Statement of total comprehensive income
1 January to 31 December

All amounts in NOK thousand

	Note	2019	2018
Rental income	6	99 755	70 149
Other operating revenue		13 636	13 581
Total operating income		**113 391**	**83 730**
Maintenance and other operating expenses	10	34 443	17 876
Other property-related expenses	9, 10	1 088	877
Administrative expenses	10, 11	36 143	24 049
Total operating costs		**71 674**	**42 803**
Net income from property management		**41 717**	**40 927**
Changes in fair value from investment properties	8, 14	78 664	37 626
Operating profit		**120 381**	**78 553**
Share of profit of a joint venture		-	14 364
Interest and other finance income	12	3 105	1 304
Interest and other finance expense	12	-47 360	-30 350
Net realised financials		**-44 255**	**-14 682**
Unrealised changes in fair value of financial instruments	7, 8	509	6 593
Net financial items		**-43 746**	**-8 088**
Profit before tax		**76 635**	**70 465**
Tax expense	22	-17 458	-9 732
Profit for year		**59 177**	**60 733**
Total comprehensive income for the year		**59 177**	**60 733**
Profit attributable to:			
Equity holders of the company		48 767	58 424
Non-controlling interest		10 411	2 308
Total comprehensive income attributable to:			
Equity holders of the company		48 767	58 424
Non-controlling interest		10 411	2 308
Earnings per share:			
Continuing operations			
Basic=Diluted (NOK)	27	29	46

Notes 1 through to 28 form an integral part of the consolidated financial statements.

Balance sheet
Assets

All amounts in NOK thousand

	Note	31.12.2019	31.12.2018
NON-CURRENT ASSETS			
Deferred tax asset	22	-	859
Other intangible assets	13	7 630	7 350
Total intangible assets		7 630	8 208
Investment property	14	2 409 000	1 731 500
Other operating assets	13	1 238	5 733
Right-of-use assets			
Total property, plant & equipment		2 410 238	1 737 233
Investment in associates and jointly controlled entities		496	496
Loans to relates parties	7, 25	-	8 921
Other long-term receivables		3 211	3 032
Total financial assets		3 707	12 449
TOTAL NON-CURRENT ASSETS		2 421 575	1 757 890
CURRENT ASSETS			
Inventory properties	17	7 805	-
Trade receivables	15	12 607	10 518
Other receivables	16	27 166	16 065
Other receivables to related parties	7, 25	30 585	-
Total current receivables		78 163	26 583
Cash and bank deposits	18	51 040	20 490
TOTAL CURRENT ASSETS		129 203	47 073
TOTAL ASSETS		2 550 778	1 804 963

Notes 1 through to 28 form an integral part of the consolidated financial statements.

Balance sheet
Equity and liabilities

All amounts in NOK thousand

	Note	31.12.2019	31.12.2018
EQUITY			
Share capital	19	4 930	3 411
Share premium	19	200 291	117 406
Other paid-in equity	19	134 420	43 909
Retained earnings	27	373 828	320 220
Non-controlling interest		64 663	47 358
TOTAL EQUITY		778 131	532 305
LIABILITIES			
Interest-bearing debt	4, 20	649 543	953 718
Deferred tax liability	22	84 591	71 647
Financial derivatives	4, 7	11 789	11 394
Total non-current liabilities		745 923	1 036 759
Trade payables and other payables	4, 23	74 125	65 854
Interest-bearing debt	4, 20	931 732	170 044
Debt to related parties	4, 7, 25	20 868	-
Total current liabilities		1 026 724	235 898
TOTAL LIABILITIES		1 772 647	1 272 657
TOTAL EQUITY AND LIABILITIES		2 550 778	1 804 962

Notes 1 through to 28 form an integral part of the consolidated financial statements.

Porsgrunn, 13 May 2020
Board of Directors for R8 Property AS

Legally signed by George Emil Aubert 13.05.2020
George Emil Aubert
Chair of the Board

Legally signed by Tommy Thovsland 13.05.2020
Tommy Thovsland
Board member

Legally signed by Christina Sundby 13.05.2020
Else Christina Maria Sundby
Board member

Legally signed by Knut Bråthen 13.05.2020
Knut Bråthen
Board member

Legally signed by Leif Oddvin Jensen 13.05.2020
Leif Oddvin Jensen
Board member

Legally signed by Runar Rønningen 13.05.2020
Runar Rønningen
Board member

Legally signed by Emil Eriksrød 13.05.2020
Emil Eriksrød
CEO

Statement of changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Non-controlling interest	Total equity
Equity at 01.01.2018	2 500	3 500	6 858	261 552	-	274 410
Profit for year	-	-	-	58 424	2 308	60 732
Capital increase 26.04.2018	911	113 906	-	-	-	114 818
Non-authorised increase in capital	-	-	37 812	-	-	37 812
Change in non-controlling interest	-	-	-	244	45 050	45 294
Cost of equity transactions directly in equity		-	-760	-	-	-760
Equity at 31.12.2018	3 411	117 406	43 910	320 220	47 358	532 305
Profit for year	-	-	-	48 767	10 411	59 177
Corporate merger (konsernfusjon) as of 29.03.2019	85	10 649	-	-	-	10 734
Capital increase as of 29.03.2019	300	37 512	-37 812	-	-	-
Capital increase as of 09.05.2019	278	34 725	-			35 002
Capital increase as of 27.11.2019	856	-	129 230			130 086
Acquisitions/capital increase subsidiaries					31 886	31 886
Decrease in non-controlling interest	-	-	-	4 841	-24 992	-20 151
Cost of equity transactions directly in equity		-	-908	-	-	-908
Equity at 31.12.2019	4 930	200 291	134 420	373 828	64 663	778 131

Notes 1 through to 28 form an integral part of the consolidated financial statements.

Statement of cash flows
1 January to 31 December

All amounts in NOK thousand

	Note	2019	2018
Profit before tax		76 635	70 465
Expensed interest and fees on loans from financial institutions	12	47 360	27 437
Share of profit of a joint venture		-	-14 364
Interest and fees paid on loans from financial institutions		-42 793	-33 731
Depreciation and amortisation	13	779	1 538
Change in market value investment properties	14	-78 664	-37 626
Change in market value financial instruments	7, 21	-509	-6 593
Change in working capital		-7 090	-3 673
Net cash flow from operating activities		**-4 283**	**3 453**
Proceeds from sales of investment properties and companies		6 200	-
Purchase of business net of cash		-	7 146
Upgrades and construction of investment properties	14	-294 694	-135 554
Purchase of investment property	14	-89 656	
Purchase of intangible assets and other plant and equipment	13	-836	-362
Net cash flow from investment activities		**-378 985**	**-128 770**
Proceeds interest-bearing debt	20	345 867	125 752
Repayment interest-bearing debt	20	-24 678	-28 649
Net payment of loans to other related parties		-16 399	-11 794
Proceeds from equity	19	130 086	59 909
Cost of equity transactions	19	-908	-975
Purchase of shares from non-controlling interests		-20 151	-
Net cash flow from financing activities		**413 818**	**144 243**
Change in cash and cash equivalents		30 550	18 926
Cash and cash equivalents at beginning of period		20 490	1 564
Cash and cash equivalents at end of period		**51 040**	**20 490**

Notes 1 through to 28 form an integral part of the consolidated financial statements.

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NOTE 1 GENERAL INFORMATION

R8 Property AS ("the Company") is (together with its subsidiaries ""R8 Property" or "the Group"") dedicated to the development of modern and forward-looking office properties, hotels and shopping mall. These must not only make positive economic and social contributions to the community but must also be particularly progressive in environmental terms. The Group owns and manages 32 (18) buildings with a total area of approximately 112.9 (70.0) thousand square meters. As of 31.12.19 the real estate portfolio had a market value of around NOK 2 409 (1 731.5) million. R8 Property's strategic areas are Telemark, Vestfold and Oslo. The Group has its head office in Dokkveien 10, 3920 Porsgrunn.

The consolidated financial statements were adopted by the Company's Board on 13 May 2020

NOTE 2 ACCOUNTING POLICIES

ACCOUNTING POLICIES
The most important accounting principles applied are described below. These principles are applied in the same way for all periods presented, unless otherwise indicated in the description.

GOING CONCERN
The financial statements have been prepared based on the going concern assumption. This is based on an evaluation of the financial position and budgets and forecasts for 2020. R8 Property group has an equity of NOK 778 million and positive result in 2019. The group has short term debt that is due in December 2020. The company has been in dialogue with the banks, and they have confirmed their intention of renewing the loan facilities depending on formal approval. Liquidity management is an important and prioritized task, especially due to high activity and costs related to project development. The board was pleased with the private placement in 2019 that generated gross proceeds of NOK 130 million, and the company will also, if necessary, take actions in 2020 to improve the liquidity situation.

Events after 31 December 2019 have a significant impact on the financial statements, and the company follows the situation closely and is prepared to take the actions necessary: see 'Outlook' in the report from board of the directors.

BASIC PRINCIPLES
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretation Committee (IFRIC), as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

The consolidated financial statements have been prepared based on the historical cost principle, with the following exceptions: investment properties as well as the Group's derivatives have been measured at fair value.

Presenting the accounts in accordance with IFRS requires the management to make certain assessments and assumptions. The application of the Group's accounting principles also requires management to exercise judgement. Estimates and subjective judgements are based on experience and other factors that are considered appropriate. Actual results may deviate from these estimates.

Estimates and underlying assumptions are continuously reassessed. Changes in accounting estimates are recognized in the period in which the changes occur if they apply only to that period. If the changes also apply to future periods, the impact is distributed over the current and future periods. Note 3 details items in the accounts that are based on a significant amount of subjective judgement.

The consolidated financial statements have been presented on the assumption of the business being a going concern.

Application of new and revised International Financial Reporting Standards (IFRSs) in 2019

Transition to IFRS 16

IFRS 16 was issued in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. IFRS 16 sets out the principles of the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contract that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also used the practical expedients of measuring the right-of-use asset to the value of the lease liability as of 1 January 2019. The Group also elected to use the recognition exemptions for lease contract that, at the commencement date, have a lease term of 12 mounts or less and to not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is low value (low-value assets). The Group has evaluated all its lease contracts in order to assess whether the contract fulfil the criteria to qualify as leases according to IFRS 16. Based on the assessment, the Group identified a limited number of lease contract according to the standard. These lease agreements relate to leased company cars and building fixtures. The Group has leases of certain office equipment (personal computers, printing and photocopying machines) that are considered of low value.

The value of the lease liabilities is measured at the net present value of fixed lease payment due under the contract. The lease term corresponds to the non-terminable period. Extension options are not included as the Group is not reasonably certain to exercise these options. The discount rate used to calculate the lease liability is determined, for each asset, based on the rate conditions agreed in the lease contract.

The effect of adopting IFRS 16, as of 1 January 2019, is as follows;

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(all amounts in NOK thousands)	Leases of company cars
NPV of the lease liability	193

Following the introduction of IFRS as of 1 January 2019, the Group has reported a right-of-use asset of tNOK 193 and a lease liability of the corresponding amount. As a result, the effects of the implementation of IFRS 16 on the opening balance sheet as of 1 January 2019 corresponds to an increase in other operating assets of tNOK 193 and an equivalent increase in other liabilities.

Due to the adoption of IFRS 16, the Group's operation profit improved, while its interest expense increased. This is due to the change in the accounting for expenses of leases that were classified as operation leases under IAS 17. As the Group has elected to apply the recognition exemptions for short-terms leases and leases of low-value assets, the accounting for the related lease payments has not been adjusted.
The cash flow statements are not affected by the introduction of IFRS 16 as of 1 January 2019, due to the use of the simplified transition method.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are all entities over which the Group exercises control of financial and operating policies, normally through ownership of more than half the capital with voting rights. When deciding whether control exists, the effect of potential voting rights that can be exercised or converted on the balance sheet date is taken into consideration.
Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated when control ceases.

For accounting purposes, acquisitions of subsidiaries that do not constitute a business as defined in IFRS 3, such as subsidiaries that only consist of a building, are treated as asset acquisitions. The cost of acquisition is then attributed to the individual identifiable assets and liabilities based on their relative fair values on the acquisition date. Expenses associated with the transaction are capitalized under the property. In such cases no provision is made for deferred tax.

Intra-group transactions, balances and unrealized gains are eliminated. Unrealized losses are eliminated but are considered as an indication that the transferred asset may be impaired.

Transactions with non-controlling interests

Transaction with non-controlling interests in subsidiaries are treated as equity transactions. If shares are acquired from a noncontrolling interest, the difference between the payment and the proportion of the carrying amount of the subsidiary's net assets attributable to the shares is recognized in the equity of the parent company's owners. Gain and losses arising from the sale of shares to non-controlling interest are similarly recognized in equity.

If the Group loses control over a subsidiary, any residual holding is re-measured at fair value through profit or loss. Thereafter, the fair values are used as the acquisition cost for accounting purposes, and the holding is treated as an investment in an associate, in a jointly controlled entity or in a financial asset. Amounts previously included in comprehensive income that related to the company are treated as if the Group had disposed of the underlying assets and liability. These may result in amounts that previously included in comprehensive income being reclassified to the income statement.

Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint venture. In a joint arrangement, no single party controls the arrangement on its own. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Judgement is required in assessing whether a joint arrangement is a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The proportionate share of realized and unrealized gains and losses arising from intragroup transactions between fully consolidated entities and joint operations shall be eliminated. Currently R8 Property has none investments recognized as joint operations.
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of arrangement.

R8 Property classifies its investments based on an analysis of the degree of control and underlying facts. This includes an assessment of voting rights, ownership structure and relative strength, purchase and sale rights controlled by R8 Property and other shareholders. Each individual investment is assessed. Upon changes in underlying facts and circumstances, a new assessment must be made as to whether this is still a joint venture. Changes in contractual rights and obligations relating to the underlying asset or debt and changes in the shareholders agreement might lead to a shift in the accounting method.

In joint ventures, the Group's share of the companies' profit/loss after tax, adjusted for amortization of excess value and any deviations from accounting policies, are presented on a separate line in the consolidated income statement. Joint ventures are recognized in the consolidated accounts using the equity method and presented as non-current assets. When assets are acquired from a joint venture, any gain or loss is only recognized in profit or loss when the asset is sold by the Group. A loss is recognized immediately if the transaction indicates that the value of the company's current or non-current assets has fallen.

A transaction that entails a change of control from an investment in a joint venture to an investment in a subsidiary is treated as a realization and require that a gain/loss at the time of derecognition of the joint venture has to be calculated and recognized in the income statement as results from associates and JVs according to equity method.

Investment property
Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Initial measurement takes into consideration the property's cost price, which includes direct transaction costs such as document duty and other public duties, legal fees and due diligence costs. Transaction costs associated with properties acquired through business combinations (as defined in IFRS 3) are expensed.

After initial recognition, investment property is measured at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Gains or losses as a result of changes in the fair value of investment properties are recognized in profit or loss as they arise and are presented on a separate line after "net income from property management." Investment properties are derecognized when they have been disposed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

A property used by owner is accounted for at revalued value less accumulated depreciation and amortization. An evaluation of fair value for such properties is carried out in the same manner as described for investment properties. Increase in value of owner-occupied property is not recognized in the income statement but recognized as a change of the revaluation reserve in comprehensive income. An impairment of the value is recognized against the revaluation reserve, related to revaluation of the specific building. If impairment exceeds the revaluation reserve, the remainder is recognized against the income statement.

If an investment property becomes owner-occupied, it is reclassified as property used by owner. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognized in income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognized in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognized revaluation surplus, with any remaining decrease charged to income statement.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to property for sale. A property's deemed cost for subsequent accounting as property for sale is its fair value at the date of change in use.

Property, plant and equipment

All property, plant and equipment (PPE) except from investment property is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and where applicable borrowing costs (see below).
Cost of an item of PPE includes its purchase price and any directly attributable costs. Cost includes the cost of replacing part of an existing PPE at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day- to-day servicing of an item of PPE.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Land and property under construction: not depreciated
- Buildings: 25-40 years;
- Other operating assets: 3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if it's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Borrowing costs

Borrowing costs for capital used to finance buildings under construction are capitalized under the asset in question. When calculating the capitalized borrowing costs, the average interest rate on the company's debt portfolio over the course of the year is used, unless there is separate financing for the specific project. In such cases the specific borrowing cost for the loan in question is used. When calculating the average interest rate to be used for the capitalization of borrowing costs, loans taken out for specific projects are not included.

SEGMENTS

Operating segments are reported in the same way as in internal reports to the Group's highest decision-making authority. The Group's chief operating decision maker, which is responsible for allocation resources and assessing the profitability of the operating segments, has been identified as executive board and the CEO.

INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the fair value of consideration transferred and the fair value of the Group's share of net identifiable assets in the entity on the acquisition date. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset. For the purpose of impairment testing, goodwill is allocated to the relevant cash flow generating units. Goodwill is allocated to the cash flow generating units or group of cash generating units that are expected to benefit from the acquisition from which the goodwill arose. Goodwill is tested for impairment annually. Impairment of goodwill is not reversed. Gains and losses on the sale of an operation including the carrying amount of goodwill relating to the sold operation.

Goodwill arising from the purchase of shares in associates and jointly controlled entities is included under the investment in the associate or jointly controlled entity and is tested for impairment as part of the carrying amount of the investment.

Software

Purchased software is recognised at cost (including expenditure on ma-
Purchased software is recognized at cost (including expenditure on making programs operative) and is amortized over the expected useful life. Expenses directly associated with the development of identifiable and unique software owned by the Group and which is likely to generate net financial benefits for more than one year are capitalized as intangible assets, and are depreciated over the expected useful life, normally 3 years. Expenses relating to the maintenance of software are expensed as incurred.

Development projects

Activities related to the application of knowledge to a plan or in relation to a concept or project prior to being taken into use/production, are classified as development activities that are capitalized as intangible assets when the Group considers it likely that the skills developed will generate net financial benefits. Expenses that are capitalized as development projects are directly attributable expenses relating to the development of the new skills.

Impairment of non-financial assets

Intangible assets with an indefinite useful life are not depreciated and are instead tested annually for impairment. Property, plant and equipment and intangible assets that are depreciated are also tested for impairment if there is any indication to suggest that future cash flows cannot justify the carrying amount of the asset. Write-downs are recorded through the income statement as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and the value in use When testing for impairment, non-current assets are grouped at the lowest possible level at which it is possible to identify independent cash inflows (cash flow generating units). In conjunction with each financial report, the company assesses whether it is possible to reverse past write-downs of non-financial assets (except goodwill).

FINANCIAL INSTRUMENTS

A financial instrument is defined as being any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity. Financial instruments are recognized on the transaction date, i.e. the date on which the Group commits to buying or selling the asset.

Financial assets are classified in the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Equity instruments designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Derivatives at fair value designated as hedging instruments

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:
The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Groups financial assets at amortized cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. Financial liabilities at fair value through profit or loss comprise loans designated at fair value upon initial recognition (fair value option) and derivatives. Financial liabilities at amortized cost consist of liabilities that do not fall under the category at fair value through profit or loss.

Trade receivables and other financial assets

Trade receivables and other financial assets are classified as loans and Trade receivables and other financial assets are classified as amortized cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Trade receivables and other financial assets are classified as current assets, unless they are due more than twelve months after the balance sheet date. If so, they are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and other short-term, highly liquid investments with an original term to maturity of no more than three months.

Currency

The Group's presentation currency is NOK. This is also the functional currency of the parent company and all its subsidiaries.

Financial derivatives

The Group uses derivatives to manage its interest rate risk. Financial derivatives are not accounted for as hedging instruments but are valued at fair value. Changes in fair value are recognized in the income statement. Regular payments are presented as interest and other finance expenses. Changes in the value of the derivatives are presented under "Unrealized changes in value of financial instruments".

The fair value of interest rate swaps is the estimated amount the Group would receive or pay to redeem the contracts on the balance sheet date. This amount will depend on interest rates and the contracts' remaining term to maturity. The derivatives are classified on the balance sheet as current liabilities or non-current liabilities, depending on whether they are expected to be redeemed under or over 12 months from the balance sheet date.

Trade payables and other non-interest-bearing financial liabilities

Trade payables and other non-interest-bearing liabilities are classified as financial liabilities at amortized cost, and are measured at fair value upon initial recognition, and subsequently at amortized cost using the effective interest rate method. Interest is ignored if it is insignificant.

Interest-bearing liabilities

Interest bearing liabilities are classified as financial liabilities at amortized cost. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as net realized financial in the statement of profit or loss. The liabilities are measured at their nominal value when the effect of discounting is immaterial. Interest-bearing liabilities are classified as current liabilities where the debt is due for repayment less than 12 months from the balance sheet date.

PENSIONS

The Group has defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.

TAX

The tax expense consists of tax payable and deferred tax. Tax is charThe tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognized directly in equity or in other comprehensive income. In such cases, the tax is either recognized in comprehensive income or directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and consolidated accounting values of assets and liabilities. Any deferred tax arising from the initial recognition of a liability or asset in a transaction which is not a business combination and which on the transaction date does not affect accounting or tax results is not recognized on the balance sheet.

Deferred tax is defined using tax rates and laws which are enacted or likely to be enacted on the balance sheet date, and which are expected to be used when the deferred tax asset is realized or when the deferred tax is utilized.

Deferred tax is calculated and provided or reduced in the event of adjustments to the value of investment properties at a nominal tax rate of 22 per cent from 31 December 2018. For investment properties acquired through the purchase of shares in property companies or not acquired through a business combination, in the event of an adjustment in value, deferred tax is calculated on the property's fair value.

A deferred tax asset is recognized to the extent that it is likely that future taxable profit will be available against which the temporary differences can be offset.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Nor is a liability for deferred tax calculated upon initial recognition of assets or liabilities obtained through an acquisition of a subsidiary not classified as a business combination.

REVENUE RECOGNITION
R8's key sources of income include:
- Rental income
- Revenue from contracts with customers:
- Services to tenants including management charges and other expenses recoverable from tenants

The accounting for each of these elements is discussed below.

RENTAL INCOME
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

The initial direct costs and tenant lease incentives are presented as current assets in the line item

'Prepayments' in the statement of financial position.
Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the statement of profit or loss when the right to receive them arises.

REVENUE FROM SERVICES TO TENANTS
For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning, security, landscaping and snow removal of common areas), as well as other support services (e.g., reception services, catering and other event related services).

The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The consideration charged to tenants for these services is based on a percentage of the rental income. The variable consideration only relates to the non-lease component and is allocated to each distinct period of service (i.e., each day) as it meets the variable consideration allocation exception criteria.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

Total operating income consists of rental income and other operating revenue. Gains on the sale of property are presented as part of the change in fair value. Rental income encompasses the fair value of the payments received for services that fall within the ordinary activities of the company. Rental income is presented net of VAT, rebates and discounts. Shared costs are capitalized alongside payments on account from tenants and therefore have no impact on the income statement. Shared costs are settled after the balance sheet date.

STATEMENT OF CASH FLOWS

The Group reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities. Dividends paid to shareholders and non-controlling interests are presented under financing activities.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND SUBJECTIVE JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investment properties
Each quarter, all the properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The valuations at 31 December 2018 and 2019 were obtained from Newsec AS. The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a period of 10-15 years using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of the gross cash flows from signed leases less maintenance cost, other operating and management expenses, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rate, exit yield and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenants' financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk relating to letting and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

When carrying out their valuations, the valuers receive comprehensive details of the leases for the properties, floor space and details of any vacant premises, and up-to-date information about all ongoing projects. Any uncertainties relating to the properties/projects and leases are also clarified verbally and in writing as and when required. The Group management performs internal controls to ensure that all relevant information is included in the valuations.

The valuers perform their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. If available, each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc.)

Value changes comprise realised and unrealised changes in value and are reported net for all properties. The unrealised change in value is calculated on the basis of the valuation at the end of the financial year compared with the same period in the previous year plus capitalised, value enhancing investment during the year.

For properties acquired during the year, unrealised changes in value are calculated as the difference between the valuation at the end of the financial year and the cost of the acquisition plus any value enhancing investments. For properties sold during the year, changes in value are calculated as the difference between the sales price less sales costs and value enhancing investments undertaken in the financial year.

More information about the fair value measurement is set out in note 6 and 8.

The table below shows to what extent the value of the property portfolio is affected by inflation, market rents, discount rates (interest rates) and exit yields (market yields), assuming that all other factors are equal. Estimates by Newsec AS in conjunction with valuations at 31 December 2019.

Change variable	Change in per cent		Positive change (tNOK)	Negative change (tNOK) [1]
Inflation	+/-	1,00	194 146	-194 146
Market rent	+/-	10,00	179 958	-179 958
Discount rates	+/-	0,25	-88 984	94 598
Exit yield	+/-	0,25	-41 571	45 188

1) Estimates by Newsec AS in conjunction with valuations at 31 December 2019 Development projects are not included in the estimates.

Overview of input parameter for the discounted cash flow model for estimating fair value of the Group's investment property:	2019
Valuation hierarchy level	3
Total square meter	112 850
Actual rent per sqm (interval)	351 - 4 327
Actual rent pr sqm (average)	1 508
Length on existing lease agreements (interval)	0,1 - 21,3
Wault 1)	6,1
Market rent pr sqm (interval)	788 - 3 516
Market rent pr sqm (average)	1 605
Expected inflation %	2,0
Actual vacancy %	14,7
Nominal discount rate % (interval)	6,2 - 10,2
Nominal discount rate % (average)	8,3

Fair value of financial liabilities
The Group values liabilities with fixed interest rates and financial derivatives at fair value in the Group's balance sheet.

The table below shows the overall impact on the Group's financing costs of a parallel shift in market rates for NOK of +/- 1 per centage point, based on the Group's debt portfolio and interest rate derivatives on the balance sheet date. The figure quoted for the change in the fair value of debt and derivatives reflects what the market value of the portfolio would be on the balance sheet date if the yield curve were 1 per cent higher or lower, based on discounted future cash flows from the various instruments.

31.12.2019	Change in the Group's interest expense (annualised) (tNOK)
Market rates increase by 1 percentage point	-9 286
Interest-bearing debt	-13 525
Derivatives	4 239
Market rates fall by 1 percentage point	9 286
Interest-bearing debt	13 525
Derivatives	-4 239

[1] A positive figure signifies an increase in profit after tax.

31.12.2018	Change in the Group's interest expense (annualised) (tNOK)
Market rates increase by 1 percentage point	-5 899
Interest-bearing debt	-8 712
Derivatives	2 812
Market rates fall by 1 percentage point	5 899
Interest-bearing debt	8 712
Derivatives	-2 812

[1] A positive figure signifies an increase in profit after tax.

Business Combinations
The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, considerations is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, etc.)

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

In 2019 the Group acquired Østveien 665-667 AS, HIG 40-42 Prosjekt AS and Valore AS. The Group also acquired Dokkveien 12 AS, Utsikten 1 AS, Tollboden AS and Kongensgate 20A AS in the fiscal year, through underlying subsidiaries. These transactions were considered to represent a single asset and was not treated as business combination.

NOTE 4 FINANCIAL RISK MANAGEMENT

All amounts in NOK thousand

Financial risk factors
The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. The Group's finance strategy shall ensure that the Group has financial flexibility and that it achieves competitive financial terms. The Group is exposed to financial risk and has defined the following relevant risk areas:
- Financing risk
- Capital management and solvency
- Cash flow and fair value interest rate risk
- Liquidity risk
- Credit/counterparty risk
- Currency risk

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the administration under policies approved by the Board of Directors. The administration identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

Financing risk
Financing risk is the risk that the Group will be unable to meet its financial obligations when they are due and that financing will not be available at a reasonable price.

The company seeks to limit financing risk through:
- requirements for committed capital to cover refinancing requirements
- average credit period requirements
- the use of various credit markets and counterparties
- spread maturity structure for the Group's financing

Capital management and solvency
The main purpose of the Group's capital management is to maintain a good balance between debt and equity, in order to maximise the value of the shares in the Group, while also maintaining a good credit rating, and obtaining loan terms with lenders that reflect the risk profile of the Group. The Group has defined a target for the Loan-To-Value ratio of approximately 60-65 per cent over the economic cycle. Current LTV-ratio is 65,6%. There are covenants in the Group's loan agreements that specify requirements in relation to the company's financial strength.

Cash flow and fair value interest rate risk
As the Group's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income.

The Group's interest rate risk principally arises from long-term borrowings (Note 20). Interest rate risk affects the Group's cash flows and the market value of the Group's liabilities. The main purpose of the Group's interest rate strategy is to ensure that the Group achieves the desired balance between the interest expense and interest rate risk. The Group's interest rate risk is managed within the following financial policy requirements:
- minimum 40 per cent of the interest-bearing debt to be hedged at fixed interest rate
- average remaining time to maturity for interest rate hedges in the interval 2–7 years
- diversification of the maturity structure for fixed interest rates

The Group's policy is to fix the interest rate on its variable interest borrowings. To manage this, the Group enters into interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. The Group's interest rate risk is managed through the requirements for fixed interest rates for at least 40 per cent of the debt portfolio, an average remaining term to maturity in the range of 2–7 years and diversification of the maturity structure for fixed interest rates. Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

At 31 December 2019, the weighted average remaining term to maturity was 3.2 years. The average interest rate was 4.45 per cent at 31 December 2019.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The liquidity risk is mitigated by having available liquidity reserves, a moderate loan-to-value ratio, long-term loan agreements and by using various sources of finance and markets. The Group's liquidity position is monitored on a daily basis by the management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial assets and liabilities is used by key management personnel to manage liquidity risks.

Credit and counterparty risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Stable, predictable and long-term access to capital is critical for R8 Property. The Group considers that the ability of creditors to behave predictably over the long term is often dependent on their creditworthiness. For this reason, R8 Property wants the Group's creditors to be of a good credit quality and has established credit rating limits for the Group's creditors. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. The credit ratings of the Group's financial counterparties are continuously monitored.

Currency risk
The Group shall not incur any currency risk and at 31 December 2019, the Group had no currency exposure.

Financial covenants
There are covenants in the Group's bank loan agreements relating to both financial and non-financial requirements. Financial covenant requirements are amongst others, maximum loan-to-value of the property (LTV), minimum equity ratio and minimum interest rate hedging. At 31 December 2019, the Group was not in breach of any covenants.

MATURITY PROFILE OF ALL FINANCIAL INSTRUMENTS

	Remaining term				
31.12.2019	Under 1 year	1-3 year	3-5 year	Later than 5 years	Total
Interest-bearing bank loans – principal	899 553	246 958	-	180 386	1 326 897
Interest-bearing bank loans – amortising	27 046	67 931	29 925	119 826	244 728
Interest-bearing bank loans – estimated interest	72 939	53 201	25 610	40 118	191 868
Subordinated loans - principal	24 874	-	-	-	24 874
Subordinated loans - estimated interest	717	-	-	-	717
Financial instruments					
- Interest rate derivatives	2 719	4 661	2 511	1 898	11 789
Trade and other payables					
- Trade payables	38 324	-	-	-	38 324
- Other financial	25 920	-	-	-	25 920
- Accruals	9 881	-	-	-	9 881
Lease liability	1 127	3 944	573	-	5 644
Total	1 103 099	376 695	58 619	342 228	1 880 641

	Remaining term				
31.12.2018	Under 1 year	1-3 year	3-5 year	Later than 5 years	Total
Interest-bearing bank loans – principal	117 685	498 151	35 550	26 180	677 566
Interest-bearing bank loans – amortising	25 763	56 468	37 149	279 747	399 127
Interest-bearing bank loans – estimated interest	39 155	49 216	25 296	89 861	203 527
Subordinated loans - principal	26 596	20 473	-	-	47 069
Subordinated loans - estimated interest	2 292	-	-	-	2 292
Financial instruments					
- Interest rate derivatives	3 866	6 305	3 827	1 033	15 031
Trade and other payables					
- Trade payables	32 971	-	-	-	32 971
- Other financial	22 647	-	-	-	22 647
- Accruals	5 313	-	-	-	5 313
Total	276 287	630 612	101 822	396 821	1 405 543

The table is based on undiscounted contractual cash flows. The maturity analysis is based on the earliest possible redemption for instruments where the counterparty has a choice as to when to redeem the instrument. Estimated interest is based on the interest rate on the individual loan/ instrument on the balance sheet date.

The interest-bearing debt has a diversified maturity structure, with an average time to maturity of 3,2 years. This years principal is tNOK 926,599 and regards construction financing on Arkaden, Powerhouse Telemark, Rådhusgata, Henrik Ibsens Gate 40-42 Oslo and bank loans in R8 Office portfolio. All matures in 2020. In regards to refinancing risk, see note 28.

The table below shows the nominal value of outstanding current and non-current interest-bearing debt including derivatives.

MATURITY STRUCTURE OF THE GROUP'S EXPOSURE TO NOMINAL INTEREST RATE RISK

31.12.2019	31.12.2020	31.12.2022	31.12.2024	31.12.2025+	
Term to maturity	Up to 1 year	1-3 year	3-5 year	Later than 5 years	Total
Percentage	59,6	19,7	1,9	18,8	100,0
Amount	951 473	314 889	29 925	300 212	1 596 499

31.12.2018	31.12.2019	31.12.2021	31.12.2023	31.12.2024+	
Term to maturity	Up to 1 year	1-3 year	3-5 year	Later than 5 years	Total
Percentage	15,1	51,2	6,5	27,2	100,0
Amount	170 044	575 092	72 699	305 927	1 123 762

MATURITY STRUCTURE OF THE GROUP'S EXPOSURE TO NOMINAL INTEREST RATE RISK

	2019	2018
Nominal value of interest rate derivatives on the balance sheet date of which	570 275	277 484
- Variable-to-fixed swaps	570 275	277 484
Range of fixed interest rates (%)	1.54 - 4.05	1.54 - 4.05
Variable rate basis	3M NIBOR	3M NIBOR
Average fixed rate	2,35 %	2,67 %
Fair value of derivatives on the balance sheet date (tNOK)	11 789	11 394
Change in fair value of interest rate derivatives over the year	509	6 593
Total change in fair value of financial instruments	509	6 593

NOTE 5 RISK LEASE MANAGEMENT

All amounts in NOK thousand

The Group mainly enters into contracts with a fixed rent for the lease of property.

THE GROUP'S FUTURE ACCUMULATED RENT FROM NON-TERMINABLE OPERATIONAL LEASE CONTRACTS AT 31.12.

	2019	2018
≤ 1 year	8 155	10 119
1 year < 5 years	180 473	148 820
5 years < 10 years	176 447	153 997
≥ 10 years	820 049	507 579
Total	1 185 124	820 514

THE GROUP'S LEASE CONTRACTS AT 31.12 HAVE THE FOLLOWING MATURITY STRUCTURE MEASURED IN ANNUAL RENT [1]

	2019			2018		
Remaining term	Number of contracts	Contract rent	Contract rent, %	Number of contracts	Contract rent	Contract rent, %
≤ 1 year	29	13 772	8,8	16	10 715	14,4
1 year < 5 years	93	59 189	37,7	67	48 648	59,3
5 years < 10 years	30	23 935	15,2	31	22 281	22,0
≥ 10 years	19	60 211	38,3	16	38 260	4,3
Total	171	157 107	100,0	130	119 904	100,0

The tables above show all the remaining non-terminable contractual rent, including forward starting contracts, for current leases without taking into account the impact of any options.

[1] The rent is stated as the annualised contractual rent, and is therefore not reconcilable with the rental income for the year for accounting purposes.

NOTE 6 SEGMENT INFORMATION

All amounts in NOK thousand

The Groups investment properties are aggregated into segments with similar economic characteristics such as the nature of the property and the occupier marked it serves. Management considers that this is best achieved with Office, Retail, Health care, Food and Beverage and Hotels operating segments. There is no aggregation of operating segments into any reportable segments. Consequently, the Group is considered to have five reportable segments, as follow:

The Group has changed the composition of its reportable segments in 2019 and the corresponding information for 2018 have been restated.

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.

				No. of								Net direct	Net yield		
	Area	Occupancy		prop.	Market value		Wault [1]	Annual rent		Wault [2]		yield	(valuation)	Market rent [3]	
31.12.2019	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)		(%)	(%)	(tNOK)	(NOK/sqm)
Office	59 235	51 726	87,3	17	1 111 500	18 764	3,3	70 841	1 370	3,3		5,8	6,4	85 424	1 442
Urban Estate	26 730	20 572	77,0	6	459 500	17 190	8,6	31 587	1 535	8,7		5,0	7,2	45 213	1 691
Hotels	9 097	8 197	90,1	2	310 000	34 077	12,7	18 928	2 309	12,7		5,3	6,3	21 979	2 416
Total management portfolio	95 062	80 495	84,7	25	1 881 000	19 787	6,1	121 356	1 508	6,2		5,5	6,5	152 616	1 605
Project Office	17 788	15 719	88,4	7	528 000	29 683	11,4								
Total project portfolio	17 788	15 719	88,4	7	528 000	29 683	11,4								
Total property portfolio	112 850	96 214	85,3	32	2 409 000	21 347	7,3								

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2019 corresponds to 10.2 per cent of market rent. The Group has no single external customers representing over 10% of the Group's revenue. Furthermore, the Group has around 95% of its estimated marked value of properties and 100% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the county of Oslo.

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 included in operating unit Office.

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

Corporate legal 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.

See Note 9 for more information.

	Occupancy	Wault [1]	Annual rent	
31.12.2019	(sqm)	(yrs)	(tNOK)	(NOK/sqm)
Office	53 098	4,4	78 459	1 478
Retail	11 196	5,3	13 788	1 232
Hotels	6 178	14,2	11 614	1 880
Food and Beverage	4 472	12,2	10 714	2 396
Healthcare	5 551	5,6	6 781	1 222
Total management portfolio	80 495	6,2	121 356	1 508

				No. of								Net direct	Net yield		
	Area	Occupancy		prop.	Market value		Wault [1]	Annual rent		Wault [2]		yield	(valuation)	Market rent [3]	
31.12.2018	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)		(%)	(%)	(tNOK)	(NOK/sqm)
Office	45 339	40 451	89,2	11	963 000	21 240	3,7	60 581	1 497	3,7		5,8	6,2	72 429	1 597
Urban Estate	24 683	19 266	78,1	3	357 500	14 484	8,0	26 345	1 367	8,0		5,0	7,3	39 137	1 586
Total management portfolio	70 022	59 717	85,3	14	1 320 500	18 858	4,9	86 906	1 455	5,0		5,8	6,5	111 566	1 593
Office - Project	14 416	12 182	84,5	3	226 400	15 705	11,1								
Hotels - Project	6 282	6 282	100,0	1	184 600	29 386	15,0								
Total project portfolio	20 698	18 464	89,2	4	411 000	19 857	12,8								
Total property portfolio	90 720	78 181	86,2	18	1 731 500	19 086	6,8								

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2018 corresponds to 10,8 per cent of market rent

R8 Property had in 2018 four on-going projects, one new building (Powerhouse Telemark), two projects (Kammerherrelekka) and one renovation project (Eeks Gård).

See Note 9 for more information.

	Occupancy	Wault [1]	Annual rent	
31.12.2018	(sqm)	(yrs)	(tNOK)	(NOK/sqm)
Office	41 462	3,5	62 803	1 515
Retail	9 251	6,1	11 200	1 211
Food and Beverage	3 833	13,2	8 144	2 125
Healthcare	5 171	8,0	4 759	920
Total management portfolio	59 717	5,0	86 906	1 455

1) Wault weighted on property market value
2) Wault weighted on annual rent
3) Includes market rent from available areas

NOTE 7 CATEGORIES OF FINANCIAL INSTRUMENTS

All amounts in NOK thousand

31.12.2019	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Assets			
Financial investments			
- Loans to associates	30 585	-	30 585
Trade receivables	12 607	-	12 607
Other current receivables	27 166	-	27 166
Cash and cash equivalents	51 040	-	51 040
Total financial assets	121 398	-	121 398

31.12.2019	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Liabilities			
Interest-bearing non-current liabilities	-	649 543	649 543
- Debt to related parties	-	20 868	20 868
Interest-bearing current liabilities	-	931 732	931 732
Financial derivatives	11 789	-	11 789
Trade payables	-	38 324	38 324
Other current liabilities	-	35 800	35 800
Total financial liabilities	11 789	1 676 266	1 688 056

31.12.2018	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Assets			
Financial investments			
- Loans to associates	8 921	-	8 921
Trade receivables	10 518	-	10 518
Other current receivables	16 065	-	16 065
Cash and cash equivalents	20 490	-	20 490
Total financial assets	55 994	-	55 994

31.12.2018	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Liabilities			
Interest-bearing non-current liabilities	-	953 718	953 718
Interest-bearing current liabilities	-	170 044	170 044
Financial derivatives	11 394	-	11 394
Trade payables	-	33 244	33 244
Other current liabilities	-	32 610	32 610
Total financial liabilities	11 394	1 189 616	1 201 010

NOTE 8 INFORMATION ABOUT FAIR VALUE

All amounts in NOK thousand

Investment properties are valued at fair value, based on independent external valuations.

Bank loans with variable interest rates are valued at amortised cost.

Financial derivatives are measured at fair value using valuation methods where the significant parameters are obtained from quoted market data.

The Group uses the following hierarchy to classify assets and liabilities, based on the valuation methods used to measure and disclose their fair value.
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

ASSETS MEASURED AT FAIR VALUE

	Note	31.12.2019	Level 1	Level 2	Level 3
Assets at fair value through profit or loss					
- Investment properties	14	2 409 000	-	-	2 409 000
Total		2 409 000	-	-	2 409 000

LIABILITIES MEASURED AT FAIR VALUE

	Note	31.12.2019	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss					
- Derivatives		11 789	-	11 789	-
Total		11 789	-	11 789	-

ASSETS MEASURED AT FAIR VALUE

	Note	31.12.2018	Level 1	Level 2	Level 3
Assets at fair value through profit or loss					
- Investment properties	14	1 731 500	-	-	1 731 500
Total		1 731 500	-	-	1 731 500

LIABILITIES MEASURED AT FAIR VALUE

	Note	31.12.2018	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss					
- Derivatives		11 394	-	11 394	-
Total		11 394	-	11 394	-

The fair value is the same as the carrying amount for loans to associates, as the interest rate is adjusted continuously and no changes in credit margins have been identified. Trade receivables have a short anticipated term, so the fair value is the same as the carrying amount.

The difference between the fair value and the amortised cost of interest-bearing liabilities with variable interest rates is described in Note 20. Other financial liabilities are short term and the difference between the fair value and the amortised cost is marginal.

NOTE 9 DEVELOPMENT PROJECTS

All amounts in NOK thousand

R8 Property has in 2019 four ongoing projects, one in Skien, two in Porsgrunn and one in Oslo. The project portfolio consists of three office buildings (Powerhouse Telemark, Eeks Gård, Henrik Ibsens Gate 40-42) and one research center (Polymer Exploration Center). This project is 50% owned by R8 Property. All are modern buildings with high focus on low energy consumption and sustainability.

The project Powerhouse Telemark in Porsgrunn begun with a feasibility study in 2015 for a 6,322 sqm new office building. Scheduled completion of the building is third quarter 2020. Upon completion this will be one of the most energy-efficient and environmental friendly buildings in the world. The building will produce more energy than it consumes. There has been intensive work in 2016 and 2017, with possible tenants to occupy the building. Due to the great interest it was decided that the building would be expanded. The size is now 8,358 sqm. The lead tenant Norner requested the opportunity to move all the activity into the Polymer Exploration Center, and the companies came to an agreement of new terms. This lead to some vacant space in the building which then was available for rent. It is expected that the average price per sqm will increase with new tenants. This project will be one of the most important for R8 Property over the coming years.

Eeks Gård is a renovation project in Skien and was initiated when the company won a public procurement with NAV Skien as a tenant. The project is located in the city town and will greatly impact city development in Skien and has a positive impact on the Market square. The size of the building is 3,220 sqm, and the occupancy is 91 per cent. Scheduled completion of the project is first quarter 2020. This is an important project when it comes to introducing more workplaces in the city center. The first floor toward the Market square is reserved for restaurant or retail activities.

Polymer Exploration Center is a research center where Norner will be the tenant. This is a combination building consisting of office, laboratory areas, machine hall and gas storage. The size of the building is 4,858 sqm, and the occupancy is 100 per cent. The project is 50 per cent owned of R8 Property. The project is a natural expansion of Porsgrunn Næringspark and will improve the overall infrastructure on the property. Norner will conduct research on plastic and polymers in general on behalf of customers world wide. The center has also been granted the status of Norsk Katapult, which is a government act to promote businesses with potential for international expansion. Scheduled completion of the project is fourth quarter of 2021.

Henrik Ibsens Gate 40-42 is a renovation project in Oslo and is centrally located near Solli plass. This is a office building with a planned restaurant in the first floor and Co-working company Evolve in the rest of the building. The size of the building is 1,782 sqm and is four stories high if excluding basement. The completion of the building is planned to be in March 2020. The building will be presented as totally refurbished and have a high standard throughout.

NOTE 10 OPERATING COSTS

All amounts in NOK thousand

	2019	2018
Operating costs		
Administrative management costs	7 992	8 596
Operating and maintenance costs	26 451	9 280
Total maintenance and other operating costs	34 443	17 876
Other property costs		
Rental, market, and other income-related expenses	1 088	877
Owner's share of service charge expenses	-	-
Total other property costs	1 088	877
Administrative costs		
Payroll and personnel expenses	29 492	19 130
Depreciation	779	1 538
Other operating expenses	5 872	3 381
Total administrative costs	36 143	24 049

NOTE 11 PERSONNEL COSTS AND OTHER REMUNERATION OF SENIOR EXECUTIVES

All amounts in NOK thousand

	2019	2018
Wages and salaries	25 188	15 800
Social security costs	2 734	2 309
Pension costs defined contribution plan	1 178	993
Total	29 100	19 102
Number of full-time equivalents	22,0	18,0
Number of employees at 31.12	24,0	18,0

The increase in personnel costs is manly due to a bonus scheme granted from R8 Urban Estate AS. The calculated bonus of the fiscal year 2019 in R8 Urban Estate AS amounts to tNOK 5 551, whereby tNOK 2 410 of the bonus is granted Tommy Thovsland.

The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.
No loans/sureties have been granted to the CEO, Chair of the Board or other related parties.

The total remuneration of the CEO consists of a fixed package of salary and benefits supplemented by pension and insurance arrangements.

REMUNERATION TO SENIOR EXECUTIVES IN 2019

	Salary	Bonus	Benefits in kind	Pension costs	Total remuneration
Emil Eriksrød, CEO	1 626 950	0	67 117	113 886	1 807 953
Eirik Engaas, CFO (from 4th March 2019)	921 493	0	12 253	64 505	998 251

BOARD FEES

	2019	2018
George Emil Aubert, Chair	200	50
Tommy Thovsland, board member	75	50
Else Christina Maria Sundby, board member	75	-
Knut Bråthen, board member	75	50
Leif Oddvin Jensen, board member	75	-
Runar Rønningen, board member	75	-
Emil Eriksrød, board member (resigned board member during the year)	100	200
Øivind Gundersen, board member (resigned board member during the year)	25	50
Erik Gudbrandsen, board member (resigned board member last year)	-	50
Total	700	450

NOTE 12 FINANCIAL ITEMS

All amounts in NOK thousand

	2019	2018
Interest income	1 631	859
Other finance income	-	3
Interest income from group companies	1 474	441
Total interest and other finance income	3 105	1 304
Interest expenses	68 830	33 678
- of which capitalised borrowing costs	-22 269	-3 603
Interest expenses group companies	799	222
Other finance expenses	0	53
Total interest and other finance expense	47 360	30 350

NOTE 13 INTANGIBLE ASSETS AND OTHER PROPERTY PLANT AND EQUIPMENT

All amounts in NOK thousand

	2019			2018		
	Goodwill	Software	Other operating assets	Goodwill	Software	Other operating assets
At 1 January						
Acquisition cost at 01.01	7 011	603	9 371	-	241	3 950
Acquisitions		459	377	7 011	362	5 661
Disposals				-	-	-240
Acquisitions cost as 31.12	7 011	1 062	9 748	7 011	603	9 371
Accumulated depreciation and writhe-downs as of 01.01	-	-265	-3 638	-	-80	-2 285
Depreciations and write-downs	-	-179	-872	-	-185	-1 354
Transfer to investment property	-	-	-4 000	-	-	-
Accumulated depreciation and write-downs at 31.12	-	-444	-8 510	-	-265	-3 638
Carrying amount at 01.01				-	161	1 665
Carrying amount at 31.12	7 011	619	1 238	7 011	338	5 733
Economic life		3 year	3-10 year		3 year	3-10 year
Depreciation plan		Linear	Linear		Linear	Linear

The goodwill relates to the acquisition of shares in Mulighetenes By AS in 2017 and R8 Management AS in 2018.
The Group performs annual impairment test of the intangible and other assets at year-end. No impairment indicators were identified for these assets in December 2019. There were no impairment charges in 2018 or 2019.

NOTE 14 INVESTMENT PROPERTIES

All amounts in NOK thousand

	2019	2018
VALUE OF INVESTMENT PROPERTIES		
Opening balance at 01.01.	1 731 500	978 550
Other movements		
Purchase of investment properties	301 989	578 500
Projects and upgrades in the property portfolio	280 778	133 221
Capitalised borrowing costs	22 269	3 603
Sale of investment property	-6 200	-
Change in value from investment properties	78 664	37 626
Total value of investment property at 31.12.	2 409 000	1 731 500
Total book value of investment property at 31.12.	2 409 000	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, see Note 8.

For information about valuations and fair value calculations for investment properties, see Note 3 "Critical accounting estimates and subjective judgements".

All property is classified as investment property because the owner-occupied portion is insignificant.

NOTE 15 TRADE RECEIVABLES

All amounts in NOK thousand

	2019	2018
Trade receivables	14 998	11 018
Provisions for bad debts	-2 391	-500
Net trade receivables	12 607	10 518

At 31 December 2019, tNOK 3 955 in trade receivables were overdue. Provisions for a loss of tNOK 2 391. The age analysis of these trade receivables is as follows:

31 December 2019 — Rent and other trade receivables and contract assets

		Days past due					
	Contract assets	Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
Expected credit loss rate	0,1 %	0,0 %	4,9 %	18,9 %	88,1 %	21,8 %	69,9 %	15,9 %
Carrying amount	6 656	3 044	972	254	109	1 204	2 758	14 997
Expected credit loss	7	0	48	48	96	262	1 929	2 390
Net Amount	6 649	3 044	924	206	13	942	829	12 607

31 December 2018 — Rent and other trade receivables and contract assets

		Days past due					
	Contract assets	Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
Expected credit loss rate	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	80,1 %	4,5 %
Carrying amount	7 403	966	1 342	297	108	278	624	11 018
Expected credit loss	0	0	0	0	0	0	500	500
Net Amount	7 403	966	1 342	297	108	278	124	10 518

NOTE 16 OTHER RECEIVABLES

All amounts in NOK thousand

	2019	2018
VAT owed	23 973	14 271
Accrued interest	-	-
Accrued not invoiced	174	9
Advance payments and accruals	1 374	1 101
Other current receivables	1 645	683
Total other current receivables	27 166	16 065

NOTE 17 INVENTORY PROPERTIES

During the year the Group has acquired a development site in Skien, Telemark. The acquired land is expected to be zoned for residential development. The commencement of the project and it's characteristics is depended upon the outcome of the building application to local authorities.

NOTE 18 BANK DEPOSITS

All amounts in NOK thousand

	2019	2018
Bank deposits	50 159	19 571
Tied bank deposits	881	919
Total bank deposits	51 040	20 490

Tied bank deposits relate to the withholding tax account.

NOTE 19 SHARE CAPITAL AND SHAREHOLDER INFORMATION

R8 Property's share capital is NOK 4,930,160 divided into 1,972,064 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. There are no share options or other rights to subscribe for or acquire shares issued by R8 Property. Neither R8 Property nor any of its subsidiaries directly or indirectly owns shares in the Company.

As of 31 December 2019 R8 Property had 47 shareholders. Norwegian investors held 100 per cent of the share capital.

The table below sets out the change in share capital, the average number of shares the last year, the largest shareholders at year end, and shares owed by directors as of 31 December 2019.

	Number of shares	Share capital (tNOK)	Share premium (tNOK)	Other paid-in equity (tNOK)	Face value (NOK)
At 1 January	1 364 500	3 411	117 406	43 910	2,50
Corporate merger (konsernfusjon) as of 29.03.2019 1)	34 076	85	10 649		2,50
Capital increase as of 29.03.2019 2)	120 038	300	37 512	-37 812	2,50
Capital increase as of 09.05.2019 3)	111 119	278	34 725	-	2,50
Capital increase as of 27.11.2019 4)	342 331	856	-	129 230	2,50
Cost of equity transactions directly in equity	-	-	-	-908	2,50
At 31 December 2019	1 972 064	4 930	200 291	134 420	2,50

Paid-in capital amounts to tNOK 382,458 and consists of tNOK 4,930 in share capital, tNOK 196,792 in share premium and tNOK 180,768 in other paid-in capital.

1) The Subsidiary Østveien 665-667 AS has implemented a merger with Hagaklien AS. The Merger is carried out as a corporate merger (konsernfusjon) in which shareholders in the transfer company receive shares in R8 Property AS. The remuneration of shareholders consists of 34,076 shares in R8 Property AS. The transaction has been accounted for in the 2019 financial statement.

2) Equity was increased by a private placement converting a debt of tNOK 37,812 by issuing 120,038 shares. The transaction has been registered in Brønnøysundsregistrene as of 29.03.2019.

3) Equity was increased by a private placement 09.05.2019 when converting a debt of tNOK 35,002 by issuing 111,119 shares.

4) Equity was increased by a private placement 27.11.2019. The capital raise was fully paid in by cash both from existing and new investors.

For other changes in shareholders' equity, see the consolidated statements of changes in equity.

The shareholders as registered as of 31 December 2019 were as follows:

	Number of shares per 31.12.2019	Shareholding %	Country
R8 Group AS, represented by Emil Eriksrød - CEO	1 093 280	55,44	Norway
Brødrene Jensen A/S, represented by Leif Oddvin Jensen - board member	228 711	11,60	Norway
IKAB AS, represented by Knut Bråthen - board member	179 198	9,09	Norway
Carucel Invest AS, represented by Else Christine Maria Sundby - board member	47 619	2,41	Norway
RP Holding AS	36 350	1,84	Norway
Aubert Invest AS, represented by George Emil Aubert - Chair	36 000	1,83	Norway
Holta & Co. AS, represented by George Emil Aubert - Chair	28 000	1,42	Norway
Kabbe Holding AS	25 000	1,27	Norway
Heimberg Holding AS	22 500	1,14	Norway
Østerlid AS	21 940	1,11	Norway
Gambetta AS	20 000	1,01	Norway
Thovsland Holding AS, represented by Tommy Thovsland - board member	20 000	1,01	Norway
Carl Erik Krefting	15 416	0,78	Norway
Jan Henrik Krefting	15 416	0,78	Norway
Berseth-Hansen AS	14 580	0,74	Norway
Spartveit Invest AS	14 070	0,71	Norway
Reinås Holding AS	13 160	0,67	Norway
ET-Invest AS	12 600	0,64	Norway
Caba Holding AS	10 000	0,51	Norway
Stensrød Invest AS	10 000	0,51	Norway
Sundvall Invest AS	10 000	0,51	Norway
Lucky-Holding AS	10 000	0,51	Norway
Sarepta Holding AS, represented by Runar Rønningen - board member	10 000	0,51	Norway
Freezing Point Invest AS	10 000	0,51	Norway
MPH Invest AS	6 667	0,34	Norway
Castra Invest AS	5 900	0,30	Norway
Handlekraft Holding AS	5 700	0,29	Norway
Frii AS	5 300	0,27	Norway
Eråk Holding AS	5 000	0,25	Norway
Skarven Industrier AS	5 000	0,25	Norway
Kornveien 5 AS	5 000	0,25	Norway
Magne Georg Sigurdsen	4 000	0,20	Norway
Marit Sigurdsen	4 000	0,20	Norway
Paragon Holding AS	3 200	0,16	Norway
Fjeld Holding AS	2 800	0,14	Norway
Sonja og Emil Aubert Legat, represented by George Emil Aubert - Chair	2 700	0,14	Norway
Bauta Invest AS	2 000	0,10	Norway
Jhk Invest AS	1 622	0,08	Norway
Carucel Holding AS	1 622	0,08	Norway
Giraffa AS, represented by Else Christine Maria Sundby - board member	1 500	0,08	Norway
Masiw Holding AS	1 500	0,08	Norway
Leif Morten Stølen	1 200	0,06	Norway
Jor Holding AS	1 000	0,05	Norway
Roger Finnstrøm	950	0,05	Norway
Roberto Holding AS	800	0,04	Norway
Glott Eiendom AS	500	0,03	Norway
Christen Knudsen	263	0,01	Norway
Total	1 972 064	100	

NOTE 20 INTEREST-BEARING LIABILITIES AND ACCRUED INTEREST

All amounts in NOK thousand

NON-CURRENT INTEREST-BEARING LIABILITIES

	2019			2018		
	Nominal value	Market value	Carrying amount	Nominal value	Market value	Carrying amount
Bank loans	649 543	649 543	649 543	953 718	953 718	953 718
Total non-current interest-bearing liabilities	649 543	649 543	649 543	953 718	953 718	953 718

CURRENT INTEREST-BEARING LIABILITIES

	2019			2018		
	Nominal value	Market value	Carrying amount	Nominal value	Market value	Carrying amount
Bank loans	931 732	931 732	931 732	170 044	170 044	170 044
Total current interest-bearing liabilities	931 732	931 732	931 732	170 044	170 044	170 044

The average risk premium on the Group's loans at 31 December 2019 was 2.62 per cent.

The pledged assets used as collateral include all items presented under "Investment property" in the statement of financial position.

MORTGAGES
The Group's financing is based on the parent company borrowing from external parties using negative pledge clauses. Subsidiaries are mainly financed using intra-group loans. Torggata 8 Skien AS, Nordre Fokserød 14 AS, Porsgrunn Næringspark AS, Rådhusgata 2 Skien AS, Muligheternes By AS, Henrik Ibsensgate 6 AS, Kammerherrløkka AS, Henrik Ibsens Gate 40-42 Oslo AS, HIG 40-42 Prosjekt AS and R8 Management AS are financed in own balance sheets.

NOTE 21 FINANCIAL INSTRUMENTS - RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

All amounts in NOK thousand

31.12.2019	01.01.2019	Cash flows	Corporate acquisitions	Fair Values changes	New leases	Reclassification debt	31.12.2019
Non-current liabilities	953 718	304 791	93 949	-	5 644	-708 559	649 543
Financial derivatives	11 394	-	-114	509	-	-	11 789
Current liabilities	170 044	-	73 997	-	-	708 559	952 600
Total liabilities from financing activities	1 135 156	304 791	167 832	509	5 644	-	1 613 932

NOTE 22 TAX

All amounts in NOK thousand

INCOME TAX EXPENSE

	2019	2018
Tax payable	-	-
Change in deferred tax on profit and loss	17 458	9 732
Change in deferred tax on comprehensive income	-	-
Income tax expense	17 458	9 732

TEMPORARY DIFFERENCES

	2019	2018
Fixed assets	671 104	447 484
Profit and loss account	2 079	2 581
Other differences	-3 924	-2 296
Interest rate swap	-11 789	-11 394
Net temporary differences	657 469	436 376
Tax losses carried forward	-272 964	-114 608
Basis for deferred tax	384 504	321 768
Deferred tax	84 591	70 789
Deferred tax in the balance sheet	84 591	70 789

INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2019	2018
Profit before tax	76 635	70 465
Cost of equity transactions directly in equity	-908	-975
Other permanent differences	4 841	-13 968
Changes in temporary differences	65 914	-88 286
Changes in loss carry-forwards	-146 482	32 763
Profit for tax purposes	0	0
Tax payable on the balance sheet	-	-
Tax payable on the balance sheet	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2019	%	2018	%
Profit for accounting purposes multiplied by nominal tax rate	16 860	22,0	16 207	23,0
Tax on permanent differences	865	1,1	-3 213	-4,6
Effect of change in tax rate from 23 to 22 per cent	-	-	-3 263	-4,6
Tax effect on day one related to aquisition with loss carry forwad	-267	-0,3		
Tax expense for accounting purposes	17 458	22,8	9 732	13,8

MOVEMENTS IN DEFERRED TAX

	2019	2018
Opening balance at 01.01.	70 789	51 330
Tax expense recognized through income statement	17 458	9 732
Acquisition of subsidiaries	-3 656	9 727
Net deferred tax at 31.12.	84 591	70 789

DEFERRED INCOME TAX
The Group has offset deferred tax assets and deferred tax liabilities on the balance sheet as the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The following net value was recognised:

	2019	2018
Deferred tax liability	84 591	71 647
Deferred tax assets	-	-859
Net deferred tax	84 591	70 788

The Group has offset deferred tax assets and deferred tax liabilities on the balance sheet where the Group has a legally enforceable right to set off current tax assets against current tax liabilities.

The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and consolidated accounting value of investment properties. Deferred tax linked to the retrospective accumulated change in the value of investment properties at 31 December 2019 is tNOK 79 395.

THE ANALYSIS OF DEFERRED TAX ASSETS AND LIABILITIES IS AS FOLLOWS

	2019	2018
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	-	-859
Deferred tax assets to be recovered within 12 months	-	-
	-	-859
Deferred tax liabilities		
Deferred tax liability reversion after more than 12 months	83 226	72 297
Deferred tax liability reversion within 12 months	1 365	119
	84 591	72 416
Deferred tax liabilities (net)	84 591	71 557

NOTE 23 TRADE PAYABLES AND OTHER PAYABLES

All amounts in NOK thousand

	2019	2018
Trade payables	38 324	32 971
Trade payables group	-	274
Holiday pay owed	1 704	1 603
Unpaid government taxes and duties	2 943	3 047
Interest accrued	9 881	5 313
Other liabilities	21 272	22 647
Total trade payables and other liabilities	74 125	65 854

NOTE 24 SUBSIDIARIES

All amounts in NOK thousand

The Group comprise of the following legal entities at 31 December 2019.

SUBSIDIARY OF R8 PROPERTY AS

	Business office	Equity interest %	Result 31.12.2019	Equity 31.12.2019
R8 Management AS	Porsgrunn	100	149	1 593
Rådhusgata 2 Skien AS	Porsgrunn	100	-1 089	-39
R8 Office AS	Porsgrunn	100	3 677	143 020
R8 Urban Estate AS	Porsgrunn	100	-7 496	102 924
R8 Hotels AS	Porsgrunn	100	-188	34 598
Valore AS	Porsgrunn	100	1 247	36 911
R8 Home AS	Porsgrunn	100	-925	2 069
R8 Project AS	Porsgrunn	100	-4	17
HIG 40-42 Prosjekt AS	Porsgrunn	100	312	26 123
Østveien 665-667 AS	Porsgrunn	100	-1 986	11 494

SHARES IN SUBSIDIARIES OWNED THROUGH SUBSIDIARIES:
(all of which has business office in Porsgrunn and 100% voting rights except Dokkveien Utvikling AS and Kammerherrelekka AS, see below)

R8 Office AS	R8 Urban Estate AS	Valore AS	HIG 40-42 Prosjekt AS	R8 Projects AS
Grenlikroken 5 AS	Tollboden AS	Bedriftsveien 52/58 AS	Henrik Ibsens gate 40-42 Oslo AS	Dokkveien Utvikling AS *)
Torggata 8 Skien AS	Mulighetenes By AS	Redmyrlia 20 AS		|--- Dokkveien 20 AS
Versvikveien 6B AS	|--- Laugstol Eiendom AS	Storgata 171-175 AS		
Storgata 106 AS	|--- Henrik Ibsensgate 6 AS	Vipeveien 51 AS		
Hesselberggaten 4 AS				
Porsgrunn Næringspark AS				
Nordre Foksered 14 AS	R8 Hotels AS	R8 Home AS		
Vinkelbygget AS	Kammerherrelekka AS **)	Utsikten 1 AS		
HE-Kjølleveien AS				
Kongensgate 20A AS				

*) R8 Projects AS owns 50% of the shares in Dokkveien Utvikling AS. Voting rights equivalents ownership. The remaining shares is owned by Dione AS.
**) R8 Hotels AS owns 50% of the shares in Kammerherrelekka AS. Voting rights equivalents ownership. The remaining shares is owned by Bane Nor Eiendom AS.

The Group is considered having control of companies in which the Group holds 50% of the shares, namely Dokkveien Utvikling AS and Kammerherrelekka AS. These companies are being fully consolidated as a consequence of the assessment of control.

NOTE 25 RELATED PARTIES

All amounts in NOK thousand

The ultimate parent of the Group is R8 Group AS. The Group's ultimate controlling party is Mr. Emil Eriksrød.
The Group acquired 100% of the shares in Valore AS from R8 Group AS 10.04.2019 at a cost of tNOK 46,900. The transaction have been based on market values.

The Group's transactions and balances with other group companies in 2019 are mainly related to rental income, property management, loans, accounting, interest payments on loans and dividend. The aggregate figures are shown in the table below.

	2019	2018
Income statement		
Rental income	530	319
Other operating revenue	318	1 199
Operating costs	9 162	5 207
Balance sheet		
Receivables	-	-
Loans	30 585	8 921
Debt	20 868	-
Payables	-	274

The Group also acquired services from a related party in 2019 of tNOK 1 398 which is considered as additions on investment property and adjusted for in fair value of investment property.

NOTE 26 AUDITOR'S FEE

All amounts in NOK thousand

	2019	2018
Statutory audit	597	407
Tax advice (incl. technical assistance with tax return)	29	-
Other services not related to auditing (transactions, IFRS conversion)	87	-
Other assurance services	746	223
Total auditor's fee (excl. VAT)	1 460	630

NOTE 27 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year. R8 Property has not issued options or other financial instruments which have a dilutive effect on outstanding shares.

	2019	2018
Total comprehensive income for the year attributable to equity holders of the Company (NOK thousand)	48 767	58 424
Average number of outstanding shares (Note 19)	1 687 536	1 273 375
Basic earnings per share (NOK)	28,90	45,88

NOTE 28 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On 3rd January 2020 R8 Property AS completed part one of the purchase of Evolve Business Space – acquiring 50 percent of the company, in accordance with the share purchase agreement signed in 2019. Evolve Business Space's parent company is R8 Evolve AS, with operations in four fully owned subsidiaries Evolve Akersgata AS, Evolve Bjørvika AS, Evolve Sandaker AS and Evolve IT Fornebu AS.

The corona pandemic outbreak in Q1 2020 is expected to have an impact on R8 Property AS, our tenants, financials and property values. The uncertainty connected to pandemic development makes forward looking estimates and prognosis challenging.

R8 Property's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up 25% of the group's rental income, another 25% of our revenue comes from large private tenants within banking, telecom, insurance etc. Our tenant portfolio is divided into five different segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 65 percent of the revenue. Retail, Food & Beverage and Hotels are the segments experiencing the greatest effect from the pandemic, our expectations are that Food & Beverage will partly rebound in line with declining social limitations while we expect Hotels and Retail segments to be difficult for an extended period of time.

Property values within our Office segment are considered strong, especially due to public and large private tenants. Hotels is – by far – the segment we expect to be affected the most, with future uncertainty in travel and conventions. Our property portfolio is valued quarterly by an external expert (Newsec), and updated accumulated valuations at the end of Q1 2020 is approximately negative 2 percent compared to 31.12.2019. This is a testament to the overall strength of our property portfolio, and while we cannot exclude further devaluations going forward with some segments and properties they will most likely be marginal towards the total property portfolio.

The sharp decline in interest rates (NIBOR) will positively influence our financial costs on the groups non-fixed rates loans. At the same time our fixed rate loans (i.e. interest rate swaps) will be negatively affected, especially in Q1 (and to some extent Q2) 2020.

We expect an increase in risk factors such as credit risk, interest rate risk and refinancing risk - with all our external financing coming from banks we believe the risk to be manageable. Covenants in bank agreements have good margins and can handle the likely negative changes in property value.

Due to the potential Covid-19 effects on the company the management has subsequent to year end 2019 obtained communication in writing from all financial institutions about their intention (but where the final outcome is subject to formal decision processes) to extend the maturity of a significant part of the short term financial debt. Further, as described above, there is a risk of losses related to interest swaps and a decrease in value of investment properties which all in aggregate indicates an increased uncertainty. It is, however, too early to quantify the effects for the company. Please see note 2 for further information

FINANCIAL STATEMENTS
R8 PROPERTY AS

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Statement of income
1 January to 31 December

All amounts in NOK thousand

	Note	2019	2018
Revenue		9 805	7 884
Total operating income		9 805	7 884
Cost of goods sold		5	-
Payroll expenses	2	8 676	6 447
Depreciation expenses		69	-
Other operating expenses	2	10 047	5 189
Total operating costs		18 797	11 636
Operating profit		-8 993	-3 752
Income from subsidiaries		-	591
Other financial income	9	2 631	1 127
Other financial expenses	9	5 348	280
Net financial items		-2 717	1 439
Profit before tax		-11 710	-2 313
Income tax expense/ -income	3	-1 856	-483
Profit for year		-9 854	-1 830
Allocated as follows			
Dividend		-	-
Transferred to other equity	8	-9 854	-1 830
Total allocated		-9 854	-1 830

Balance sheet
Assets

All amounts in NOK thousand

	Note	2019	2018
NON-CURRENT ASSETS			
Deferred tax asset		-	699
Intangible assets	4	474	62
Total intangible assets		474	761
Investments in subsidiaries	10	382 131	190 266
Loans to group companies		-	42 459
Investments in associated companies			
Other long-term receivables			
Total financial assets		382 131	232 724
TOTAL NON-CURRENT ASSETS		382 604	233 485
CURRENT ASSETS			
Trade receivables		2 543	507
Other receivables		374	709
Loans to group companies	5	31 888	
Total current receivables		34 805	1 216
Cash and bank deposits	7	23 917	4 658
TOTAL CURRENT ASSETS		58 722	5 874
TOTAL ASSETS		441 326	239 359

Balance sheet
Equity and liabilities

All amounts in NOK thousand

	Note	2019	2018
EQUITY			
Paid-in equity	8	4 930	3 411
Share premium	8	196 792	113 906
Other paid-in equity	8	180 736	90 226
Total paid-in equity		382 458	207 544
Retained earnings	8	-4 683	5 171
Total retained earnings		-4 683	5 171
TOTAL EQUITY		377 775	212 715
LIABILITIES			
Deferred tax liability		628	-
Liabilities to group companies		-	9 116
Total non-current liabilities		628	9 116
Trade creditors		2 070	376
Liabilities to group companies	5	58 786	-
Public duties payable		668	531
Other short-term liabilities		1 400	16 622
Total current liabilities		62 924	17 528
TOTAL LIABILITIES		63 552	26 644
TOTAL EQUITY AND LIABILITIES		441 326	239 359

Notes 1 through 11 form an integral part of the financial statements.

Porsgrunn, 13 May 2019

Board of Directors for R8 Property AS

Legally signed by George Emil Aubert 13.05.2020
George Emil Aubert
Chair of the Board

Legally signed by Tommy Thovsland 13.05.2020
Tommy Thovsland
Board member

Legally signed by Christina Sundby 13.05.2020
Else Christina Maria Sundby
Board member

Legally signed by Knut Bråthen 13.05.2020
Knut Bråthen
Board member

Legally signed by Leif Oddvin Jensen 13.05.2020
Leif Oddvin Jensen
Board member

Legally signed by Runar Rønningen 13.05.2020
Runar Rønningen
Board member

Legally signed by Emil Eriksrød 13.05.2020
Emil Eriksrød
CEO

Statement of cash flows
1 January to 31 December

All amounts in NOK thousand

	Note	2019	2018
Profit before tax		-11 710	-2 313
Interest and fees paid on loans from financial institutions			63
Write-down shares in subsidiaries	9	4 500	
Group contribution			-591
Depreciation and amortisation	4	69	-
Change in trade creditors and trade debtors		231	1 280
Change in other provisions		804	805
Net cash flow from operating activities		-6 106	-756
Purchase of business net of cash	10	-45 244	-
Purchase of intangible assets and other plant and equipment	4	-457	-
Net payment of loans to associates and jointly controlled entities			24 100
Net cash flow from investment activities		-45 701	24 100
Net change in liabilities from group companies	5	-58 112	-77 588
Proceeds from equity	8	130 086	59 877
Cost of equity transactions	8	-908	-975
Net cash flow from financing activities		71 066	-18 686
Change in cash and cash equivalents		19 259	4 658
Cash and cash equivalents at beginning of period		4 658	-
Cash and cash equivalents at end of period		23 917	4 658

SUMMARY OF NOTES

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NOTE 1 ACCOUNTING POLICIES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Use of estimates
The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Investment in subsidiaries, associates and joint ventures
Subsidiaries are all entities over which the Group exercises control of financial and operating policies, normally through ownership of more than half the capital with voting rights. Associates are companies over which the Group has significant influence but not control. Significant influence normally exists where the Group's investment represents between 20 and 50 per cent of the capital with voting rights.

The cost method is applied to investments in subsidiaries and associates in the company accounts. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Classification of balance sheet items
Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Taxes
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry forward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes). Deferred tax is reflected at nominal value.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, balances on bank accounts and net deposits in the group account scheme. The difference in net deposits in the company's account in the group account scheme and net deposits in the group account scheme for the Group overall will be presented as intercompany balances.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

NOTE 2 PERSONNEL COSTS AND OTHER REMUNERATION

All amounts in NOK thousand

	2019	2018
Wages and salaries	6 801	5 328
Social security costs	1 022	788
Pension costs defined contribution plan	417	252
Other remuneration	436	79
Total	8 676	6 447
Number of full-time equivalents	5,0	3,0
Number of employees at 31.12	7,0	3,0

The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.
No loans/sureties have been granted to the CEO, Chair of the Board or other related parties.

The total remuneration of the CEO consists of a fixed package of salary and benefits supplemented by pension and insurance arrangements.

SENIOR EXECUTIVE AS AT 31.12.2019

	Salary	Bonus	Benefits in kind	Pension costs	Total remuneration
Emil Eriksrød, CEO	1 626 950	-	67 117	113 886	1 807 953
Eirik Engaas, CFO (from 4th March 2019)	921 493	-	12 253	64 505	998 251

BOARD FEES

	2018	2017
George Emil Aubert, Chair	200	50
Tommy Thovsland, board member	75	50
Else Christina Maria Sundby, board member	75	-
Knut Bråthen, board member	75	50
Leif Oddvin Jensen, board member	75	-
Runar Rønningen, board member	75	-
Emil Eriksrød, board member (resigned board member during the year)	100	200
Øivind Gundersen, board member (resigned board member during the year)	25	50
Erik Gudbrandsen, board member (resigned board member last year)	-	50
Total	700	450

AUDITOR'S FEE

	2019	2018
Statutory audit	180	183
Other assurance services	644	153
Total auditor's fee (excl. VAT)	824	336

NOTE 3 TAX

All amounts in NOK thousand

INCOME TAX EXPENSE

	2019	2018
Tax payable	-	-
Change in deferred tax on profit and loss	-1 856	-483
Change in deferred tax on comprehensive income	-	-
Income tax expense	-1 856	-483

TEMPORARY DIFFERENCES

	2019	2018
Fixed assets	107	19
Profit and loss account	-	-
Other differences	13 836	13 836
Interest rate swap	-	-
Net temporary differences	13 943	13 855
Tax losses carried forward	-11 091	-3 196
Basis for deferred tax	2 852	-3 177
Deferred tax	628	-699
Deferred tax in the balance sheet	628	-699

INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2019	2018
Profit before tax	-11 710	-2 313
Cost of equity transactions directly in equity	-908	-975
Other permanent differences	4 812	116
Changes in temporary differences	-88	-
Changes in loss carry-forwards	-	-19
Profit for tax purposes	-7 895	-3 190
Tax payable on the balance sheet	-	-
Tax payable on the balance sheet	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2019	%	2018	%
Profit for accounting purposes multiplied by nominal tax rate	-2 576	22	-532	23
Tax on permanent differences	859	-7	27	-1
Effect of change in tax rate from 23 per cent to 22 per cent	-	-	22	-1
Tax expense for accounting purposes	-1 717	15	-483	21

From the income year 2019 the tax rate on normal income is reduced from 23 per cent to 22 per cent.

Prior year's comparable numbers is changed in order to include a receivable from an accomplished corporate merger with the company Østveien 665-667 AS. The reconciliation of tax expense above has deviate with an amount of tNOK 138. The deviation is 1% change (from 23% to 22% tax rate) of the receivable from the corporate merger.

NOTE 4 INTANGIBLE ASSETS

All amounts in NOK thousand

	2019 Software
At 1 January	62
Cost	62
Accumulated depreciation	-
Net book amount	62
Year ended 31 December	
Opening net book amount	62
Additions	480
Disposals	-
Transfer from investment property	-
Depreciation charge	-69
Closing net book amount	474
Economic life	5 year
Depreciation plan	Linear

NOTE 5 BALANCE WITH GROUP COMPANIES

All amounts in NOK thousand

LOANS TO GROUP COMPANIES

	2019	2018
R8 Urban Estate AS	2 526	33 254
R8 Office AS	-	7 747
R8 Hotels AS	2 962	30
R8 Management AS	-	1 428
R8 Home AS	5 423	-
R8 Project AS	6 880	-
R8 Consulting Group AS	116	-
Østveien 665-667 AS	13 981	-
Total	31 888	42 459

Loans to associates outlined above is due in the next 12 months. The company has no receivables due after 12 months from the reporting date

LIABILIITIES TO GROUP COMPANIES

	2019	2018
Rådhusgata 2 Skien AS	15 385	9 116
Valore AS	139	-
R8 Office AS	3 410	-
R8 Management AS	2 535	-
R8 Group AS	16 455	-
Østveien 665-667 AS	13 981	-
Porsgrunn Næringspark AS	6 880	-
Total	58 786	9 116

R8 Property has given group contribution to Østveien 665-667 AS in 2019 for the amount of tNOK 13 981

Debt to associates outlined above is due in the next 12 months and considered as current liabilities. Furthermore, the company has no outstanding debt due after ! years.

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

The company has during the year acquired Valore AS from R8 Group for mNOK 46,9. The transaction happened during the end of the second quarter. The company has not had any other material related party transaction during the year.

NOTE 7 BANK DEPOSITS

All amounts in NOK thousand

	2019	2018
Bank deposits	23 633	4 279
Tied bank deposits	284	379
Total bank deposits	23 917	4 658

NOTE 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION

R8 Property's share capital is NOK 4,930,160 divided into 1,972,064 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. There are no share options or other rights to subscribe for or acquire shares issued by R8 Property. Neither R8 Property nor any of its subsidiaries directly or indirectly owns shares in the Company.

As of 31 December 2019 R8 Property had 47 shareholders. Norwegian investors held 100 per cent of the share capital.

The table below sets out the change in share capital, the average number of shares the last year, the largest shareholders at year end, and shares owed by directors as of 31 December 2019.

	Number of shares	Share capital (tNOK)	Share premium (tNOK)	Other paid-in equity (tNOK)	Retained earnings	Total
At 1 January	1 364 500	3 411	113 906	90 226	5 171	212 715
Corporate merger (konsernfusjon) as of 29.03.2019 1)	34 076	85	10 649		-	10 734
Capital increase as of 29.03.2019 2)	120 038	300	37 512	(37 812)	-	-
Capital increase as of 09.05.2019 3)	111 119	278	34 725	-	-	35 002
Capital increase as of 27.11.2019 4)	342 331	856	-	129 230	-	130 086
Cost of equity transactions directly in equity	-	-	-	(908)	-	(908)
Profit for the year	-	-	-	-	(9 854)	(9 854)
At 31 December 2019	1 972 064	4 930	196 792	180 736	(4 683)	377 775

Paid-in capital amounts to tNOK 382,458 and consists of tNOK 4,930 in share capital, tNOK 196,792 in share premium and tNOK 180,768 in other paid-in capital.

1) The Subsidiary Østveien 665-667 AS has implemented a merger with Hagakilen AS. The Merger is carried out as a corporate merger (konsernfusjon) in which shareholders in the transfer company receive shares in R8 Property AS. The remuneration of shareholders consists of 34,076 shares in R8 Property AS. The transaction has been accountet for in the 2019 financial statement.

2) Equity was increased by a private placement converting a debt of tNOK 37,812 by issuing 120,038 shares. The transaction has been registered in Brønnøysundsregistrene as of 29.03.2019.

3) Equity was increased by a private placement 09.05.2019 when converting a debt of tNOK 35,002 by issuing 111,119 shares.

4) Equity was increased by a private placement 27.11.2019. The capital raise was fully paid in by cash both from existing and new investors.

The shareholders as registered as of 31 December 2019 were as follows:

	Number of shares per 31.12.2019	Shareholding %	Country
R8 Group AS, represented by Emil Eriksrød - CEO	1 093 280	55,4	Norway
Brødrene Jensen A/S, represented by Leif Oddvin Jensen - board member	228 711	11,6	Norway
IKAB AS, represented by Knut Bråthen - board member	179 198	9,1	Norway
Carucel Invest AS, represented by Else Christine Maria Sundby - board member	47 619	2,4	Norway
RP Holding AS	36 350	1,8	Norway
Aubert Invest AS, represented by George Emil Aubert - Chair	36 000	1,8	Norway
Holta & Co. AS, represented by George Emil Aubert - Chair	28 000	1,4	Norway
Kabbe Holding AS	25 000	1,3	Norway
Heimberg Holding AS	22 500	1,1	Norway
Østerlid AS	21 940	1,1	Norway
Gambetta AS	20 000	1,0	Norway
Thovsland Holding AS, represented by Tommy Thovsland - board member	20 000	1,0	Norway
Carl Erik Krefting	15 416	0,8	Norway
Jan Henrik Krefting	15 416	0,8	Norway
Børseth-Hansen AS	14 580	0,7	Norway
Spartveit Invest AS	14 070	0,7	Norway
Røinås Holding AS	13 160	0,7	Norway
ET-Invest AS	12 600	0,6	Norway
Caba Holding AS	10 000	0,5	Norway
Stensrød Invest AS	10 000	0,5	Norway
Sundvall Invest AS	10 000	0,5	Norway
Lucky-Holding AS	10 000	0,5	Norway
Sarepta Holding AS, represented by Runar Rønningen- board member	10 000	0,5	Norway
Freezing Point Invest AS	10 000	0,5	Norway
MPH Invest AS	6 667	0,3	Norway
Castra Invest AS	5 900	0,3	Norway
Handlekraft Holding AS	5 700	0,3	Norway
Frii AS	5 300	0,3	Norway
Eråk Holding AS	5 000	0,3	Norway
Skarven Industrier AS	5 000	0,3	Norway
Kornveien 5 AS	5 000	0,3	Norway
Magne Georg Sigurdsen	4 000	0,2	Norway
Marit Sigurdsen	4 000	0,2	Norway
Paragon Holding AS	3 200	0,2	Norway
Fjeld Holding AS	2 800	0,1	Norway
Sonja og Emil Aubert Legat, represented by George Emil Aubert - Chair	2 700	0,1	Norway
Bauta Invest AS	2 000	0,1	Norway
Jhk Invest AS	1 622	0,1	Norway
Carucel Holding II AS	1 622	0,1	Norway
Giraffa AS, represented by Else Christine Maria Sundby - board member	1 500	0,1	Norway
Masiw Holding AS	1 500	0,1	Norway
Leif Morten Stølen	1 200	0,1	Norway
Jor Holding AS	1 000	0,1	Norway
Roger Finnstrøm	950	0,0	Norway
Roberto Holding AS	800	0,0	Norway
Glott Eiendom AS	500	0,0	Norway
Christen Knudsen	263	0,0	Norway
Total	1 972 064	100,0	

NOTE 9 SPECIFICATION OF FINANCIAL INCOME AND EXPENSES

All amounts in NOK thousand

FINANCIAL INCOME

	2019	2018
Interest income from group companies	2 574	1 090
Other rental income	58	37
Total financial income	2 631	1 127

FINANCIAL EXPENSES

	2018	2018
Interest expenses to group companies	569	171
Other rental expenses	280	109
Write-downs of investment in subsidiaries	4 500	-
Total financial expenses	5 348	280

NOTE 10 SUBSIDIARIES

All amounts in NOK thousand

The Group comprise of the following legal entities at 31 December 2019

SUBSIDIARY OF R8 PROPERTY AS

	Business office	Equity interest %	Result 31.12.2019	Equity 31.12.2019
R8 Management AS	Porsgrunn	100	149	1 593
Rådhusgata 2 Skien AS	Porsgrunn	100	-1 089	-39
R8 Office AS	Porsgrunn	100	3 677	143 020
R8 Urban Estate AS	Porsgrunn	100	-7 496	102 924
R8 Hotels AS	Porsgrunn	100	-188	34 598
Valore AS	Porsgrunn	100	1 247	36 911
R8 Home AS	Porsgrunn	100	-925	2 069
R8 Project AS	Porsgrunn	100	-4	17
HIG 40-42 Prosjekt AS	Porsgrunn	100	505	25 585
Østveien 665-667 AS	Porsgrunn	100	-426	13 054

SHARES IN SUBSIDIARIES OWNED THROUGH SUBSIDIARIES:
(all of which has business office in Porsgrunn and 100% voting rights except Dokkeveien Utvikling AS and Kammerrøkka AS, see below

R8 Office AS
Grønlikroken 5 AS
Torggata 8 Skien AS
Versvikveien 6B AS
Storgata 106 AS
Hesselberggaten 4 AS
Porsgrunn Næringspark AS
Nordre Fokserød 14 AS
Vinkelbygget AS
HE-Kjelleveien AS
Kongensgate 20A AS

R8 Urban Estate AS
Tollboden AS
Mulighetenes By AS
|--- Laugstol Eiendom AS
|--- Henrik Ibsensgate 6 AS

R8 Hotels AS
Kammerherreløkka AS **)

Valore AS
Bedriftsveien 52/58 AS
Rødmyrlia 20 AS
Storgata 171-175 AS
Vipeveien 51 AS

R8 Home AS
Utsikten 1 AS

HIG 40-42 Prosjekt AS
Henrik Ibsens gate 40-42 Oslo AS

R8 Projects AS
Dokkveien Utvikling AS *)
|--- Dokkveien 20 AS

*) R8 Projects AS owns 50% of the shares in Dokkveien Utvikling AS. Voting rights equivalents ownership. The remaining shares is owned by Dione AS
**) R8 Hotels AS owns 50% of the shares in Kammerherreløkka AS. Voting rights equivalents ownership. The remaining shares is owned by Bane Nor Eiendom AS

The Group is considered having control of companies in which the Group holds 50% of the shares, namely Dokkveien Utvikling AS and Kammerherreløkka AS. These companies are being fully consolidated as a consequence of the assessment of control

NOTE 11 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On 3rd January 2020 R8 Property AS completed part one of the purchase of Evolve Business Space – acquiring 50 percent of the company, in accordance with the share purchase agreement signed in 2019. Evolve Business Space's parent company is R8 Evolve AS, with operations in four fully owned subsidiaries Evolve Akersgata AS, Evolve Bjørvika AS, Evolve Sandaker AS and Evolve IT Fornebu AS.

The corona pandemic outbreak in Q1 2020 is expected to have an impact on R8 Property AS, our tenants, financials and property values. The uncertainty connected to pandemic development makes forward looking estimates and prognosis challenging.

R8 Property's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up 25% of the group's rental income, another 25% of our revenue comes from large private tenants within banking, telecom, insurance etc. Our tenant portfolio is divided into five different segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 65 percent of the revenue. Retail, Food & Beverage and Hotels are the segments experiencing the greatest effect from the pandemic, our expectations are that Food & Beverage will partly rebound in line with declining social limitations while we expect Hotels and Retail segments to be difficult for an extended period of time.

Property values within our Office segment are considered strong, especially due to public and large private tenants. Hotels is – by far – the segment we expect to be affected the most, with future uncertainty in travel and conventions. Our property portfolio is valued quarterly by an external expert (Newsec), and updated accumulated valuations at the end o Q1 2020 is approximately negative 2 percent compared to 31.12.2019. This is a testament to the overall strength of our property portfolio, and while we cannot exclude further devaluations going forward with some segments and properties they will most likely be marginal towards the total property portfolio.

The sharp decline in interest rates (NIBOR) will positively influence our financial costs on the groups non-fixed rates loans. At the same time our fixed rate loans (i.e. interest rate swaps) will be negatively affected, especially in Q1 (and to some extent Q2) 2020.

We expect an increase in risk factors such as credit risk, interest rate risk and refinancing risk - with all our external financing coming from banks we believe the risk to be manageable. Covenants in bank agreements have good margins and can handle the likely negative changes in property value.

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of R8 Property AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of R8 Property AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the income statement and the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2019, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Covid-19

We draw attention to Note 28 in the consolidated financial statements, which describes the risk, uncertainty and the expected effects of Covid-19. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If,

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based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements and the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Porsgrunn, 14 May 2020
ERNST & YOUNG AS

Bård Erik Pedersen
State Authorised Public Accountant (Norway)

A member firm of Ernst & Young Global Limited

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	2019 / 31.12.2019	2018 / 31.12.2018
EPRA Earnings per share (EPS)	NOK	4,0	8,3
EPRA NAV per share	NOK	406,7	377,4
EPRA NNNAV per share	NOK	377,9	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

	2019	2018
Profit for period/year	59 177	60 733
Add:		
Changes in value of investment properties	-78 664	-37 626
Tax on changes in value of investment properties [1]	17 306	8 654
Changes in value of financial instruments	-509	-6 593
Tax on changes in value of financial instruments [1]	112	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	13 347	2 868
Reversal of tax non-controlling interests of subsidiaries [1]	-2 936	-660
Change in tax rate [1]	-	-3 263
EPRA Earnings	7 832	11 266

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

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

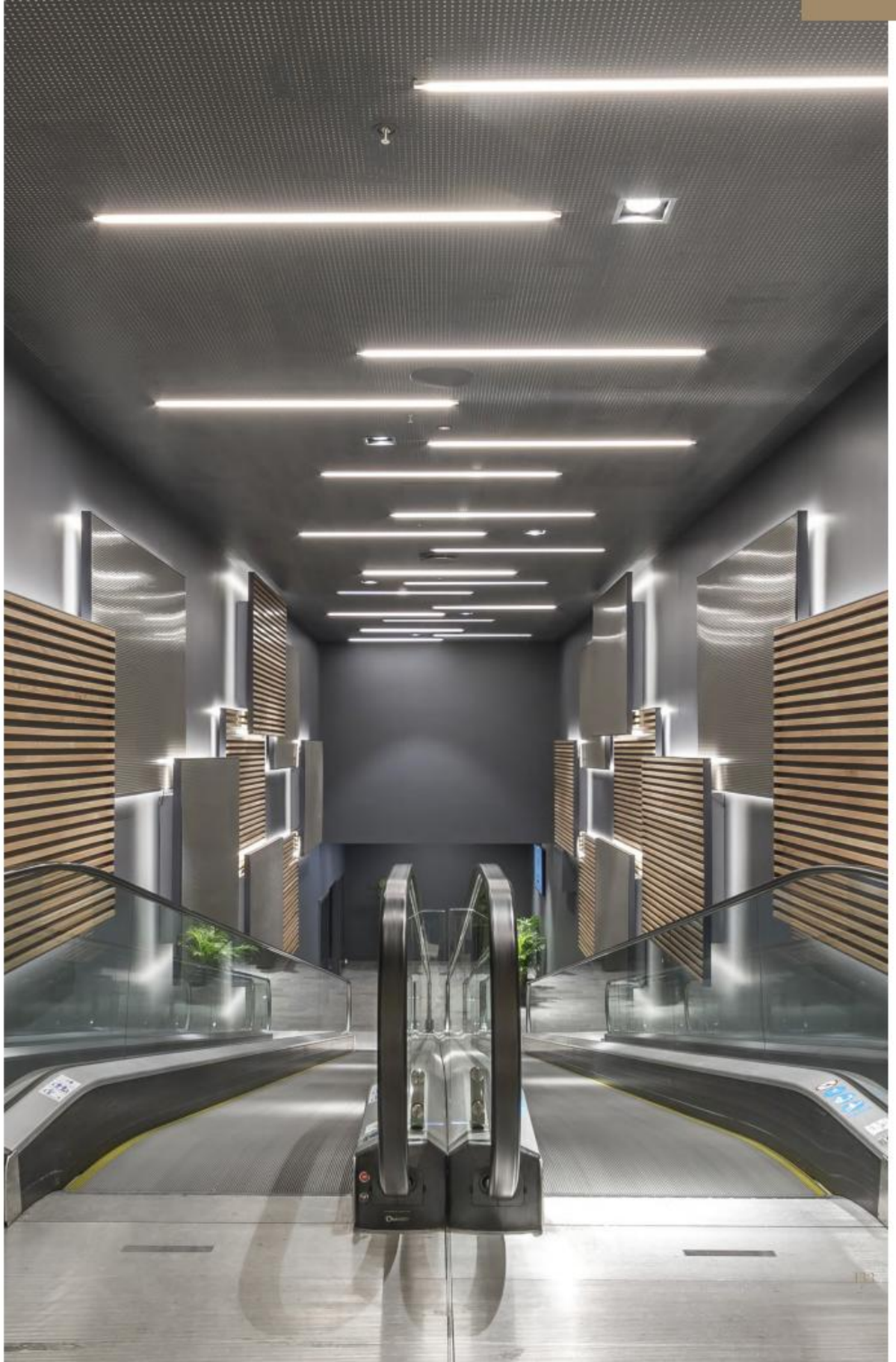
All amounts in NOK thousand

	2019	2018
NAV - book value of equity	778 131	494 493
Less: Non-controlling interest	-64 663	-47 358
Deferred property tax	79 395	58 974
Fair value of financial derivative instruments	9 196	8 888
EPRA NAV	802 060	514 997
Market value on property portfolio	2 409 000	1 731 500
Tax value on property portfolio	1 455 350	1 069 560
Basis for calculation of tax on gain on sale	953 650	661 940
Less: Market value of tax on gain on sale (5 per cent tax rate)	47 683	33 097
Net market value on financial derivatives	11 789	11 394
Tax expense on realised financial derivatives [1]	-2 594	-2 507
Less: Net result from realisation of financial derivatives	9 196	8 887
Book value of interest bearing debt	1 581 274	1 123 762
Nominal value of interest bearing debt	1 581 274	1 123 762
Basis for calculation of tax on realisation of interest bearing deb	-	-
Less: Market value of tax on realisation	-	-
EPRA NNNAV	745 182	473 013

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

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 NAV	Net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties. The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon.
EPRA NNNAV	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. 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.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities divided by the market value of the property portfolio.
Management properties	Properties that are actively managed by the company.
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the independent professionally qualified valuers.
Market value of property portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes.
Net yield	Net rent divided by the market value of the management properties of the Group.
Project properties	Properties where it has been decided to start construction of a new building and/or renovation.
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group, divided by net interest on interest-bearing nominal debt and fees and commitment fees related to investment activities.
Total area	Total area including the area of management properties, project properties and land / development properties.
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group.



R8

APPENDIX D

UNAUDITED CONSOLIDATED MANAGEMENT ACCOUNTS OF R8 PROPERTY ASA FOR THE THREE MONTHS ENDED 31 MARCH 2021

R8 PROPERTY ASA

QUARTERLY REPORT Q1 2021

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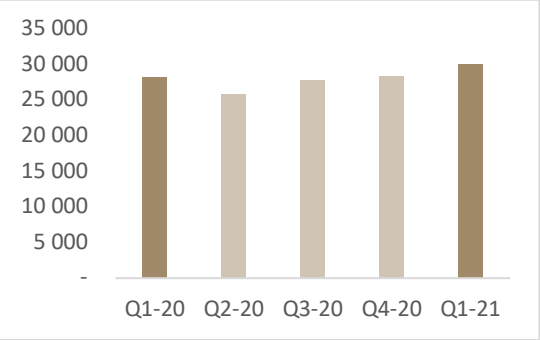
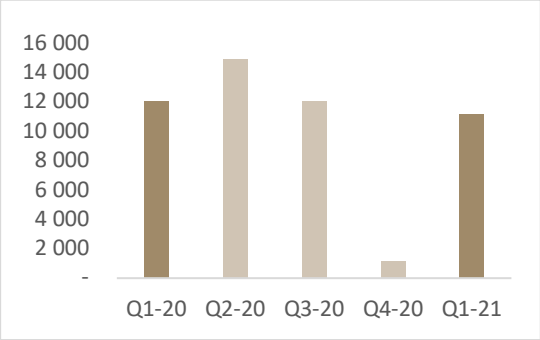
FINANCIAL HIGHLIGHTS

- Rental income of 30,1 million (28,6 million) in the quarter
- Net income from property management of 11,2 million (13,0 million)
- Positive total portfolio value changes of 24,3 million (negative of 53,3 million)
- Profit before tax of 38,5 million (negative 78,2 million)
- EPRA NAV per share of 46,0 (39,0)

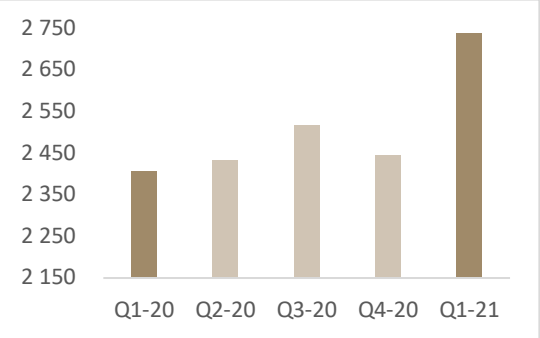
Rental income
(KNOK)



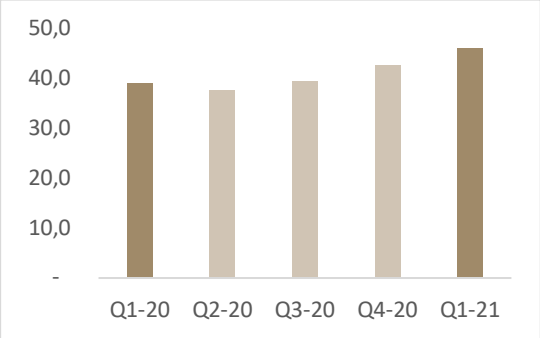
Net income property management
(KNOK)



Market value of the property portfolio
(MNOK)



EPRA NAV
(NOK per share)



KEY FIGURES

All amounts in NOK thousand	Q1-21	Q1-20	2020	2019
Rental income	30 067	28 619	114 153	99 755
Change period-on-period	5 %	37 %	14 %	42 %
Net income from property management	11 192	13 017	46 457	41 717
Change period-on-period	-14 %	12 %	11 %	2 %
Profit before tax	38 501	-90 184	-45 109	76 635
Change period-on-period	-143 %	-451 %	-159 %	9 %
Profit after tax	32 397	-78 244	-26 771	59 177
Change period-on-period	-141 %	-491 %	-145 %	-3 %
Market value of property portfolio	2 740 242	2 406 797	2 445 360	2 416 805
Market value of property portfolio and other investments*	2 858 551	2 459 618	2 569 952	2 417 302
Net nominal interest-bearing debt	1 994 354	1 643 084	1 724 414	1 576 757
Loan to value of property portfolio	72,8 %	68,3 %	70,5 %	65,2 %
Loan to value of property portfolio and other investments*	69,8 %	66,8 %	67,1 %	65,2 %
Interest coverage ratio	1,3	0,8	0,6	0,6
Number of shares***	19 720	19 720	19 720	19 720

All amounts in NOK per share	Q1-21	Q1-20	2020	2019
EPRA NAV**	46,0	39,0	42,6	40,7
Change period-on-period	18 %	0 %	5 %	78 %
EPRA NNNAV**	41,9	34,8	40,8	37,8
Change period-on-period	20 %	-2 %	8 %	9 %
EPRA Earnings	-0,4	-0,1	-0,8	0,4
Change period-on-period	157 %	-192 %	-300 %	30 %

* Investments in jointly controlled entities, associates and shares.

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

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

From Q4-20 and going forward R8 Evolve is not treated as a subsidiary due to lack of control. Consequently, the comparative figures for Q1 2020 have been restated.

FINANCIAL DEVELOPMENT

Results

Net income from property management

The Group's rental income was up by 5,2 per cent from 28,6 million in Q1-20 to 30,1 million in Q1-21.

- Total operating income came in at 36,1 million (31,9 million) in the quarter.
- Total operating cost amounted to 24,9 million (18,9 million) in the quarter.
- Net operating income from property management came in at 11,2 million (13,0 million) in the quarter.

In the first quarter of 2021 two new properties were acquired, Fornebuveien 1-3 at Fornebu in Oslo and Slottsfjell Park in Tønsberg. This has resulted in an increase in rental income and associated operating and administrative costs.

Operating income and costs are also affected by changes in the property portfolio from Q1-20 to Q1-21. Henrik Ibsensgate 40-42 and Powerhouse Telemark were both ongoing projects in Q1-20 and then completed later in 2020. Rådhusgata 2 and Kammerherreløkka (commercial property) had higher occupancy in Q1-20 compared to Q1-21.

The Group does not have any own used properties in Q1-21 as R8 Evolve AS is not consolidated in the Total Comprehensive Income from Q4-20 and going forward. Of this reason there is no specification of rental income from own used properties in Q1-21 compared to previous quarters in 2020.

Net financials

Net financials amounted to 3,0 million (-49,9 million) in the quarter. Interest and other finance expenses were 20,9 million (15,8 million) and net share of loss from associates and joint ventures was -4,1 million (-0,7 million) and relates to the Group's investments in R8 Evolve and Orbit Technology. Gains from investment in shares amounted to 15,5 million from divested shares in Orbit Technology. Unrealised changes in fair value of financial instruments gave a net positive contribution of 12,2 million (-33,9 million). The positive change comes from interest rate swaps.

Value changes

The valuation of the property portfolio resulted in a net positive value change of 24,3 million (-53,3 million) in the quarter. Properties with significant changes to highlight are increased value of Fornebuveien 1-3 and Rådhusgata 2.

Profit

Profit before tax was 38,5 million (-90,2 million) in the quarter. Profit after tax was 32,4 million (-78,2 million) in Q1-21.

Other information

R8 Evolve AS is not consolidated in the Total Comprehensive Income (TCI) from Q4-20 and going forward. This is a due to changes in ownership and associated agreements regarding controlling influence. As R8 Evolve was treated as a subsidiary in Q1 2020, comparative figures have been restated for this quarter.

Orbit Technology AS is not consolidated in the Total Comprehensive Income (TCI) from Q1-21 and going forward. This is due to changes in ownership and associated agreements regarding controlling influence.

Balance sheet

The Group's assets amounted to 3 020 million (2 554 million) as of 31.03.21. Of this, investment property amounted to 2 731 million (2 387 million).

Investments in associates and jointly controlled entities were 118,3 million (52,1 million) at the end of Q1 2021. Investments in R8 Evolve AS and Inkognitogaten 33A AS constitutes a large proportion of the balance sheet value.

Financial derivates as an asset in the quarter amounts to 43,4 million (0,0 million) results from an option right to acquire the remaining shares in Inkognitogaten 33 A AS.

Total current assets came in at 96,7 million (99,0 million) in Q1-2021. The decrease in inventory properties is related to a reassessment of the investment in Vestsiden Terrasse that resulted in a reclassification from inventory property to investment property.

Book equity totaled 794 million (702 million), representing an equity ratio of 26,3 percent (27,5 percent). Equity per share was 46,0 (39,0) based on the EPRA NAV standard and 41,9 (34,8) based on EPRA NNNAV. Outstanding shares at 31.03.21 totaled 19 720 640. The number of outstanding shares increased from 1 972 064 to 19 720 640 in Q4-20, as a result of a share split with ratio 1:10 decided at the extraordinary general meeting (EGM) on October 29th 2020.

Other information
R8 Evolve AS and Orbit Technology AS are not consolidated in the balance sheet from Q4-20 and going forward. This is due to changes in ownership and associated agreements regarding controlling influence. As R8 Evolve was treated as a subsidiary in Q1 2020, comparative figures have been restated for this quarter.

Cash flow statement

Net cash flow from operating activities came in at 3,4 million (-7,3 million) in the quarter.

The net cash flow from investment activities was -138,0 million (-91,1 million) in the quarter.

Net cash flow from financing activities was 129,9 million (63,6 million) in the quarter.

Cash and cash equivalents at the end of Q1-21 came in at 31,0 million (16,2 million).

Financing

R8 Property`s total interest-bearing nominal debt as of 31.03.21 was 1 994 million (1 643 million). During the first quarter the total interest-bearing nominal debt increased by 230 million. The increase was mainly due to the purchase of Slottsfjell Park and Fornebuveien 1-3 in Oslo.

R8 Property is not in breach of any covenant requirements at the end of Q1-21.

Interest bearing debt and maturity structure

The average remaining term for the Group`s debt portfolio was 3,7 years at 31.03.21.

Maturity structure and composition of interest-bearing debt

All amounts in NOK thousand

Maturity profile	0-1 yrs	1-3 yrs	3-5 yrs	5+ yrs	Total
Bank loans	357 240	1 044 332	218 263	286 240	1 906 075
Subordinated loans	78 487	9 640			88 127
Total	**435 727**	**1 053 972**	**218 263**	**286 240**	**1 994 354**
	22 %	53 %	11 %	14 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 3,45 per cent as of 31.03.2021. 29 per cent of the Group`s financing was hedged at a fixed rate as of 31.03.21 with a weighted average maturity of 5,4 years.

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	113 373	3,09 %
3-4 years	80 000	2,73 %
4-5 years	119 425	1,72 %
5-6 years	15 000	1,65 %
6-8 years	63 800	1,53 %
8-10 years	195 000	2,17 %
Total	**586 598**	**2,25 %**

1) Excluding credit margins

Convertible loans

The Group has 81,5 million in convertible loans.

The Property portfolio

Foto: Ivar Kvaal

THE PROPERTY PORTFOLIO

R8 Property's management portfolio as of 31.03.2021 consists of 28 buildings with a total area of approximately 109 789 square meters. The portfolio is divided into three operating subunits:

Green Office: properties with energy classification and environmental focus
City Office: other ordinary office properties
Commercial Property: properties located in the city center where majority of tenants operates within food & beverage or healthcare

As of 31.03.2021 the occupancy is at 85,1 percent. However, most of the vacancy is strategic related to Arkaden. The occupancy in the Commercial Property subunit is increasing as the project is moving forward.

The average wault[2)] (weighted on annual rent) in the management portfolio is 6,5 years. Average annual rent per square meter was 1 646 NOK of 31.03.2021.

The net direct yield is at 5,0% based on annual rent as of 31.03.2021. Average yield on the total management portfolio (value weighted) as basis of property valuations is 6,1% as of 31.03.2021.

CORPORATE UNITS Q1-21

	Area	Occupancy		No. of prop.	Market value		Wault [1)]	Annual rent		Wault [2)]	Net direct yield	Net yield (valuation)	Market rent [3)]	
31.03.2021	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(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.	33 016	26 219	79,4	7	669 000	20 263	9,5	49 891	1 903	9,6	5,1	7,1	61 868	1 874
Total management portfolio	**109 789**	**93 465**	**85,1**	**28**	**2 494 180**	**22 718**	**6,6**	**153 813**	**1 646**	**6,5**	**5,0**	**6,1**	**191 127**	**1 741**
Project Office	4 900	4 900	100,0	6	236 500	48 265	11,2							
Total project portfolio	**4 900**	**4 900**	**100,0**	**6**	**236 500**	**48 265**	**11,2**							
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 ow nership costs, w hich at 31 March 2021 corresponds to 9.7% of market rent. The Group has no single external customers representing over 10% of the Group's revenue. Furthermore, the Group has around 87% of its estimated marked value of properties and 91% of its rental income geographically from the county of Vestfold Telemark, w hile the rest is located in the county of Oslo.

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

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

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

TENANT INDUSTRY Q1-21

	Occupancy	Wault [2)]	Annual rent	
31.03.2021	(sqm)	(yrs)	(tNOK)	(NOK/sqm)
Office	69 504	5,5	113 273	1 630
Retail	7 244	5,6	10 443	1 442
Hotels	6 237	12,9	11 877	1 904
Healthcare	5 573	5,1	6 871	1 233
Food and Beverage	4 907	11,0	11 349	2 313
Total management portfolio	**93 465**	**6,5**	**153 813**	**1 646**

1) Wault weighted on property market value
2) Wault weighted on annual rent
3) includes market rent from available areas

INVESTMENTS AND DIVESTMENTS

R8 Property has invested 34,5 million (31,3 million) in the portfolio of investment properties in the quarter.

Project Development

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

Project	Ownership (%)	Unit	Expected completion	Project area (sqm)	Occupancy (%)	Est. total project cost (tNOK)[1)]	Of which accrued (tNOK)
Polymer Exploration Centre	50	Office	Q4-21	4 900	100	167 243	99 406
Total				**4 900**	**100**	**167 243**	**99 406**

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

R8 Home

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

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

Status ongoing projects

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

Transactions YTD 2021

In the first quarter of 2021 the Group has acquired two properties, Fornebuveien 1-3 at Lysaker in Oslo and Slottsfjell Park in Tønsberg.

R8 Property ASA has also sold 12% of the shares in Orbit Technology AS.

PARTLY OWNED COMPANIES

Dokkvegen Utvikling AS (50 %)
R8 Property and Dione AS own Dokkvegen Utvikling AS. This is a holding company with 100% ownership in Dokkvegen 20 AS in Porsgrunn (4,450 sqm) where the building 'Polymer Exploration Center' (research center) is under construction.

Fornebuveien 1-3 Invest AS (50 %)
R8 Property and Brødrene Jensen AS own Fornebuveien 1-3 Invest AS. The company owns the property known as Fornebuveien 1-3 at Lysaker in Oslo.

Inkognitogaten 33A AS (16%)
R8 Property and a group of investors own Inkognitogaten 33A AS. The company owns the property known as Inkognitogaten 33 aka Inkognito Park in Oslo.

Kammerherreløkka AS (50 %)
R8 Property and Bane NOR Eiendom AS own Kammerherreløkka AS. The company owns one hotel building (6 282 sqm) and one office building (2 767 sqm) in Porsgrunn.

Obit Technology AS (35,5 %)
R8 Property and Alligate AS own Orbit Technology AS. The company offers technology solutions that enables office sharing at scale, by turning unused office space into satellite workspaces, available and affordable for anyone.

R8 Evolve AS (75 %)
R8 Property and Alligate AS own R8 Evolve AS. This is a holding company with 100% ownership in Evolve Akersgata AS, Evolve Bjørvika AS, Evolve IT Fornebu AS and Evolve Sandaker AS.

Sandefjord Eiendomsinvest AS (25,2 %)
R8 Property and a group of investors own Sandefjord Eiendomsinvest AS. The company owns the property known as Nordre Fokserød 14 in Sandefjord.

Skien Brygge Utvikling AS (25 %)
R8 Property, Bane NOR Eiendom AS and Skien Boligbyggelag own Skien Brygge Utvikling AS. The company owns land in Skien where a project has a started to develop a neighbourhood in Skien including office buildings, hotel and apartments.

Telemarksgaten 10 AS (14 %)
R8 Property and a group of investors own Telemarksgaten 10 AS. The company owns the property known as Telemarksgaten 10 in Skien.9

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

OTHER INFORMATION

Organization
At 31.03.21 the Group had 30 employees. During the quarter there were no injuries that caused absence from work.

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

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

R8 Property has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote.

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

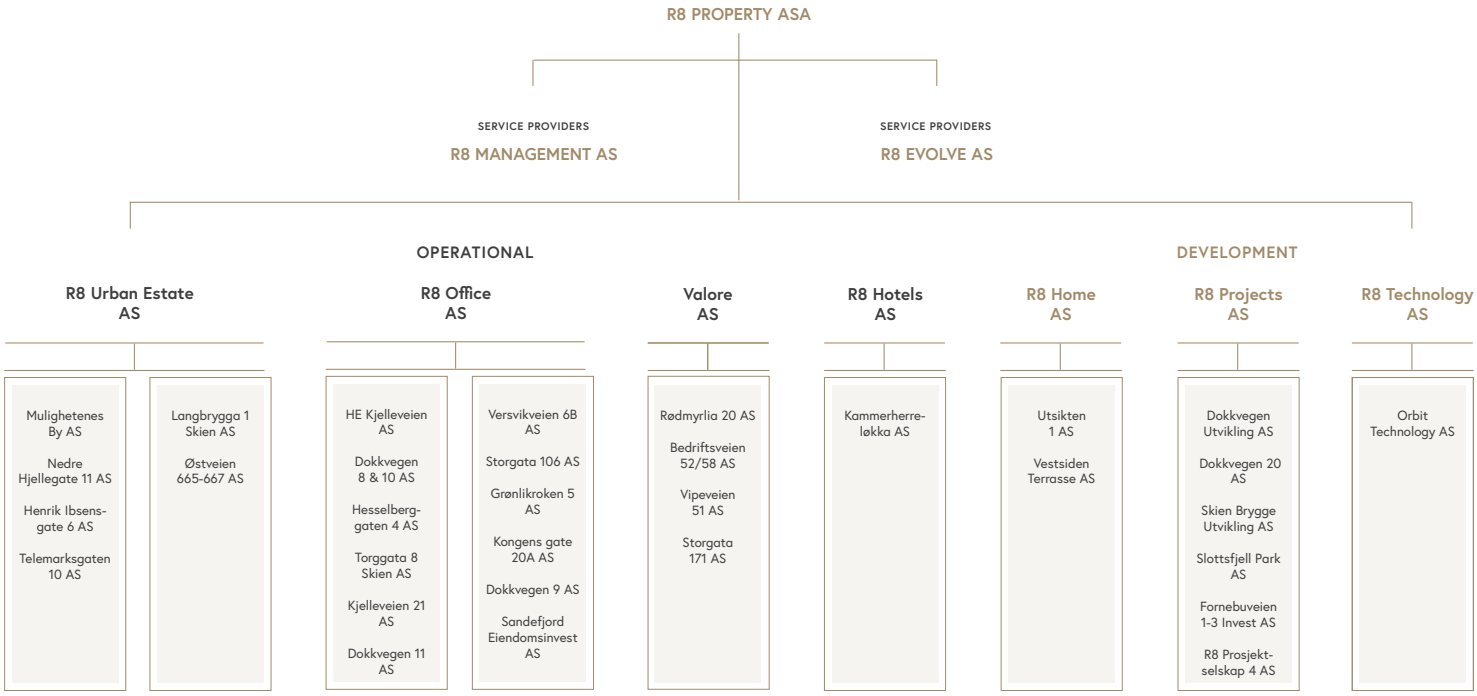
As of 31.03.2021, R8 Property had 51 shareholders. Norwegian investors held 100 per cent of the share capital. The 10 largest shareholders on 31.03.21 were:

Shareholder	Ownership
R8 Group AS	48,0 %
Brødrene Jensen AS	13,7 %
IKAB AS	9,1 %
Sarepta Holding AS	2,8 %
Carucel Invest AS	2,5 %
Aubert Invest AS	2,3 %
Holta & Co AS	1,9 %
Kabbe Holding AS	1,8 %
RP Holding AS	1,1 %
Østerlid AS	1,1 %
Total	**84,2 %**

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 March 31 2021.



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

Foto: Ivar Kvaal

Financial statements

Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q1-21	Q1-20	2020
Rental income	2	30 067	28 619	114 153
Other operating revenue	2	6 065	3 292	18 338
Total operating income		**36 132**	**31 911**	**132 491**
Maintenance and other operating expenses		15 937	9 619	53 208
Other property-related expenses		727	224	2 196
Administrative expenses		8 275	9 052	30 630
Total operating costs		**24 939**	**18 894**	**86 034**
Net income from property management		**11 192**	**13 017**	**46 457**
Changes in fair value from investment properties	3,4,5	24 282	-53 295	-46 726
Operating profit		**35 474**	**-40 278**	**-269**
Gains from investment in shares		15 479	-	-
Interest and other finance income		322	488	2 053
Share of profit (loss) from associates and joint ventures		-4 099	-676	-6 882
Losses from investment in shares		-	-	-496
Interest and other finance expense		-20 887	-15 805	-66 142
Changes in fair value of financial instruments	4	12 213	-33 914	26 628
Net financial items		**3 027**	**-49 906**	**-44 840**
Profit before tax		**38 501**	**-90 184**	**-45 109**
Tax expense		-6 103	11 940	18 338
Profit for year		**32 397**	**-78 244**	**-26 771**
Profit attributable to:				
Equity holders of the company		22 572	-55 495	-11 007
Non-controlling interest		9 826	-22 749	-15 764
Total comprehensive income attributable to:				
Equity holders of the company		22 572	-55 495	-11 007
Non-controlling interest		9 826	-22 749	-15 764
Earnings per share:				
Basic (NOK)		1,14	-2,81	-0,56
Diluted (NOK)		1,01	-2,81	-0,56
Other comprehensive income				
Net OCI that may be reclassified to profit or loss in subsequent periods		-	-	-
Net OCI that will not be reclassified to profit or loss in subsequent periods		-	-	-

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

Balance sheet

All amounts in NOK thousand

	Note	31.03.2021	31.03.2020	31.12.2020
NON-CURRENT ASSETS				
Deferred tax asset		10 244	2 426	10 169
Other intangible assets		7 566	9 081	7 605
Total intangible assets		**17 810**	**11 506**	**17 773**
Investment property	4,5	2 730 680	2 387 000	2 436 000
Other operating assets		874	846	765
Right-of-use assets		92	234	127
Total non-current tangible assets		**2 731 646**	**2 388 080**	**2 436 892**
Investment in associates and jointly controlled entities	4	118 310	52 821	124 592
Financial derivatives	4	43 415	-	46 618
Other long-term receivables		12 472	3 180	9 554
Total financial assets		**174 196**	**56 000**	**180 764**
TOTAL NON-CURRENT ASSETS		**2 923 652**	**2 455 587**	**2 635 429**
CURRENT ASSETS				
Inventory property		9 562	19 797	9 360
Trade receivables		15 663	16 451	14 155
Other receivables		14 130	15 979	12 625
Other receivables to related parties		26 278	30 573	14 370
Total current receivables		**65 634**	**82 801**	**50 510**
Cash and bank deposits		31 029	16 249	35 679
TOTAL CURRENT ASSETS		**96 663**	**99 050**	**86 188**
TOTAL ASSETS		**3 020 315**	**2 554 637**	**2 721 617**
EQUITY				
Shareholders equity		731 339	657 974	708 382
Non-controlling interest		62 754	44 857	52 919
TOTAL EQUITY		**794 093**	**702 832**	**761 300**
LIABILITIES				
Interest-bearing debt		1 518 409	636 033	1 347 535
Deferred tax liability		82 092	76 380	79 110
Financial derivatives	4	20 068	45 703	35 646
Lease liabilities, non-current portion		3 224	4 155	3 567
Total non-current liabilities		**1 623 793**	**762 271**	**1 465 858**
Trade payables		34 314	23 520	40 926
Interest-bearing debt		475 945	1 007 051	376 879
Debt to related parties		6 905	23 901	6 633
Lease liabilities, current portion		1 216	1 100	1 258
Other current liabilities		84 050	33 962	68 764
Total current liabilities		**602 429**	**1 089 534**	**494 459**
TOTAL LIABILITIES		**2 226 222**	**1 851 805**	**1 960 317**
TOTAL EQUITY AND LIABILITIES		**3 020 315**	**2 554 637**	**2 721 617**

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

Statement of changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Non-controlling interest	Total equity
Equity at 01.01.2020	**4 930**	**200 291**	**134 420**	**373 828**	**64 663**	**778 131**
Profit for year	-	-	-	-11 007	-15 764	**-26 771**
Acquisitions/capital increase subsidiaries	-	-	-	-	4 020	**4 020**
Share based options	-	-	5 920	-	-	**5 920**
Equity at 31.12.2020	**4 930**	**200 291**	**140 340**	**362 821**	**52 919**	**761 300**
Profit for year	-	-	-	22 572	9 826	**32 397**
Share based options	-	-	380	-	-	**380**
Change in non-controlling interest	-	-	-	6	9	**15**
Equity at 31.03.2021	**4 930**	**200 291**	**140 719**	**385 398**	**62 754**	**794 093**

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

Statement of cash flows

All amounts in NOK thousand

	Note	Q1-21	Q1-20	2020
Profit before tax		38 501	-90 184	-45 109
Expensed interest and fees on loans and leases		20 887	15 805	64 089
Interest and fees paid on loans and leases		-21 931	-15 408	-59 439
Share of profit from associates and jointly controlled entities		4 099	676	6 882
Gains from investment in shares		-15 479		
Depreciation and amortisation	7	60	149	495
Other adjustments		512	-	2 649
Change in market value investment properties	4, 5	-24 282	53 295	46 726
Change in market value financial instruments	4	-12 213	33 914	-26 628
Change in working capital		13 281	-5 574	-2 767
Net cash flow from operating activities		**3 436**	**-7 328**	**-13 101**
Proceeds from sales of investment properties and companies		-	-	47 441
Proceeds from sales of shares		15 000	-	25 015
Purchase of shares		-	-43 000	-121 902
Purchase of business net of cash		-91 662	-2 944	-
Upgrades and construction of investment properties		-61 300	-44 941	-183 531
Purchase of intangible assets and other plant and equipment		-	-211	-
Net payment financial assets		-	-	14 795
Net cash flow from investment activities		**-137 962**	**-91 095**	**-218 182**
Proceeds interest-bearing debt		242 276	73 417	190 395
Repayment interest-bearing debt		-143 274	-5 711	-20 091
Change in loans to other related parties		-11 908	-4 074	6 606
Proceeds from convertible loans		42 783	-	37 936
Contributions from non-controlling interests		-	-	1 076
Net cash flow from financing activities		**129 876**	**63 632**	**215 922**
Change in cash and cash equivalents		-4 650	-34 791	-15 361
Cash and cash equivalents at beginning of period		35 679	51 040	51 040
Cash and cash equivalents at end of period		**31 029**	**16 248**	**35 679**

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

NOTE 1 ACCOUNTING PRINCIPLES

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

During the year the Group reassessed the treatment of R8 Evolve, a company purchased in the first quarter 2020, in regard to the control of the company. The renewed assessment concludes that the Group do not have the necessary power to influence decision making in the acquired company and as such, R8 Evolve will no longer be treated as a subsidiary due to lack of control. As a consequence, the comparative figures for Q1 2020 has been restated.

The interim financial statements report of R8 Property ASA was approved at a Board meeting on 6th May 2021 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 5.2 per cent from 28.6 million in Q1-20 to 30,1 million in Q1-21.

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

NOTE 3 SEGMENT INFORMATION

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

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

There has been no aggregation of segments in the reported segments presented above. The operating segment of the Group as of today represent their own nature in regards to when and how income is generated (through sales or assets appreciation) and the products or services provided. The chief operating decision maker is the executive board and the CEO, which are the highest decision-making authority of the Group. Geograficially, 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 recogniced in accordance with IAS 40. Income from Residential Properties is considered revenue from contracts with customers (IFRS 15).

All amounts in NOK thousand

Q1-21	Commercial Properties[1)]	Residential Properties	Eliminations[3)]	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	24 282	-	-	*24 282*
Net fair value financial derivates	12 213	-	-	*12 213*
Net financial items	-9 061	-106	-19	*-9 186*
Segment profit	**38 855**	**-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				
Reconciliation of revenue:				
Total operating income from the segments				36 132
Other operating income				-
The Group's total operating income				**36 132**
Reconciliation of profit:				
Segment profit				38 501
Total other comprehensive income before tax				-
The Group's profit before tax				**38 501**
Reconciliation of balance sheet:				
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**

1) For key metrics of the segment Commercial Properties - see Note 14 Investment Property
2) The segment Technology was sold during the year and hence there's no assets or liabilities outlined above
3) Eliminations consists of intercompany transactions made at arm lengths principles

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

Q1-20	Commercial Properties	Residential Properties	Eliminations	Consolidated
INCOME STATEMENT				
Total operating income	31 920	-	-10	31 911
- of which is rental income	*28 619*	-	-	*28 619*
- of which is other operating revenue	*3 301*	-	*-10*	*3 292*
Total operating costs	18 284	619	-10	18 894
Net income	**13 636**	**-619**	**-**	**13 017**
Fair value adjustments investment property	-53 295	-	-	-53 295
Net fair value financial derivates	-33 914	-	-	-33 914
Net financial items	-15 904	-89	-	-15 993
Segment profit	**-89 476**	**-708**	**-**	**-90 184**
BALANCE SHEET				
Investment property	2 387 000	-	-	2 387 000
Inventory property	-	19 797	-	19 797
Total assets from operating segments	**2 387 000**	**19 797**	**-**	**2 406 797**
Deferred tax liability	76 207	173	-	*76 380*
Interest bearing debt	1 632 968	10 116	-	*1 643 084*
Total liabilities from operating segments	**1 709 175**	**10 289**	**-**	**1 719 464**
RECONCILIATIONS				
Reconciliation of revenue:				
Total operating income from the segments				31 911
Other operating income				-
The Group's total operating income				**31 911**
Reconciliation of profit:				
Segment profit				-90 184
Total other comprehensive income before tax				-
The Group's profit before tax				**-90 184**
Reconciliation of balance sheet:				
Total assets from operating segments				2 406 797
Non-current assets				68 587
Current assets				79 252
The Group's total assets				**2 554 637**
Total liabilities from operating segments				1 719 464
Equity				702 832
Non-current liabilities				49 858
Current liabilities				82 483
The Group's total equity and liabilities				**2 554 637**

NOTE 4 INFORMATION ABOUT FAIR VALUE OF ASSETS & LIABILITIES

All amounts in NOK thousand

The valuation methods and principles are unchanged in the quarter. See the annual financial statements for 2020 for further information. Set out below is a summary of assets and liabilities measured at fair value divided between the different valuation hierarchies set out in IFRS 7.

ASSETS MEASURED AT FAIR VALUE

	31.03.2021	31.03.2020	31.12.2020
Assets at fair value through profit or loss			
- Investment properties (level 3)	2 730 680	2 387 000	2 436 000
- Derivatives (level 3) [1)]	43 415	-	46 618
- Equity instruments (level 3) [2)]	34 213	-	34 374
Total	**2 808 307**	**2 387 000**	**2 516 992**

LIABILITIES MEASURED AT FAIR VALUE

	31.03.2021	31.03.2020	31.12.2020
Liabilities at fair value through profit or loss			
- Derivatives (level 2)	20 068	45 703	35 646
Total	**20 068**	**45 703**	**35 646**

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

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

NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q1-21	Q1-20	2020
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	**2 436 000**	**2 409 000**	**2 409 000**
Other movements			
Purchase of investment properties	230 890		16 000
Projects and upgrades in the property portfolio	38 445	26 855	164 415
Capitalised borrowing costs	1 063	4 439	13 311
Sale of investment property		-	-120 000
Change in value from investment properties	24 282	-53 295	-46 726
Total value of investment property	**2 730 680**	**2 387 000**	**2 436 000**

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

The Group has lease contracts regarding service cars. Outstanding right-of-use assets as per 31.03.2021 is tNOK 91,7.

SPECIFICATION OF INVESTMENT PROPERTIES

All amounts in NOK thousand

The Groups investment properties is organised into three corporate units:
Green Office: properties with energy classification and environmental focus
City Office: other ordinary office properties
Commercial Property: properties located in the city center where majority of tenants operates within food & beverage or healthcare

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

CORPORATE UNITS Q1-21

	Area	Occupancy		No. of prop.	Market value		Wault [1]	Annual rent		Wault [2]	Net direct yield	Net yield (valuation)	Market rent [3]	
31.03.2021	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(%)	(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.	33 016	26 219	79,4	7	669 000	20 263	9,5	49 891	1 903	9,6	5,1	7,1	61 868	1 874
Total management portfolio	**109 789**	**93 465**	**85,1**	**28**	**2 494 180**	**22 718**	**6,6**	**153 813**	**1 646**	**6,5**	**5,0**	**6,1**	**191 127**	**1 741**
Project Office	4 900	4 900	100,0	6	236 500	48 265	11,2							
Total project portfolio	**4 900**	**4 900**	**100,0**	**6**	**236 500**	**48 265**	**11,2**							
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. The Group has no single external customers representing over 10% of the Group's revenue. Furthermore, the Group has around 87% of its estimated marked value of properties and 91% of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the county of Oslo.

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

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

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

TENANT INDUSTRY Q1-21

	Occupancy	Wault [2]	Annual rent	
31.03.2021	(sqm)	(yrs)	(tNOK)	(NOK/sqm)
Office	69 504	5,5	113 273	1 630
Retail	7 244	5,6	10 443	1 442
Hotels	6 237	12,9	11 877	1 904
Healthcare	5 573	5,1	6 871	1 233
Food and Beverage	4 907	11,0	11 349	2 313
Total management portfolio	**93 465**	**6,5**	**153 813**	**1 646**

CORPORATE UNITS Q1-20

31.03.2020	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	29 255	27 171	92,9	5	771 000	26 354	4,1	48 986	1 803	3,4	5,6	6,0	53 956	1 844
City Office	36 110	30 571	84,7	14	498 500	13 805	4,6	32 349	1 058	4,2	5,9	6,8	44 230	1 225
Commercial Prop.	33 002	28 289	85,7	7	665 500	20 165	9,3	49 439	1 748	9,9	5,9	7,1	61 324	1 858
Total management portfolio	**98 367**	**86 031**	**87,5**	**26**	**1 935 000**	**19 671**	**6,0**	**130 775**	**1 520**	**6,1**	**5,8**	**6,6**	**159 510**	**1 622**
Project Office	14 450	12 873	89,1	6	452 000	31 280	11,5							
Total project portfolio	**14 450**	**12 873**	**89,1**	**6**	**452 000**	**31 280**	**11,5**							
Total property portfolio	**112 817**	**98 904**	**87,7**	**32**	**2 387 000**	**21 158**	**7,1**							

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2019 corresponds to 10% of market rent.

R8 Property had in Q1-2020 three on-going projects, the new building Powerhouse Telemark and Polymer Exploration Center, both in Porsgrunn, and Henrik Ibsensgate 40-42 AS located in Oslo.

TENANT INDUSTRY Q1-20

31.03.2020	Occupancy (sqm)	Wault [2] (yrs)	Annual rent (tNOK)	Annual rent (NOK/sqm)
Office	58 932	4,7	88 324	1 499
Retail	10 441	5,5	12 466	1 194
Hotels	6 178	13,9	11 614	1 880
Healthcare	5 551	5,4	6 781	1 222
Food and Beverage	4 929	9,8	11 590	2 351
Total management portfolio	**86 031**	**6,1**	**130 775**	**1 520**

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 acquired 100% of the shares in Fornebuveien 1-3 AS for the amount of mNOK 78 in January 2021. Fornebuveien 1-3 AS is owned by Fornebuveien 1-3 Invest AS, which is owned by R8 Property ASA with 50% and Brødrene Jensen AS with 50%. Brødrene Jensen AS is also a shareholder in R8 Property ASA. R8 Property ASA has sold 10% of the shares in Orbit Technology AS for the amount of mNOK 15 to Brødrene Jensen AS.

NOTE 7 KEY FIGURES

All amounts in NOK thousand

DEBT RATIO (LTV)

	31.03.2021	31.03.2020	31.12.2020
Net nominal interest-bearing debt	1 994 354	1 643 084	1 724 414
Total market value of the property portfolio	2 740 242	2 406 797	2 445 360
Debt ratio (LTV) % of Property Portfolio	**72,8**	**68,3**	**70,5**
Net nominal interest-bearing debt	1 994 354	1 643 084	1 724 414
Total market value of the property portfolio including other investments*	2 858 551	2 459 618	2 569 952
Debt ratio (LTV) % of Property Portfolio including other investments*	**69,8**	**66,8**	**67,1**

* Investments in jointly controlled entities, associates and shares.

INTEREST COVERAGE RATIO (ICR)

	Q1-21	Q1-20	2020
Net income from property management	11 192	13 017	46 457
Depreciation (excl. IFRS 16)	60	149	495
Net realised financials	15 800		2 053
Net effect from leases	-	-	-1
EBITDA adjusted	**27 053**	**13 166**	**49 004**
Interest cost	20 887	15 805	78 799
Other finance expense		-	644
Applicable net interest cost	**20 887**	**15 805**	**79 443**
Interest Coverage Ratio (ICR)	**1,3**	**0,8**	**0,6**

NOTE 8 EPRA REPORTING

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

EPRA Reporting - summary	Unit	Q1-21 / 31.03.2021	Q1-20 / 31.03.2020	2020 / 31.12.2020
EPRA Earnings per share (EPS)	NOK	-0,4	-0,1	-0,8
EPRA NAV per share	NOK	46,0	39,0	42,6
EPRA NNNAV per share	NOK	41,9	34,8	40,8

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

EPRA EARNINGS

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

All amounts in NOK thousand

	Q1-21 / 31.03.2021	Q1-20 / 31.03.2020	2020 / 31.12.2020
Profit for period/year	32 397	-78 244	-26 771
			-
Add:			-
Changes in value of investment properties	-24 282	53 295	46 726
Tax on changes in value of investment properties [1)]	5 342	-4 017	-10 280
Changes in value of financial instruments	-12 213	33 914	-26 628
Tax on changes in value of financial instruments [1)]	3 427	-7 461	-5 248
Share of profit jointly controlled entities - fair value adjustments	-11 379	-	6 882
Reversal of deferred tax EPRA adjustments jointly controlled entities [1)]	-	-	-
Net income non-controlling interest of subsidiaries	-514	-240	-211
Reversal of tax non-controlling interests of subsidiaries [1)]	113	-48	45
Change in tax rate [1)]	-	-	-
EPRA Earnings	**-7 109**	**-2 802**	**-15 485**

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

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

	31.03.2021	31.03.2020	31.12.2020
NAV - book value of equity	**794 093**	**702 832**	**761 300**
Less: Non-controlling interest	-62 754	-44 857	-52 919
Deferred property tax	159 771	75 378	150 058
Fair value of financial derivative instruments	15 653	35 649	-18 815
EPRA NAV	**906 763**	**769 001**	**839 625**
Market value on property portfolio	2 730 680	2 387 000	2 436 000
Tax value on property portfolio	1 437 138	1 451 624	1 352 105
Basis for calculation of tax on gain on sale	1 293 542	935 376	1 083 895
Less: Market value of tax on gain on sale (5 per cent tax rate)	**64 677**	**46 769**	**54 195**
Net market value on financial derivatives	20 068	45 703	-10 972
Tax expense on realised financial derivatives [1)]	-4 415	-10 055	-7 842
Less: Net result from realisation of financial derivatives	**15 653**	**35 649**	**-18 815**
Book value of interest bearing debt	1 994 354	1 643 084	1 724 414
Nominal value of interest bearing debt	1 994 354	1 643 084	1 724 414
Basis for calculation of tax on realisation of interest bearing debt	-	-	-
Less: Market value of tax on realisation	**-**	**-**	**-**
EPRA NNNAV	**826 433**	**686 583**	**804 245**

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

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

The corona pandemic outbreak has had impacts on the Groups tenants, financials and property values. Going forward, the uncertainty connected to the pandemic development remains, making forward looking estimates and forecast challenging. However, the property values within our Office segment/industry are considered to be strong. Our tenant portfolio is divided into five different industries/segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 74 percent of the revenue. R8 Property's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up approx. 24% 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 Q2 2021 the Group has divested two properties in the portfolio to external parties. The transactions were completed in Q2 2021. Property values in both transactions are set as book value, in accordance with IFRS, as of 31.03.21.

CONTACT

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Financial calendar

Q2 report 2021	**01.09.21**
Q3 report 2021	**11.11.21**
Q4 report 2021	**17.02.22**
Annual report 2021	**24.03.22**

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Foto: Ivar Kvaal

DEFINITIONS

Annual rent	The contractual annual rent from the properties of the Group including forward starting contracts and excluding any market contribution.
Cash earnings	Result from property management less payable tax.
Contractual rent	Annual cash rental income being received as of relevant date.
EPRA Earnings	Net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects. EPRA earnings are intended to give an indication of the underlying development in the property portfolio.
EPRA NAV	Net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties. The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon.
EPRA NNNAV	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. 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.
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities (excluding debt to group companies) divided by the market value of the property portfolio.
Management properties	Properties that are actively managed by the company.
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the independent professionally qualified valuers.
Market value of property portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes.
Net yield	Net rent divided by the market value of the management properties of the Group.
Occupancy	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
Project properties	Properties where it has been decided to start construction of a new building and/or renovation.
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group, divided by net interest on interest-bearing nominal debt and fees and commitment fees related to investment activities.
Total area	Total area including the area of management properties, project properties and land / development properties.
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group.