



Recreate

Q3 2022

Quarterly Report





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Highlights for the third quarter 2022

- **Acquisition of Inkognitogaten 33** was completed. Increased ownership to 50 per cent and consolidation from July 2022
- **One-off operating expenses** of NOK 25 million due to cancellation of the planned property acquisition of Lørenveien Næring AS (Parallell) in Q4-22
- **Negative fair value adjustments** of investment properties of NOK 147.6* (4.8 per cent) million due to increased yield levels
- **One-off finance expenses** of NOK 19 million partly related to arrangement fee on financing of the acquisition of Inkognitogaten 33
- **Profit before tax was negative** at NOK 221.8 million**

* Includes fair value changes of owner-occupied investment property of NOK -69.7 million

** Profit before tax for Q3-22 includes fair value changes from owner-occupied investment property (Profit before tax of NOK -152.1 million and changes in fair value of owner-occupied investment property of NOK -69.7 million (other comprehensive income), sum -221.8 million)



CEO and founder of Recreate, Emil Eriksrød, comments on the performance in the third quarter of 2022:

“Third quarter of 2022 has been challenging on many levels with increasing interest rates, rising inflation and higher energy cost. Uncertainty in the financial markets effected Recreate in the quarter, as we had to acquire short-term financing with associated high cost. Increasing yields driven by higher interest rates led to a net negative value change of 4.8 per cent on our total portfolio. This is considered to be in line with overall market conditions.

We completed the Inkognitogaten 33 transaction and refurbishment project in July and September respectively. Inkognitogaten 33 is centrally located property next to the Royal Castle in Oslo, and I am delighted with the outcome of our project preserving this magnificent and historic property from the 1870’s with a modern and efficient floorplan and obtaining a BREEAM Very Good certification.

With the completion of ~~the~~ Inkognitogaten 33 ~~project~~ we have no projects under construction presently. This is the first time for many years that Recreate – mainly a real estate developer - does not have any ongoing construction projects, but at the same time I am pleased with the timing due to current market outlook.

After the end of the quarter we decided not to complete the acquisition of Parallell, as a result of further deteriorated market conditions, and that satisfactory financing was not obtainable.

We are currently experiencing uncertainty in the financial markets and corresponding funding possibilities, with a stressed liquidity position. We are working on a number of alternative solutions to strengthen our liquidity and financial position, both short-term and long-term, including the sale of several properties and to obtain additional equity funding in the market”

Subsequent events

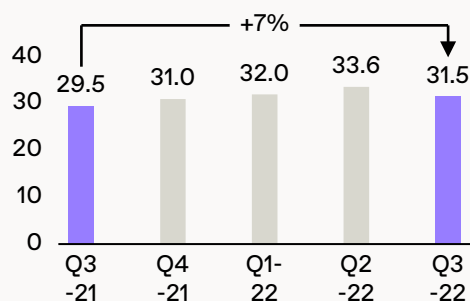
- The planned acquisition of Lørenveien Næring AS (Parallell) will not be completed as satisfactory financing has not been obtained
- Sale of Vipeveien 51 was completed in October 2022



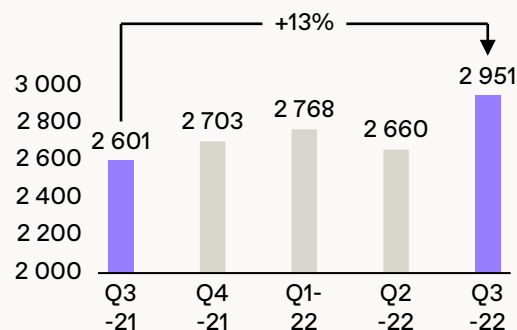
Financial Q3 2022

- Rental income of NOK 31.5 million (NOK 29.5 million) in the quarter
- Other operating income of NOK 20.5 million (NOK 3.4 million) mainly from our Flex services (Evolve)
- Negative total portfolio value changes of NOK 147.6 million* (NOK +12.9 million) mainly due to higher property yields
- Profit before tax of NOK -221.8 million (NOK 8.7 million) includes profit before tax of NOK -152.1 million and changes in fair value of owner-occupied investment property of NOK -69.7 million (other comprehensive income)
- Fair value per share of NOK 43.6 million** as of 30.09.22

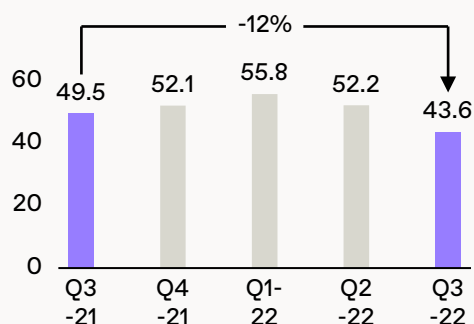
Rental income (MNOK) +2.0



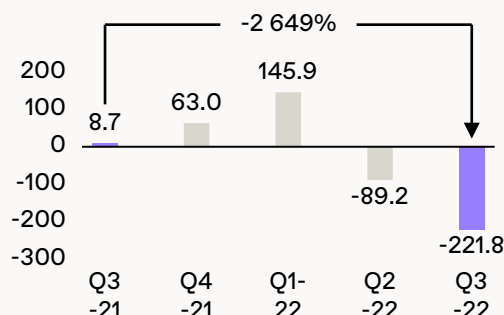
Market value of the property portfolio (MNOK) +350



Fair value per share** (NOK) -5.9



Profit before tax* (MNOK) -230.5



* Includes fair value changes of owner-occupied investment property of NOK -69.7 million

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



Financial development

Profit and loss

Net income from property management

1 January 2022 the Group acquired the remaining 25 per cent of Evolve, increasing ownership to 100 per cent. From Q1-22 and going forward Evolve is consolidated in the Total comprehensive income and balance sheet and the Group will have own used properties. The Group has also increased the ownership in Inkognitogaten 33 to 50 per cent and the company is consolidated in the Group's financial statements from 15 July 2022.

The Group had rental income of NOK 31.5 million in Q3-22 compared with NOK 29.5 million in Q3-21. According to accounting principles in IFRS for own used properties, i.e. Properties used by companies within Recreate ASA, are to be eliminated from reported rental income. Rental income from own used properties in Q3-22 were NOK 1.9 million. Total rental income including own use in Q3-22 was NOK 33.4 million. The increase of respectively 7 per cent and 13 per cent is related to changes in the property portfolio and CPI adjustment.

From Q3-21 to Q3-22 there have been several changes in the property portfolio. The Group has sold five properties the last year in line with the strategy to focus on sustainable properties centrally located. Storgata 171-175 was sold in Q4-21, Bedriftsveien 52-54 and Grønlikroken 5 in Q1-22, and Østveien 665-667 and Rødmyrli 20 in Q2-22. The project Polymer Exploration Centre was completed and delivered to the tenant in Q4-21. In Q2-22 the project at Fornebuveien 1-3 was completed, and the tenants moved in.

In Q3-22 the Group acquired the property Inkognitogaten 33 which was undergoing a major rehabilitation. In October 2022 tenants started moving in and rental income will accrue from Q4-22. In sum these changes in the property portfolio had a net positive effect of approximately NOK 3 million on rental income. At the same time CPI adjustment has contributed positively. These are the main factors resulting in higher rental income.

The Group had other operating income of NOK 20.5 million in Q3-22 compared to NOK 3.4 million in Q3-21. Around NOK 18 million is related to Evolve.

- Total operating income came in at NOK 52.0 million (NOK 32.9 million) in the quarter
- Total operating cost amounted to NOK 80.5 million (NOK 17.2 million) in the quarter
- Net operating income from property management came in at NOK -28.5 million (NOK 15.7 million) in the quarter

The increase in total operating income and operating costs is mainly related to the acquisition and consolidation of Evolve from 1 January 2022. The increase in operating cost and decrease in net operating income from property management is also due to an extraordinary one-off cost of NOK 25 million related to cancellation of the planned property acquisition of Lørenveien Næring AS (Parallell) in Q4-22.



Net financials

Net financials amounted to NOK -45.7 million (NOK -19.8 million) in the quarter. Interest and other finance expenses amounted to NOK 53.9 million (NOK 16.1 million) in the quarter. The higher costs in Q3-22 is related to increased interest rates as well as arrangement fees which represent one-off costs of NOK 19 million. Parts of these costs are related to the financing of the acquisition of Inkognitogaten 33. Uncertainty in financial markets led to short-term financing with associated high cost. Options for refinancing at longer term and at market terms are being assessed.

Net share of loss from associates and joint ventures was NOK -1.0 million (NOK -9.0 million) in the quarter and relates to the Group's investments in Orbit Technology. Last year this was also related to investment in Evolve.

Unrealised changes in fair value of financial instruments gave a net positive contribution of NOK 8.4 million (NOK 4.5 million) in the quarter. The positive change in the quarter mainly comes from interest swaps with an effect of NOK 5.8 million (NOK 9.3 million). The remaining positive effect of NOK 2.6 million in Q3-22 is related to Inkognitogaten 33. The Group held a forward contract to acquire 83.45 per cent of the shares in Inkognitogaten 33 with a planned settlement date 30 June 2022, and a put option to sell 41.75 per cent of the shares. The transaction to acquire the shares was postponed due to a challenging financial market affecting planned financing. The transaction was completed 15 July 2022 and the put option was also exercised. The Group has now an ownership of 50 per cent in Inkognitogaten 33 and the company is consolidated in the Group's financial statements.

In Q3-21 the Group had an ownership of 8.3 per cent in Inkognitogaten 33 and held a forward contract to acquire the remaining shares and a put option issued in Q3-21 to sell 50 per cent of these shares. This had a total negative effect of NOK 4.85 million in this quarter.

Value changes

The valuation of the investment portfolio resulted in a net negative value change of NOK 147.6 million (NOK +12.9 million) in the quarter, of which NOK -69.7 million came from own-used properties. The decrease in values is mainly related to higher property yields. Properties with significant changes to highlight are Fornebuveien 1-3, Mulighetenes By (Arkaden) and Inkognitogaten 33. In Q3-21 the positive value change mainly resulted from increased value of Kammerherreløkka 3 and 5 and Dokkvegen 20 (project Polymer Exploration Centre), and reduced value of Fornebuveien 1-3.

Profit

Profit before tax was NOK -221.8 million (NOK 8.7 million), which includes profit before tax of NOK -152.1 million and changes in fair value of owner-occupied investment property of NOK -69.7 million (other comprehensive income).

Total comprehensive income for the period was NOK -182.1 million (NOK 3.3 million) in Q3-22.



Balance sheet

The Group's assets amounted to NOK 3 531 million (NOK 2 837 million) as of 30.09.22 of which investment property, including own-used properties, constituted NOK 2 940 million (NOK 2 590 million).

Other intangible assets were NOK 159.1 million (NOK 7.5 million) and the increase is related to the remaining 25 per cent of the shares in Evolve that the Group acquired 1 January 2022.

Rights of use assets amounted to NOK 209.2 million (NOK 0.05 million) as of 30.09.22 and is mainly related to leasing contracts in Evolve.

Investments in associates, jointly controlled entities and shares were NOK 21.6 million (NOK 83.4 million) at the end of Q3 2022. As of 30.09.22 this was related to investments in Orbit Technology AS, Sandefjord Eiendomsinvest AS and Skien Brygge Utvikling AS. The ownership in Orbit Technology AS has changed from 35.5 per cent in Q3-21 to 29.9 per cent in Q3-22. The Group's investment in Inkognitogaten 33 has changed from 8.3 per cent in Q3-21 to 50 per cent. In Q3-21 the Group held a forward contract to acquire 83.45 per cent of the shares in Inkognitogaten 33 and a put option to sell 41.75 per cent of the shares. The transaction was completed 15 July 2022 and the put option was also exercised. Share of loss from associates and joint ventures also explains the change from Q3-21 to Q3-22.

Financial derivatives as an asset in the quarter amount to NOK 42.2 million (NOK 29.2 million) and relates to interest swaps. In Q3-21 this was related to the forward contract to acquire the remaining shares in Inkognitogaten 33.

Other receivables were NOK 44.2 million (NOK 5.1 million) as of 30.09.22 and the increase is mainly related to property transactions including NOK 25 million related to Lørenveien Næring AS (Parallell).

Total current assets came in at NOK 105.2 million (NOK 55.4 million) in Q3-2022. The change from Q3-21 is related to increase in other receivables in connection to property transactions.

Financial derivatives as a liability in the quarter were NOK 30.2 million (NOK 29.2 million) and represent a put option related to Inkognitogaten 33. In Q3-21 this was related to both interest rate swaps and an option to sell shares in Inkognitogaten 33.

Lease liabilities (non-current and current portion) totalled NOK 223.0 million (NOK 3.8 million) as of 30.09.22 and is related to Evolve.

Book equity totalled NOK 830.0 million (NOK 905.3 million), representing an equity ratio of 23.5 per cent (31.9 per cent). Equity per share was NOK 36.6 (NOK 43.2) based on the EPRA NRV standard and NOK 26.5 (NOK 40.5) based on EPRA NTA. The significant decrease in EPRA NTA from Q3-21 to Q3-22 is due to the consolidation of Evolve in the financial statements in Q3-22 related adjustment of goodwill in accordance with EPRA BPR.

Outstanding shares at 30.09.22 totalled 21 694 324. The number of outstanding shares increased from 19 720 640 at the end of Q1-21 to 21 694 324 on 30 June 2021 in connection with the company being listed on Euronext Growth.



Cash flow statement

- Net cash flow from operating activities came in at NOK -15.8 million (NOK 12.6 million) in the quarter
- The net cash flow from investment activities was NOK -166.2 million (NOK 1.6 million) in the quarter
- Net cash flow from financing activities was NOK 184.3 million (NOK -10.5 million) in the quarter
- Cash and cash equivalents at the end of Q3-22 came in at NOK 28.5 million (NOK 21.8 million)



Financing

Recreate ASA's total interest-bearing nominal debt as of 30.09.22 was NOK 2 269 million (NOK 1 752 million). During the third quarter the total interest-bearing nominal debt increased by NOK 367 million. The increase was mainly related to the acquisition of Inkognitogaten 33.

Recreate ASA is not in breach of any covenant requirements at the end of Q3-22.

Interest bearing debt and maturity structure

The average remaining term for the Group's debt portfolio was 2.4 years at 30.09.22.

Maturity structure and composition of interest bearing debt

All amounts in NOK million

Maturity profile	0-1 yrs	1-3 yrs	3-5 yrs	5+ yrs	Total
Bank loans	388	1 181	44	306	1 919
Other loans	341	9	-	-	350
Total	729	1 190	44	306	2 269
	32 %	52 %	2 %	13 %	100 %

Interest rates and maturity structure

The average interest rate of the debt portfolio was 5.46 per cent as of 30.09.2022. 34 per cent of the Group's financing was hedged at a fixed rate as of 30.09.22 with a weighted average maturity of 5.5 years.

All amounts in NOK million

Fixed rate instruments	Amount	Interest rate (%)
1-3 years	210	2.27 %
3-4 years	-	-
4-5 years	86	1.49 %
5-6 years	-	-
6-8 years	195	2.17 %
8-10 years	159	1.75 %
Total	650	2.01 %



Key figures

All amounts in NOK thousand	Q3-22	Q3-21	YTD Q3-22	YTD Q3-21	2021
Rental income	31 499	29 496	97 113	89 544	120 576
Change period-on-period	7 %	-4 %	8 %	4 %	6 %
Other operating income	20 467	3 360	64 740	12 407	16 619
Change period-on-period	509 %	-26 %	422 %	5 %	-9 %
Net income from property management	-28 525	15 680	-22 230	36 454	42 586
Change period-on-period	-282 %	-9 %	-161 %	-20 %	-8 %
Profit before tax*	-221 804	8 726	-163 100	48 875	111 858
Change period-on-period	-2642 %	-89 %	-434 %	-215 %	-348 %
Profit after tax*	-182 145	3 303	-125 044	31 905	79 271
Change period-on-period	-5615 %	-95 %	-492 %	-197 %	-396 %
Market value of the property portfolio	2 951 257	2 601 045	2 951 257	2 601 045	2 703 434
Fair value of the property portfolio and other investments**	3 221 042	2 821 696	3 221 042	2 821 696	2 942 354
Net nominal interest-bearing debt	2 269 699	1 751 986	2 269 699	1 751 986	1 785 287
Loan to value of property portfolio	76.9 %	67.4 %	76.9 %	67.4 %	66.0 %
Loan to fair value of property portfolio and other investments**	70.5 %	62.1 %	70.5 %	62.1 %	60.7 %
Interest coverage ratio	-0.5	1.0	-0.2	1.0	0.6
Number of shares	21 694	21 694	21 694	21 694	21 694
All amounts in NOK per share	Q3-22	Q3-21	YTD Q3-22	YTD Q3-21	2021
Fair value per share (EPRA NRV incl. fair value adjustment)**	43.6	49.5	43.6	49.5	52.1
Change period-on-period	-12 %	N/A	-12 %	N/A	19 %
EPRA NRV	36.6	43.2	36.6	43.2	45.1
Change period-on-period	-15 %	-3 %	-15 %	-3 %	3 %
EPRA NTA	26.5	40.5	26.5	40.5	42.3
***Change period-on-period	-35 %	-2 %	-35 %	-2 %	3 %
EPRA NDV	24.8	35.7	24.8	35.7	37.4
***Change period-on-period	-31 %	1 %	-31 %	1 %	5 %
EPRA Earnings	-1.5	-0.1	-1.2	-0.8	0.5
***Change period-on-period	-1528 %	319 %	-23 %	-350 %	169 %

* Including changes in fair value from owner-occupied property (total comprehensive income) in Q3-22 and YTD Q3-22

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

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

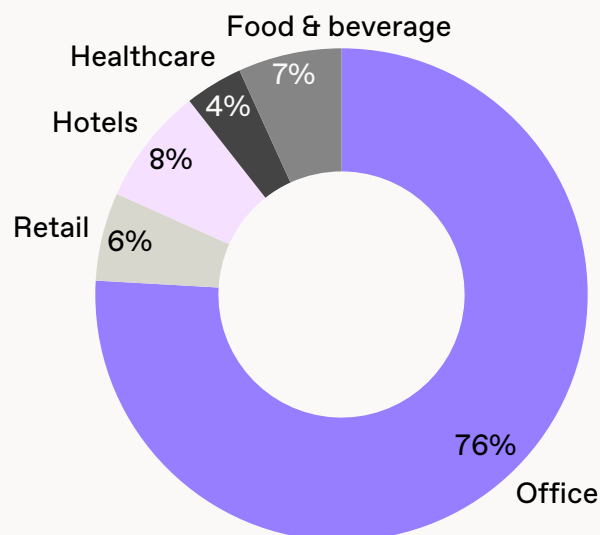
**** Evolve is consolidated in the financial statements from 1 January 2022 and Inkognitogaten 33 from July 2022



The property portfolio



Photo: Morten Henden Aamot

**19****Management
properties****5****Project
properties****7.0 years****Average vault
Property portfolio****106 614****Total area (sqm)
Property portfolio****1 853****Average rent per
sqm
Management
portfolio****86.4 %****Occupancy
Management
portfolio****Tenant industry**

Based on annual rent of the property portfolio

Recreate ASA's management portfolio as of 30.09.2022 consists of 19 buildings (25 buildings) with a total area of 79 537 square meters (83 141 square meters). The portfolio is divided into three operating subunits:

Green Office: properties with energy classification and environmental focus

City Office: other ordinary office properties

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

As of 30.09.2022 the occupancy of the management portfolio was 86.4 per cent (89.4 per cent). The decrease is related to lower occupancy for properties within Green Office and mainly the property Kjelleveien 21 due to the termination of the contract with HELFO. Changes in the property portfolio the last year have also affected the occupancy. Five properties are sold and new properties as Polymer Exploration Centre and Inkognitogaten 33 are included in the management portfolio.

Average annual rent per square meter in the management portfolio was 1 853 NOK (1 577 NOK) as of 30.09.2022.

Public sector represent about 11 per cent of annual rent and 84 per cent of the annual rent derives from tenants operating within Office.

The average vault (weighted on annual rent) in the management portfolio is 7.2 years (6.0 years). The maturity profile of the contracts in the management portfolio is presented under the section Letting activity.

The net direct yield is at 4.0 per cent (5.1 per cent) based on annual rent as of 30.09.2022. Average yield on the total management portfolio (value weighted) as basis of property valuations is 5.5 per cent (6.0 per cent) as of 30.09.2022.

The total property portfolio (when including the project portfolio) has an occupancy of 82.3 per cent (86.8 per cent). The change can be explained by lower occupancy related to Kjelleveien 21 as well as Mulighetenes By (Arkaden) in the project portfolio based on strategic reasons. The entire portfolio consists of 24 properties (31) with a total area of approximately 106 614 square meters (109 816 square meters), and a market value of NOK 2 940 million (NOK 2 590 million).



Corporate units

30.09.2022	Area	Occupancy	No. of		Market value		Wault ¹⁾	Annual rent		Wault ²⁾	Net direct	Net yield	Market rent ³⁾	
	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	yield	(valuation)	(tNOK)	(NOK/sqm)
Green Office	40 511	33 949	83.8	7	1 486 450	36 693	7.1	73 505	2 165	7.2	3.6	5.2	91 634	2 262
City Office	29 196	25 859	88.6	8	611 800	20 955	3.9	34 609	1 338	3.9	4.2	5.9	45 879	1 571
Commercial Prop.	9 830	8 942	91.0	4	313 050	31 846	13.5	19 281	2 156	13.4	5.3	6.2	21 367	2 174
Total management portfolio	79 537	68 750	86.4	19	2 411 300	30 317	7.1	127 395	1 853	7.2	4.0	5.5	158 880	1 998
Project portfolio	27 077	19 007	70.2	1	421 900	15 581	7.7	28 458	1 497					
Development portfolio	0	0	0.0	4	107 250	0	1.2							
Total project portfolio	27 077	19 007	70.2	5	529 150	19 542	6.3	28 458	1 497					
Total property portfolio	106 614	87 757	82.3	24	2 940 450	27 580	7.0	155 853	1 776					

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) Includes market rent from available areas



Letting activity

During the third quarter of 2022 the Group signed new and renewed leases with an annual rent of NOK 1.5 million and received termination on leases totalling NOK 19.8 million. Net letting in the quarter amounted to NOK -18.3 million (contract with Helfo ended in July with an annual rent of 15.8 million).

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

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

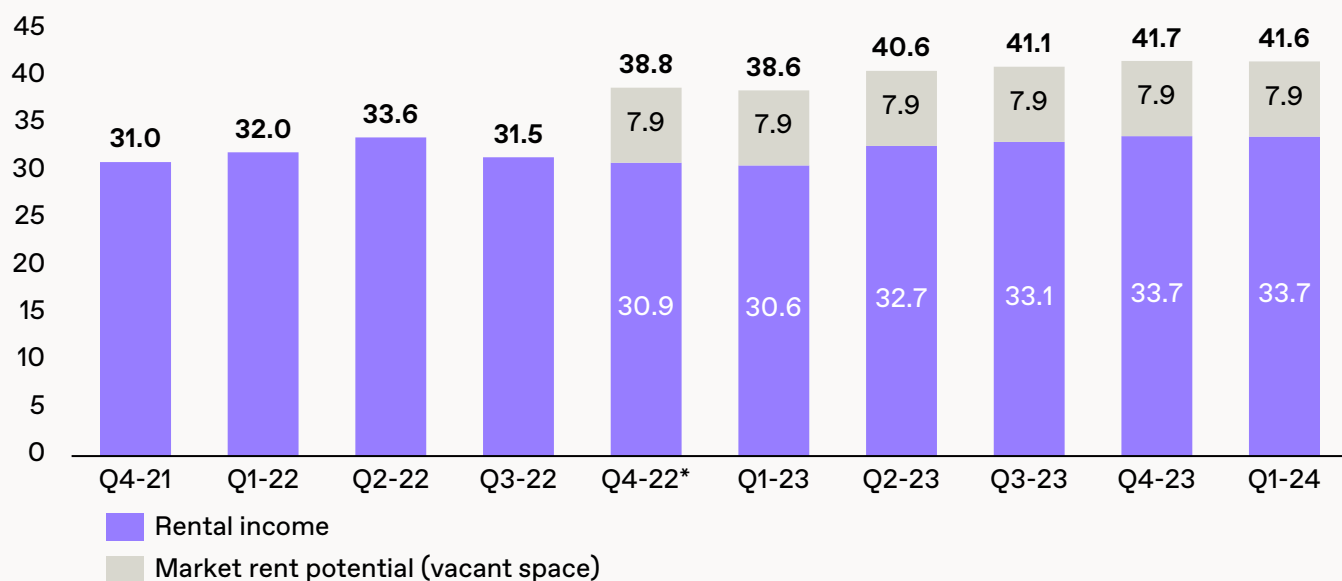
New contracts in the quarter:

Tenant	Property	Contract	Duration	Sqm
National Oilwell Varco Norway AS	Kjelleveien 21	Renegotiated	3	320
4Service Gruppen AS	Dokkvegen 8 & 10	Renegotiated	5	132
Grenland Trafikkskole AS	Vipeveien 51	Renegotiated	3	158
Gjensidige ASA	Arkaden	New	7	141
Exert Certification AS	Kjelleveien 21	New	3	79
Akustikk-Konsult AS	Nordre Fokserød 14	New	3	71
Redisch Capital AS	Langbrygga 1	Renegotiated	3	69
Total				970



Rental income development and market rent potential

MNOK

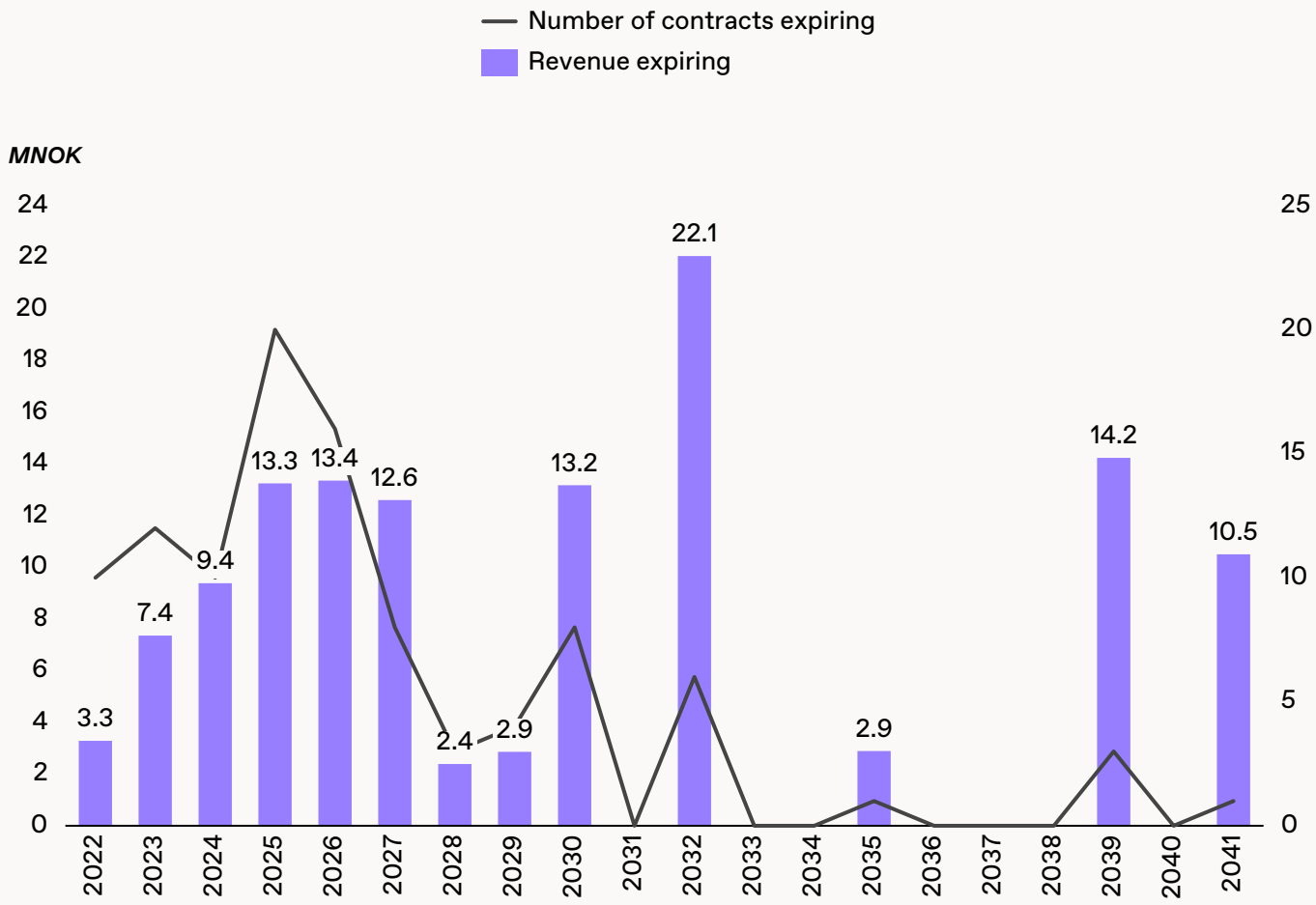


* Divestment of Vipeveien 51, Versvikveien 6B and Storgata 106 in Q4-22 is included

The graph shows the historical development in contractual rental income the last 12 months, and the estimated development in contractual rental income and market rent potential on vacant space for the next 18 months. The figures are based on owned properties, including adjustments from signed new, renewed and terminated contracts, as well as acquisitions and divestments which will be completed within the next 18 months. Future CPI adjustments are not included. Market rent is based on market rent set by external valuers.



Maturity profile in the management portfolio





Investments & divestments

Recreate ASA has invested NOK 455.9 million (NOK 18.6 million) in the portfolio of investment properties in the quarter. Most of the investment relates to the acquisition of Inkognitogaten 33 which is consolidated in the financial statements from Q3 2022.

Project Development

The Group does not have any ongoing projects with a total investment exceeding NOK 10 million.

Status completed projects

Inkognitogaten 33 known as Inkognito Park has undergone an internal reconstruction leaving nothing but the facade and a few historically important elements untouched. The property is fully let to Evolve and 24SevenOffice. Tenants moved in 1 October 2022. Only minor works are remaining.

Fornebuveien 1-3 was a rehabilitation project of a 1980's office building. In total eight floors have been rehabilitated, and Evolve and Schlumberger moved into the premises in Q2 22.



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

Project Portfolio – zoned

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

Development Portfolio

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

Status other projects

The Group's residential projects are organized within the subunit RCR Home, currently working on three development projects in Telemark.

- Utsikten Terrasse is a high-end residential project in Skien. The project consists of 9 single homes /detached homes, all with a great view of Skien City.
- Vestsiden Terrasse is a residential project in Porsgrunn. The project has recently received regulatory permission of approximately 42 units, divided between single homes, detached homes and small apartment buildings.
- Skien Brygge is a large development project at the heart of Skien City Centre. The project will include approximately 400 new homes and 20 000 sqm commercial real estate. Phase one of the projects is expected in 2022. In Q1-22 Skien Brygge entered a 20-year lease contract with Comfort Hotel Skien Brygge AS.

Status development projects

Together with Snøhetta, Skanska, Asplan Viak and Ramble, Recreate ASA carried out a feasibility study to determine the possibility of a Powerhouse Paris Proof office building in Tønsberg. The feasibility study was named Slottsfjell Park, and consisted of three buildings, all of them planned as Paris Proof. An initiative was sent to the planning authorities, and was rejected. A new initiative will be submitted when Tønsberg municipality has concluded the area planning. LOI are signed with Capitan Hotels, Rambøll Norge and Evolve.

Transactions

In the third quarter of 2022 the Group has acquired Inkognitogaten 33 and ownership is now increased to 50 per cent.



Investments in subsidiaries, jointly controlled entities and associates

1 January 2022 the ownership of Evolve increased from 75 per cent to 100 per cent and Evolve is now considered as a subsidiary. The Group owns 29.9 per cent of the shares in Orbit Technology and has an ownership of 25 per cent of Skien Brygge Utvikling. These investments are considered as investments in associates.

Skien Brygge (25%)

Skien Brygge is a long-term project which involves the development of both residential and commercial properties. The development project is structured in three phases. The project is currently postponed due to high building costs and commencement of phase one is under review. The development of phase two and three last phases is estimated in the period from 2025 to 2033.

Recreate owns 25 per cent of Skien Brygge Utvikling which currently involves phase one of the project. The Group has also signed a letter of intent for phase two and three of the project with the same ownership as phase one.

Skien Brygge is considered as an investment in an associate. As of 30.09.22 the investment had a book value of NOK 3 million. Newsec has valued phase one of the project at NOK 75 million (100 per cent basis).

Orbit Technology (29.9%)

Orbit Technology offers a two-sided technology platform for supply and demand of office space. The subscription-based platform matches free office space with market needs in real time. The technology also ensures that the buildings are smarter through simpler access control and user administration. The Group's investment in Orbit Technology is considered as an investment in associate with a book value of NOK 7.5 million per 30.09.22. Latest transaction in Q4-21 implied a total fair value of Orbit Technology at NOK 150 million.

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



Evolve (100%)

Evolve offers flexible workplaces with access to 25 locations. To meet the office users changed behaviour needs after Covid-19, the Group has launched Recreate Hybrid. Recreate Hybrid is a combination of an ordinary, permanent lease and a membership in Evolve. The benefits are many: The employer keeps their environment, meeting points and predictability that comes with a traditional office; the employees get flexibility to work efficiently where they want and reduced commuting time. In addition, users get access to video conferencing and beautiful meeting rooms, all closer to where people live.

For Recreate ASA, this is a unique tool and competitive advantage, that adapts to the "new normal" in working life, post-Covid. Many companies can manage with fewer fixed square meters, when a possible shortage of space in "peak hours" can be covered through access to available capacity in Evolve.

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



Partly owned companies

Dokkvegen Utvikling AS (50%)

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

Fornebuveien 1-3 Invest AS (50%)

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

Inkognitogaten 33 Holding AS (50%) *

Recreate ASA and a group of investors own Inkognitogaten 33 Holding AS. The company owns the property known as Inkognitogaten 33 aka Inkognito Park in Oslo. In July 2022 the Group completed the transaction to acquire 83.45 per cent of the shares in Inkognitogaten 33 and a put option to sell 41.75 per cent of the shares was also exercised. From Q3-22 Inkognitogaten 33 is consolidated in the Group's financial statements.

Kammerherreløkka AS (50%)

Recreate ASA and Bane NOR Eiendom AS own Kammerherreløkka AS. The company owns one hotel building (6 272 sqm) and one office building (2 786 sqm) in Porsgrunn.

Orbit Technology AS (29.9%)

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

Sandefjord Eiendomsinvest AS (25.2%)

Recreate ASA and a group of investors own Sandefjord Eiendomsinvest AS. The company owns the property known as Nordre Fokserød 14 in Sandefjord.

Skien Brygge Utvikling AS (25%)

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

Telemarksgaten 10 AS (14%)

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

Vestsiden Terrasse AS (50%)

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

* The sale of 41.75 per cent of the shares (execution of put option) was completed in October 2022



Other information

Organization

At 30.09.22 the Group had 42 employees. During the quarter there were no injuries that caused absence from work.

Share and shareholder information

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

The Group has a share-options scheme for senior executives consisting of 350 000 options. One option gives the right to buy one share.

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

As of 30.09.2022, Recreate ASA had 172 shareholders. Norwegian investors held 99.9 per cent of the share capital. The 10 largest shareholders at 30.09.22 were:

Shareholders	Ownership
Rising Group AS	46.0%
IKAB AS	8.7%
Brødrene Jensen AS	8.2%
Rising Venture AS	5.5%
Acini Capital AS	2.8%
Aubert Invest AS	2.6%
Sarepta Holding AS	2.5%
Holta & Co AS	1.8%
Carucel Invest AS	1.5%
R-Venture AS	1.2%
Total	80.8%



Outlook

Recreate outlook

Key issues and actions for Recreate going forward.

- Challenging transaction market
- Stressed liquidity
- Challenging funding market
- Share issue through private placement

The Group is currently experiencing uncertainty in the financial markets and corresponding funding possibilities, which has resulted in a challenging liquidity position.

The Group also has upcoming short term debt refinancing, of which a substantial amount is other debt from related parties, within the fourth quarter of 2022.

We are currently assessing several potential property sales, with an ambition of sales in the total amount of NOK 500 million – 1 billion within 6 months.

Furthermore, Recreate is in the process of an internal review aiming to reduce costs and optimize operations. Previously stated growth ambitions will be paused and Recreate will focus on consolidating existing operations.

Recreate is also considering a potential share issue to be launched within the coming weeks, for the purpose of rising capital towards running operational commitments and to strengthen its liquidity going forward.

General market outlook

Strong CPI growth - 12 month CPI inflation as of October was 7.5 per cent - and the combination of strong demand for office spaces and medium to low vacancy, may partially counter the effect of higher yields. Commercial real estate provides investors with a high level of inflation protection, considered positive with present uncertainty.

Key drivers in the marketplace are inflation and increasing interest rates resulting in yield expansion and a challenging transaction market.

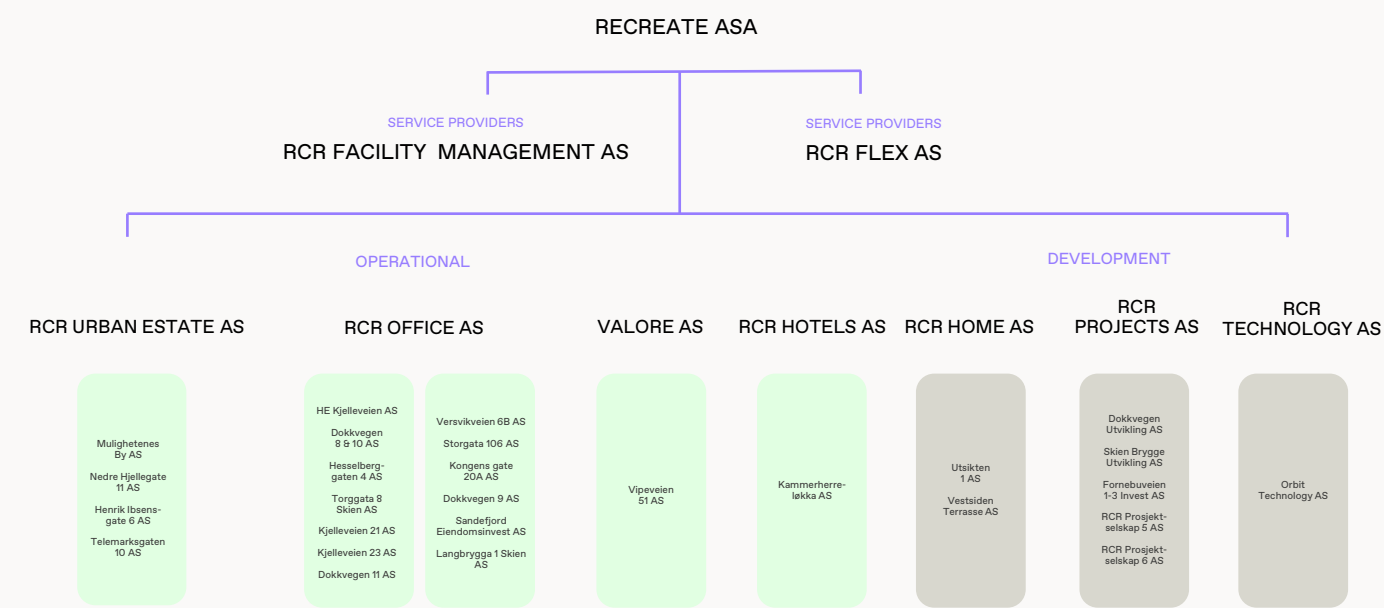
Key policy rates are rising rapidly in Europe and United States and are expected to increase even further in the coming quarters. This impacts funding possibilities and availability, limiting options going forward. Furthermore, the general uncertainty resulting from the current situation has led to a strong cooling in the transaction market – decreasing transaction volume substantially in H2 2022.



Company structure

The company structure will continually be optimized to have flexibility regarding funding, ownership and key partners going forward.

The company structure is updated 30 September 2022.



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





Financial statements

Photo: Morten Bjerck





Statement of total comprehensive income

All amounts in NOK thousand

	Note	Q3-22	YTD Q3-22	Q3-21	YTD Q3-21	2021
Rental income	2	31 499	97 113	29 496	89 544	120 576
Other operating income	2	20 467	64 740	3 360	12 407	16 619
Total operating income		51 966	161 852	32 856	101 952	137 195
Maintenance and other operating expenses		61 020	129 863	13 883	50 110	70 181
Other property-related expenses		1 345	6 194	944	2 387	3 808
Administrative expenses		18 126	50 027	2 348	13 001	20 620
Total operating costs		80 491	186 083	17 175	65 498	94 609
Net income from property management		-28 525	-24 230	15 680	36 454	42 586
Changes in fair value from investment properties	4.5	-77 882	-112 609	12 893	70 297	147 024
Operating profit		-106 406	-136 840	28 573	106 751	189 610
Gains from investment in shares		-	33 919	-	15 479	22 137
Interest and other financial income		859	3 249	690	1 510	2 339
Share of profit (loss) from associates and joint ventures		-1 042	-3 687	-8 959	-22 641	-30 645
Interest and other financial expenses		-53 916	-99 608	-16 075	-55 153	-73 712
Changes in fair value of financial instruments	4	8 404	79 786	4 497	2 930	2 130
Net financial items		-45 695	13 660	-19 847	-57 876	-77 752
Profit before tax		-152 101	-123 179	8 726	48 875	111 858
Tax payable		-	-	-	-	-
Tax expense		31 211	35 829	-5 422	-16 970	-32 587
Profit for the period/year		-120 890	-87 351	3 304	31 905	79 271
Changes in fair value from owner-occupied investment property	4, 5	-69 703	-41 921	-	-	-
Change in deferred tax on comprehensive income	4	8 448	2 667	-	-	-
Total comprehensive income for the period/year that will not be reclassified to profit or loss in subsequent periods		-182 145	-126 604	3 304	31 905	79 271
Profit attributable to:						
Equity holders of the company		-162 788	-129 522	-4 706	5 230	43 146
Non-controlling interest		-19 357	2 918	8 010	26 675	36 125
Other comprehensive income						
Net OCI that may be reclassified to profit or loss in subsequent periods		-49 226	-38 108	-	-	-
Net OCI that will not be reclassified to profit or loss in subsequent periods		-12 030	-1 145	-	-	-
Total comprehensive income attributable to:						
Equity holders of the company		-113 562	-91 414	-4 706	5 230	43 146
Non-controlling interest		-7 327	4 063	8 010	26 675	36 125
Earnings per share:						
Basic (NOK)		-7.50	-5.97	-0.22	0.31	2.07
Diluted (NOK)		-7.49	-5.97	-0.24	0.21	1.77

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



Balance sheet

All amounts in NOK thousand

	Note	30.09.2022	30.09.2021	31.12.2021
NON-CURRENT ASSETS				
Deferred tax asset		-	5 352	2 603
Other intangible assets		159 126	7 548	7 589
Total intangible assets		159 126	12 900	10 191
Investment property	4.5	1 826 650	2 590 400	2 692 700
Owner-occupied property	4.5	1 113 800	-	-
Other operating assets		10 090	1 142	1 301
Right-of-use assets		209 212	51	36
Total non-current tangible assets		3 159 752	2 591 593	2 694 037
Investment in jointly controlled entities, associates and shares	4	21 622	83 451	73 754
Loans to related parties		32 493	54 514	54 097
Financial derivatives	4	42 209	29 150	21 118
Other long-term receivables		10 692	10 240	12 562
Total financial assets		107 016	177 354	161 531
TOTAL NON-CURRENT ASSETS		3 425 894	2 781 847	2 865 759
CURRENT ASSETS				
Inventory property		10 807	10 645	10 734
Trade receivables		21 674	17 733	12 729
Other receivables		44 236	5 143	11 270
Other receivables to related parties		-	-	10 928
Total current receivables		76 717	33 521	45 662
Cash and bank deposits		28 483	21 831	24 855
TOTAL CURRENT ASSETS		105 200	55 353	70 517
TOTAL ASSETS		3 531 094	2 837 200	2 936 276
EQUITY				
Shareholders equity		690 781	783 438	820 345
Non-controlling interest		139 249	121 881	131 331
TOTAL EQUITY		830 031	905 320	951 676
LIABILITIES				
Interest-bearing debt		1 540 806	1 517 616	1 477 278
Deferred tax liability		34 724	77 288	90 139
Financial derivatives	4	30 155	29 169	21 086
Lease liabilities, non-current portion		184 783	2 657	2 352
Other non-current liabilities		9 823	4 300	5 684
Total non-current liabilities		1 800 291	1 631 030	1 596 540
Trade payables		64 059	19 739	23 968
Interest-bearing debt		695 343	234 370	308 009
Debt to related parties		33 550	-	3 026
Lease liabilities, current portion		38 263	1 195	1 179
Other current liabilities		69 558	45 546	51 879
Total current liabilities		900 772	300 850	388 060
TOTAL LIABILITIES		2 701 064	1 931 880	1 984 600
TOTAL EQUITY AND LIABILITIES		3 531 094	2 837 200	2 936 276

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



Statement of changes in equity

All amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Retained earnings	Revaluation surplus	Non-controlling interest	Total equity
Equity at 01.01.2021	4 930	200 291	140 340	362 820	-	52 919	761 300
Profit for year	-	-	-	43 146	-	36 125	79 271
Capital increase as of 05.06.2021	493	74 507	-	-	-	-	75 000
Acquisitions/capital increase subsidiaries	-	-	-	-	-	43 000	43 000
Share based options	-	-	-3 842	-	-	-	-3 842
Change in non-controlling interest	-	-	-	728	-	-713	15
Cost of equity transactions directly in equity	-	-3 069	-	-	-	-	-3 069
Equity at 31.12.2021	5 423	271 729	136 498	406 694	-	131 331	951 675
Profit for year	-	-	-	-91 414	-	4 063	-87 351
Other comprehensive income	-	-	-	-	-38 108	-1 145	-39 253
Capital increase as of 30.06.2022	-	-	-	-	-	5 000	5 000
Share based options	-	-	-41	-	-	-	-41
Equity at 30.09.2022	5 423	271 729	136 457	315 280	-38 108	139 248	830 031

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



Statement of cash flows

All amounts in NOK thousand

	Note	Q3-22	YTD Q3-22	Q3-21	YTD Q3-21	2021
Profit before tax		-152 101	-123 179	8 726	48 875	111 858
Expensed interest and fees on loans and leases		50 170	95 862	16 075	55 153	73 712
Interest and fees paid on loans and leases		-23 323	-62 767	-16 730	-51 785	-67 847
Share of profit from associates and jointly controlled entities		1 042	3 687	8 959	22 641	30 645
Gains/losses from investment in shares	6	27 000	-4 766	-	-15 479	-22 137
Depreciation and amortisation	7	694	4 184	60	181	321
Other adjustments		4 725	9 924	-1 126	101	999
Change in market value investment properties	4, 5	77 882	112 609	-12 893	-70 297	-147 024
Change in market value financial instruments	4	-8 404	-79 786	-4 497	-2 930	-2 130
Change in working capital		6 496	17 122	14 010	23 443	-8 834
Net cash flow from operating activities		-15 819	-27 112	12 585	9 903	-30 436
Proceeds from sales of investment properties and companies		-	31 925	-288	34 833	43 187
Proceeds from sales of shares		-	1 247	17 100	34 600	42 100
Purchase of shares		-	-6 850	-	-18 271	-
Purchase of business net of cash		-151 465	-151 465	-	-105 161	-105 161
Upgrades and construction of investment properties		-10 647	-92 680	-28 395	-164 931	-156 251
Purchase of intangible assets and other plant and equipment		-4 085	-9 708	-68	-68	-408
Net payment financial assets		-	-51 536	13 300	13 300	13 300
Net cash flow from investment activities		-166 198	-279 067	1 649	-205 699	-163 233
Proceeds interest-bearing debt		25 330	420 375	13 526	301 280	414 417
Repayment interest-bearing debt		-13 585	-259 033	-9 622	-178 044	-282 773
Net payments of loans to other related parties		172 516	158 465	-14 426	-34 305	-41 815
Proceeds from convertible loans		-	-	-	42 783	42 783
Proceeds from equity		-	-	-	50 233	50 233
Repayment of other liabilities		-	-10 000	-	-	-
Net cash flow from financing activities		184 261	309 807	-10 523	181 948	182 845
Change in cash and cash equivalents		2 244	3 628	3 711	-13 847	-10 824
Cash and cash equivalents at beginning of period		26 239	24 855	18 120	35 679	35 679
Cash and cash equivalents at end of period		28 483	28 483	21 831	21 831	24 855

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



NOTE 1 ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation of the annual financial statements for 2021. The interim report presents condensed financial statements, and do not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2021. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2021.

The interim financial statements report of Recrease ASA was approved at a Board meeting November 10th 2022 and have not been audited. The financial reporting covers Recrease ASA and subsidiaries.

NOTE 2 INFORMATION ABOUT REVENUE STREAMS

Rental income from investment properties:

The Group's rental income was up by 6.8 per cent from 29.5 million in Q3-21 to 31.5 million in Q3-22

Other operating income:

The majority of other operating income relates to the coworking subsidiary, RCR Flex (Evolve) and RCR Facility Management, the Group's real estate service provider.



NOTE 3 SEGMENT INFORMATION

The operating segments have been changed during the period by having reduced the number of segments from three to two. Residential Properties is no longer reported as a standalone segment.

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

- △ Commercial Properties, which is a supplier of commercial property to customers
- △ Coworking, which is a supplier of flexible office spaces

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

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

All amounts in NOK thousand

Q3-22	Commercial Properties ¹⁾	Coworking	Eliminations ²⁾	Consolidated
INCOME STATEMENT				
Total operating income	36 220	20 041	-4 295	51 966
- of which is rental income	33 359	-	-1 860	31 499
- of which is other operating income	2 861	20 041	-2 435	20 467
Total operating costs	54 045	30 741	-4 295	80 491
Net income	-17 825	-10 700	-	-28 525
Fair value adjustments investment property	-77 882	-	-	-77 882
Net fair value financial derivatives	8 404	-	-	8 404
Net financial items	-51 385	-2 635	-79	-54 099
Segment profit	-138 687	-13 335	-79	-152 101
BALANCE SHEET				
Investment property	1 826 650	-	-	1 826 650
Owner-occupied property	1 113 800	-	-	1 113 800
Inventory property	10 807	-	-	10 807
Total assets from operating segments	2 951 257	-	-	2 951 257
Deferred tax liability	56 210	-21 486	-	34 724
Interest bearing debt	2 225 448	10 701	-	2 236 149
Total liabilities from operating segments	2 281 657	-10 784	-	2 270 873
RECONCILIATIONS				
Reconciliation of revenue:				
Total operating income from the segments				51 966
Other operating income				-
The Group's total operating income				51 966
Reconciliation of profit:				
Segment profit				-152 101
Total other comprehensive income before tax				-69 703
The Group's profit before tax				-221 804
Reconciliation of balance sheet:				
Total assets from operating segments				2 951 257
Non-current assets				485 444
Current assets				94 394
The Group's total assets				3 531 094
Total liabilities from operating segments				2 270 873
Equity				830 031
Non-current liabilities				224 762
Current liabilities				205 429
The Group's total equity and liabilities				3 531 094

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

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



Q3-21	Commercial Properties	Coworking	Eliminations ²⁾	Consolidated
INCOME STATEMENT				
Total operating income	32 856	-	-	32 856
- of which is rental income	29 496	-	-	29 496
- of which is other operating income	3 360	-	-	3 360
Total operating costs	17 175	-	-	17 175
Net income	15 680	-	-	15 680
BALANCE SHEET				
Investment property	2 590 400	-	-	2 590 400
Inventory property	10 645	-	-	10 645
Total assets from operating segments	2 601 045	-	-	2 601 045
Deferred tax liability	77 287	-	-	77 287
Interest bearing debt	1 751 986	-	-	1 751 986
Total liabilities from operating segments	1 829 273	-	-	1 829 273
RECONCILIATIONS				
Reconciliation of revenue:				
Total operating income from the segments				32 856
Other operating income				-
The Group's total operating income				32 856
Reconciliation of profit:				
Segment profit				8 726
Total other comprehensive income before tax				-
The Group's profit before tax				8 726
Reconciliation of balance sheet:				
Total assets from operating segments				2 601 045
Non-current assets				191 447
Current assets				44 708
The Group's total assets				2 837 200
Total liabilities from operating segments				1 829 273
Equity				905 320
Non-current liabilities				36 126
Current liabilities				66 481
The Group's total equity and liabilities				2 837 200

* The comparable amounts for Q3 2021 has been changed in accordance with the revised use of segments.

NOTE 4 INFORMATION ABOUT FAIR VALUE OF ASSETS & LIABILITIES

All amounts in NOK thousand

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

ASSETS MEASURED AT FAIR VALUE

	30.09.2022	30.09.2021	31.12.2021
Assets at fair value through profit or loss			
- Investment properties (level 3) ¹⁾	1 826 650	2 590 400	2 692 700
- Derivatives (Level 2 and 3) ²⁾	42 209	29 150	21 118
- Equity instruments (level 3)	-	17 896	17 045
Total	1 868 859	2 637 445	2 730 863
Assets at fair value through other comprehensive income			
- Owner-occupied property (level 3) ¹⁾	1 113 800	-	-
Total	1 113 800	-	-

LIABILITIES MEASURED AT FAIR VALUE

	30.09.2022	30.09.2021	31.12.2021
Liabilities at fair value through profit or loss			
- Derivatives (level 2 and 3) ⁴⁾	30 155	29 169	21 086
Total	30 155	29 169	21 086

1) In the third quarter, the Group has acquired the investment property Inkognitogaten 33 A for MNOK 440.0. No sale of property has been completed during this period. Previously, Østveien 665-667 and Rødmyrlia 20 were sold in Q2 for MNOK 49.0, and Grønlikroken 5 and Bedriftsveien 52/58 were sold in Q1 for MNOK 66.2.

2) Derivatives consist of fair value of interest rate swaps and fair value of option contract.



NOTE 5 INVESTMENT PROPERTIES

All amounts in NOK thousand

	Q3-22	Q3-21	2021
VALUE OF INVESTMENT PROPERTIES			
Opening balance previous period	1 894 150	2 559 250	2 590 400
Other movements			-
Purchase of investment properties			-
Projects and upgrades in the property portfolio	10 382	17 052	35 670
Capitalised borrowing costs		1 205	1 254
Sale of investment property	-		-11 350
Change in value of investment properties	-77 882	12 893	76 726
Total value of investment property	1 826 650	2 590 400	2 692 700

Opening balance previous period	754 950		
Other movements	-		
Purchase of owner occupied properties	423 567		
Projects and upgrades in the property portfolio	4 986		
Capitalised borrowing costs	-		
Sale of owner occupied property	-		
Change in value of owner occupied properties	-69 703		-
Total value of owner occupied property	1 113 800	-	-

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

Owner-occupied property shown above relates solely to the properties Kammerherreløkka (office building), Powerhouse Telemark, Fornebuveien 1-3 and Inkognitogaten 33A.

The Group has lease contracts regarding real estate properties, service cars and other inventory. Outstanding right-of-use assets as per 30.09.2022 is tNOK 209 212.

SPECIFICATION OF INVESTMENT PROPERTIES

All amounts in NOK thousand

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

Green Office: properties with energy classification and environmental focus

City Office: other ordinary office properties

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

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

CORPORATE UNITS Q3-22

	Area	Occupancy		No. of prop.	Market value		Wault ¹⁾	Annual rent	Wault ²⁾	Net direct yield	Net yield (valuation)	Market rent ³⁾	
30.09.2022	(sqm)	(sqm)	(%)	(#)	(tNOK)	(NOK/sqm)	(yrs)	(tNOK)	(NOK/sqm)	(yrs)	(%)	(tNOK)	(NOK/sqm)
Green Office	40 511	33 949	83.8	7	1 486 450	36 693	7.1	73 505	2 165	7.2	3.6	91 634	2 262
City Office	29 196	25 859	88.6	8	611 800	20 955	3.9	34 609	1 338	3.9	4.2	45 879	1 571
Commercial Prop.	9 830	8 942	91.0	4	313 050	31 846	13.5	19 281	2 156	13.4	5.3	21 367	2 174
Total management portfolio	79 537	68 750	86.4	19	2 411 300	30 317	7.1	127 395	1 853	7.2	4.0	158 880	1 998
Project portfolio	27 077	19 007	70.2	1	421 900	15 581	7.7	28 458	1 497				
Development portfolio	0	0	0.0	4	107 250	0	1.2						
Total project portfolio	27 077	19 007	70.2	5	529 150	19 542	6.3	28 458	1 497				
Total property portfolio	106 614	87 757	82.3	24	2 940 450	27 580	7.0	155 853	1 776				

The calculation of net yield is based on the valuers' assumption of ownership costs, which on 30 september 2022 corresponds to 9.4 per cent of market rent. The Group has no single external customer representing over 10 per cent of the Group's revenue in the total property portfolio. Furthermore, the Group has around 76 per cent of its estimated marked value of properties and 81 per cent of its rental income geographically from the county of Vestfold Telemark, while the rest is located in the Oslo area.

During the fourth quarter of 2021 the Group reassessed the property Mulighetenes By (Arkaden) and considered the property as a project. This is included in the project portfolio. Recreate are doing feasibility studies on four properties which is included in the development portfolio.

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 Q3-22

	Occupancy	Wault ²⁾	Annual rent	
30.09.2022	(sqm)	(yrs)	(tNOK)	(NOK/sqm)
Office	57 597	6.4	107 214	1 861
Retail	406	4.0	475	1 171
Hotels	6 233	16.2	12 116	1 944
Healthcare	2 593	3.2	3 351	1 292
Food and Beverage	1 921	6.2	4 238	2 206
Total management portfolio	68 750	7.2	127 395	1 853



CORPORATE UNITS Q3-21

30.09.2021	Area (sqm)	Occupancy (sqm)	(%)	No. of prop. (#)	Market value (tNOK)	(NOK/sqm)	Wault ¹⁾ (yrs)	Annual rent (tNOK)	(NOK/sqm)	Wault ²⁾ (yrs)	Net direct yield (%)	Net yield (valuation) (%)	Market rent ³⁾ (tNOK)	(NOK/sqm)
Green Office	32 390	28 683	88.6	5	917 450	28 325	5.4	55 071	1 920	4.7	5.2	5.8	63 145	1 950
City Office	39 552	35 270	89.2	14	646 050	16 334	4.0	41 378	1 173	4.1	4.6	6.0	52 828	1 336
Commercial Prop.	11 199	10 370	92.6	6	294 950	26 337	13.2	20 795	2 005	13.1	5.7	6.8	22 394	2 000
Total management portfolio	83 141	74 323	89.4	25	1 858 450	22 353	6.2	117 244	1 577	6.0	5.1	6.0	138 366	1 664
Project portfolio	21 817	16 131	73.9	1	432 950	19 845	8.5	28 655	1 776					
Development portfolio	4 858	4 858	100.0	5	299 000	61 548	12.4	1 276	263					
Total project portfolio	26 675	20 989	78.7	6	731 950	27 440	10.1	29 931	1 426					
Total property portfolio	109 816	95 312	86.8	31	2 590 400	23 589	7.3	147 175	1 544					

The calculation of net yield was based on the valuers' assumption of ownership costs, which at 30 September 2021 corresponded to 9.4 per cent of market rent. The Group had no one single external customer representing over 10% of the Group's revenue in the total property portfolio. Furthermore, the Group had around 91% of its estimated marked value of properties and 91% of its rental income geographically from the county of Vestfold Telemark, while the rest was located in the Oslo area.

Recreate had one ongoing newbuild project in Porsgrunn (research center - Polymer Exploration Center) in 2021. This is included in development portfolio. The project was owned 50% by Recreate.

Furthermore, Recreate had feasibility studies on additional four properties.

In the fourth quarter of 2021 the Group reassessed the property Mulighetenes By (Arkaden) as a project and this is included in the project portfolio. This affect the key figures of the property portfolio and figures for Q3-21 have been restated.

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

TENANT INDUSTRY Q3-21

30.09.2021	Occupancy (sqm)	Wault ²⁾ (yrs)	Annual rent (tNOK)	(NOK/sqm)
Office	61 568	4.7	95 037	1 589
Retail	1 258	3.1	1 498	1 384
Hotels	6 234	17.2	11 769	1 888
Healthcare	3 063	3.5	3 904	1 210
Food and Beverage	2 200	6.8	5 037	2 395
Total management portfolio	74 323	6.0	117 244	1 577

1) Wault weighted on property market value

2) Wault weighted on annual rent

3) Includes market rent from available areas

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

The Group has received mNOK 120 from Brødrene Jensen AS, and MNOK 15 from R-ventures, in connection with the purchase of Incognitogata 33. The Group has also received MNOK 30.0 from Rising Group AS, MNOK 10.0 from Aubert Invest AS (subordinated loan). Brødrene Jensen AS, R-Venture AS, Rising Group AS and Aubert Invest AS are all shareholders of the Group.

NOTE 7 KEY FIGURES

INTEREST COVERAGE RATIO (ICR)

	Q3-22	Q3-21	2021
Net income from property management	-28 525	15 680	42 586
Depreciation (excl. IFRS 16)	694	60	321
Net realised financials	859	690	2 339
Net effect from leases	-	-	-4
EBITDA adjusted	-26 971	16 431	45 242
Interest cost	50 170	16 075	73 426
Other financial expenses	3 745		286
Applicable net interest cost	53 916	16 075	73 712
Interest Coverage Ratio (ICR)*	-0.5	1.0	0.6

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



NOTE 8 EPRA REPORTING

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide.

EPRA Reporting - summary	Unit	Q3-22 / 30.09.2022	Q3-21 / 30.09.2021	2021 / 31.12.2021
EPRA Earnings per share (EPS)	NOK	-1.5	-0.1	0.5
EPRA NRV per share	NOK	36.6	43.2	45.1
EPRA NTA per share	NOK	26.5	40.5	42.3
EPRA NDV per share	NOK	24.8	35.7	37.4
EPRA net initial yield	%	4.0 %	4.8 %	4.7 %
EPRA "topped-up" net initial yield	%	4.5 %	5.1 %	5.0 %
EPRA vacancy rate	%	5.2 %	8.1 %	7.2 %
EPRA cost ratio (including direct vacancy costs)	%	56.2 %	36.0 %	47.7 %
EPRA cost ratio (excluding direct vacancy costs)	%	44.5 %	26.4 %	36.5 %
EPRA LTV	%	79.2 %	68.3 %	66.9 %

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

EPRA EARNINGS

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

All amounts in NOK thousand

	Q3-22 / 30.09.2022	Q3-21 / 30.09.2021	2021 / 31.12.2021
Profit for period/year	-120 890	3 304	79 271
Add:			
Changes in value of investment properties	77 882	-12 893	-147 024
Tax on changes in value of investment properties ¹⁾	-17 134	2 913	39 259
Profits or losses on disposal of investment properties, development properties held for investment and other interests	31 243	-	8 096
Changes in value of other investment interests	-2 622	4 846	25 853
Tax on changes in value of other investment interests swaps ¹⁾	-	-	-
Changes in value of interest rate swaps	-5 782	-9 353	-27 982
Tax on changes in value of interest rate swaps ¹⁾	1 272	2 058	6 156
Share of profit jointly controlled entities - fair value adjustments	-	8 959	30 645
Reversal of deferred tax EPRA adjustments jointly controlled entities ¹⁾	-	-	-
Net income non-controlling interest of subsidiaries	4 214	-2 366	-3 767
Reversal of tax non-controlling interests of subsidiaries ¹⁾	-927	520	829
EPRA Earnings	-32 744	-2 012	11 336

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

EPRA NET ASSET VALUE METRICS

EPRA NET REINSTATEMENT VALUE (NRV):

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

EPRA NET TANGIBLE ASSETS (NTA):

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

EPRA NET DISPOSAL VALUE (NDV):

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



NET ASSET VALUE	Q3-22 / 30.09.2022	Q3-21 / 30.09.2021	31.12.2021
NAV - book value of equity	830 031	905 319	951 676
Hybrid instruments	1 264	1 264	1 264
Diluted NAV	831 295	906 583	952 940
Less: Non-controlling interest	-139 249	-121 881	-131 331
Fair value of interest rate swaps	-35 565	26 704	6 393
Goodwill as a result of deferred tax	-5 640	-5 640	-5 640
Deferred tax	145 906	135 045	159 783
Net reinstatement value (EPRA NRV)	796 746	940 811	982 145
EPRA NRV per share	36.6	43.2	45.1
Goodwill as per the IFRS	-146 374	-1 372	-1 372
Intangible assets as per the IFRS	-7 112	-536	-577
Estimated real deferred tax ¹⁾	-66 551	-56 176	-57 789
Net tangible assets (EPRA NTA)	576 709	882 727	922 408
EPRA NTA per share	26.5	40.5	42.3
Fair value of interest rate swaps according to above	35 565	-26 704	-6 393
Deferred tax as per the IFRS	-79 355	-78 869	-101 994
Fair value adjustment of interest bearing debt	-	-	-
Intangible assets according to above	7 112	536	577
Net disposal value (EPRA NDV)	540 032	777 690	814 598
EPRA NDV per share	24.8	35.7	37.4

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

EPRA NET INITIAL YIELD (NIY)

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

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

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

All amounts in NOK thousand

	Q3-22 / 30.09.2022	Q3-21 / 30.09.2021	31.12.2021
Investment property - consolidated ¹⁾	2 940 450	2 590 400	2 692 700
Investment property - share of JVs	-	-	-
Total Property portfolio	2 940 450	2 590 400	2 692 700
Less: projects and development sites	-529 150	-731 950	-797 850
Completed property portfolio	2 411 300	1 858 450	1 894 850
Allowance for estimated purchasers' costs	12 057	9 292	9 474
Gross up completed property portfolio valuation	2 423 357	1 867 742	1 904 324
12 months rolling rent	109 023	99 680	100 176
Estimated ownership cost	12 136	10 442	10 537
Annualised net rents	96 887	89 237	89 639
Add: notional rent expiration of rent free periods or other lease incentives	11 461	5 541	5 206
Topped-up net annualised rent	108 348	94 778	94 845
EPRA NIY	4.0 %	4.8 %	4.7 %
EPRA 'topped-up' NIY	4.5 %	5.1 %	5.0 %

1) owner-occupied investment property is included



EPRA VACANCY RATE

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

All amounts in NOK thousand

	Q3-22 / 30.09.2022	Q3-21 / 30.09.2021	31.12.2021
Estimated market rent vacant space	8 327	11 143	10 081
Total market rent whole portfolio	158 862	138 366	139 834
EPRA vacancy rate*	5.2 %	8.1 %	7.2 %

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

EPRA COST RATIO

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

All amounts in NOK thousand

	Q3-22 / 30.09.2022	Q3-21 / 30.09.2021	31.12.2021
Total operating cost	80 491	17 175	94 609
Share of joint ventures expenses	-	-	-
Less: Costs related to non-property activities and external customers	-34 863	-6 281	-30 320
Less: Ground rent cost	-243	-155	-709
Less: Investment property depreciation	-	-	-
Less: Gains/losses on sale of properties & disposals	-27 821	-171	-6 356
EPRA Cost (including direct vacancy cost)	17 564	10 567	57 223
Direct vacancy cost	3 645	2 807	13 527
EPRA Cost (excluding direct vacancy cost)	13 918	7 761	43 696
Gross rental income less ground rent	31 256	29 341	119 867
Share of joint ventures	-	-	-
Total gross rental income less ground rent	31 256	29 341	119 867
EPRA Cost Ratio (including vacancy cost)	56.2 %	36.0 %	47.7 %
EPRA Cost Ratio (excluding vacancy cost)	44.5 %	26.4 %	36.5 %

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

EPRA LTV

EPRA LTV is a metric to determine the percentage of debt comparing to the appraised value of the properties. In the BPR guidelines released in March 2022, EPRA introduced EPRA LTV as a recommended disclosure. The EPRA LTV is based on a proportionate consolidation. The Group has included its share of net debt and net assets of its material associates as well as deducted for any non-controlling interests.

All amounts in NOK thousand

				Q3-22 / 30.09.2022	Q3-21 / 30.09.2021	31.12.2021
	Group as reported	Share of material associates	Non- controlling interests	Combined EPRA LTV	Combined EPRA LTV	Combined EPRA LTV
Net debt	2 308 922	24 679 -	333 548	2 000 052	1 551 390	1 580 842
Total property value	2 954 098	41 504 -	469 520	2 526 083	2 272 279	2 361 712
Debt ratio (LTV) %	78.2	59.5	71.0	79.2	68.3	66.9



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

Our tenant portfolio is divided into five different industries/segments: Office, Hotels, Food & Beverage, Healthcare and Retail – with Office as the majority at approx. 84 per cent of the revenue. The Group's tenant portfolio is diversified in number of tenants as well as in business sectors and segments. Public tenants make up approx. 11 per cent of the group's rental income, another approx. 35 per cent of our revenue comes from large private tenants within banking, telecom, insurance and professional services etc.

Recreate ASA announced in October 2022 that the acquisition of of Lørenveien Næring AS (ParallelII) will not be completed as satisfactory financing have not been obtained.

Sale of Vipeveien 51 was completed in October 2022.

NOTE 10 SUPPLEMENTARY INFORMATION TO INVESTMENTS

Skien Brygge is a long-term project which involves the development of both residential and commercial properties. The development project is structured in three phases. The project is currently postponed due to high building costs and commencement of phase one is under review. NewSec has valued the project and considers phase one to have a positive contribution of mNOK 75, with a total fair value of mNOK 589 compared to an estimated project cost of mNOK 514. There is also a letter of intent for phase two and three of Skien Brygge where the development of these two last phases is estimated in the period from 2025 to 2033. Phase two and three is estimated with a total fair value of mNOK 1 326 and costs amounting to mNOK 1 068 resulting in a positive contribution of mNOK 258, bringing a total positive effect from Skien Brygge of mNOK 333 from all three phases. Recreate owns 25% of Skien Brygge.

Orbit Technology offers technology solutions that enables office sharing at scale, by turning unused office space into satellite workspaces, available and affordable for anyone. The Group owns 29.9% of the company through RCR Technology AS. The investment is considered as an investment in associate with a book value of mNOK 7.5 per 30.09.2022. Latest transaction in Q4-21 implied a total fair value of Orbit Technology at mNOK 150.

RCR Flex (former R8 Evolve) offers flexible workplaces with access to 25 locations. The Group owns 100 per cent of RCR Flex from 1 January 2022. An external valuation was performed in Q4-21, estimating a company value of NOK 195 million (100 per cent basis).



Statement of total comprehensive income for the operating segment:
Commercial properties (excl. Coworking (Evolve))
As basis for comparison to previous reported TCI without consolidation of Evolve

All amounts in NOK thousand

	Note	Q3-22	YTD Q3-22	Q3-21	YTD Q3-21	2021
Rental income	2	33 394	102 361	29 496	89 544	120 576
Other operating income	2	2 861	12 020	3 360	12 407	16 619
Total operating income		36 255	114 381	32 856	101 952	137 195
Maintenance and other operating expenses		37 039	65 720	13 883	50 110	70 181
Other property-related expenses		1 934	4 913	944	2 387	3 808
Administrative expenses		15 107	43 032	2 348	13 001	20 620
Total operating costs		54 080	113 666	17 175	65 498	94 609
Net income from property management		-17 825	715	15 680	36 454	42 586
Changes in fair value from investment properties	4.5	-147 585	-154 530	12 893	70 297	147 024
Operating profit		-165 409	-153 815	28 573	106 751	189 610
Gains from investment in shares		-	579	-	15 479	22 137
Interest and other financial income		1 262	3 614	690	1 510	2 339
Share of profit (loss) from associates and joint ventures		-11 443	-28 466	-8 959	-22 641	-30 645
Interest and other financial expenses		-51 684	-93 153	-16 075	-55 153	-73 712
Changes in fair value of financial instruments	4	8 404	79 786	4 497	2 930	2 130
Net financial items		-53 461	-37 639	-19 847	-57 876	-77 752
Profit before tax		-218 870	-191 454	8 726	48 875	111 858
Tax payable		-	-	-	-	-
Tax expense		36 725	31 510	-5 422	-16 970	-32 587
Profit for year		-182 145	-159 944	3 304	31 905	79 271



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Financial calendar

Q4 report 2022

17.02.23

Annual report 2022

31.03.23

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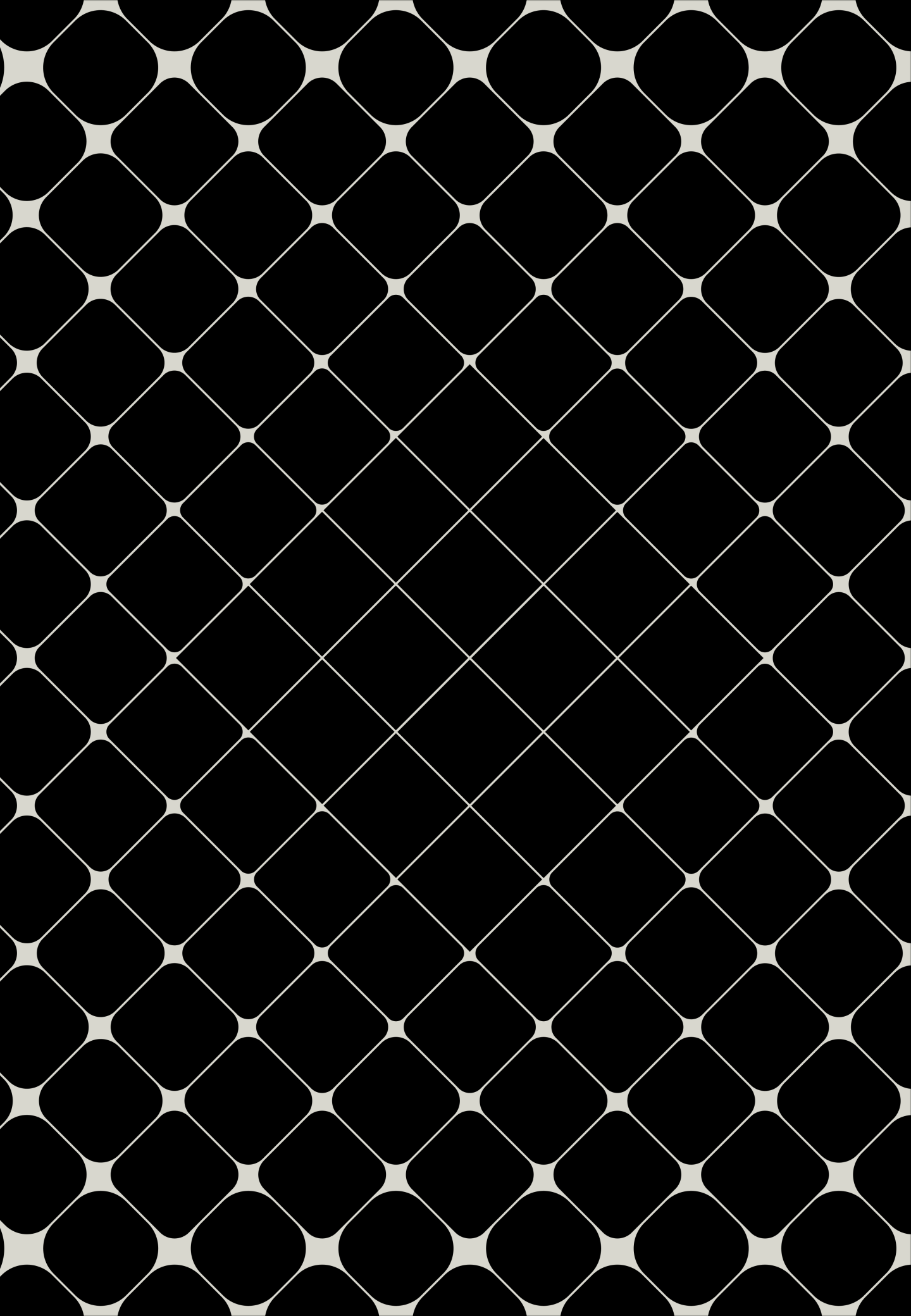
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Definitions

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



Recreate