

HALF-YEAR REPORT

2022



public property invest



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## FIRST SIX MONTHS OF 2022 HAS BEEN EXCITING FOR PPI

**Well back at the office after the summer holiday we can now look back at the first half of 2022. The year kicked off where 2021 left off with all time high transaction activity for most, if not all, real estate segments.**

PPI continued its growth by securing the remaining minority stake (4.2%) of Offentlig Eiendom AS in addition to acquiring a portfolio of seven properties (Phase 4) with 97% public tenants for NOK ~2 billion. The PPI portfolio now has a lettable area of ~300 000 square meters, with a total value above NOK 10 billion. Measured by annual rental income, PPI is with its NOK 550 million ranked as Norway's 28th largest real estate company.

Furthermore, the rental market has continued on its strong path from last year. Although our portfolio

is close to fully let, we are continuously in the market for new contracts or rent renewals. For example we have re-let almost 5 000 sqm in Gjerpens gate in Skien to Sykehuset Telemark HF on a 9 year contract at competitive levels.

2022 was projected to be the year for the world economy to recover swiftly as restrictions from a two-year pandemic was set to ease, trading pattern to return and the general consumer consumption to normalize. The restrictions have definitely eased and consumers have shifted consumption back

from 'only' goods to a more normalized mix of travel, goods and services. Then Russia invaded Ukraine in late February. The invasion and subsequent sanctions severely disrupted world markets for sale and transport of a number of strategic goods as well as energy markets. Comingled with lingering Covid-restrictions in Asia and the consequences of expansionary fiscal policies the result has been rapid and increasing inflation for much of the world economy.

As a result, many central banks have, and are expected to continue to, increase interest rates in a record breaking pace to curb the high inflation. So what does this mean for PPI? On the one hand increased interest rates, all else equal, are affecting our property values adversely as present value of cash flows decreases. But, on the other hand, more than 90% of our lease contracts are inflation linked thus functioning as an inflation hedge. The latter, in conjunction with ~5.8 years WAULT, >90% public tenants, several attractive development projects and almost ~80% fixed interest rates gives positive support to the cash flow, and thus value of PPI, in a scenario with continued high or increasing interest rates, inflation and relatively low economic growth.

In relation to the acquisition of Phase 4, PPI was able to obtain bank financing of NOK ~2.7 billion. The terms for the facility are highly attractive with a margin of 181 bps above 3M NIBOR, 2 % annual amortization and three years duration. Said debt is tranchet to three tier one debt providers which are supportive of the PPI growth story.

With regards to the corporate side of our business we have developed a detailed strategy for the next years. ESG (Environmental, Social and Governance) is a key topic in the strategy. Regarding the Environmental part we believe that investments in, and documentation of, sustainable and 'green' actions are highly likely to increase the value of our portfolio. To address this, and in the end reach our goal of becoming carbon neutral by 2030, we are currently mapping energy- and water consumption as well as waste-sorting across our portfolio to define what and how to invest to become more sustainable, create value for our shareholders while also reducing costs for our tenants. Concerning Social and Governance we are continuously improving and ramping up our organisation and reporting standards to meet future guidelines and requirements. For example, a new legislation, Åpenhetsloven, was put to action 1. July 2022. To be aligned with this regulation, PPI has carried out an overall due diligence and prepared a plan for implementing preventive actions to ensure that there is no risk of human rights violations and violations of working conditions in our value chain.

On that note I would like to say thanks for an eventful first half and wish for a great second half of 2022. Remember to visit us at [www.publicproperty.no](http://www.publicproperty.no)

Morten Kjeldby | CEO





## VISION

Leaders in socially beneficial  
and essential property.



PORTFOLIO AS OF JUNE 30TH 2022

KEY FIGURES

10 108m  
Gross Property Value (NOK)

504.6m  
Net Rental Income (NOK)\*

5.0%  
Yield

310 842  
Gross Area/sqm

32 524  
Value (NOK)/sqm

5.8  
WALT

1 766  
Gross Rent/sqm

90%  
Governmental Tenants

93%  
CPI Adjustment

#28

Rank Amongst Norway’s Largest  
Real Estate companies\*\*

\* Calculated on yearly basis

\*\* Measured by gross rental income vs. the Estate-list of Norway’s 200 largest real estate companies.





## NEW PROPERTIES



### KUNNSKAPSVEIEN 55, LILLESTRØM

**Tenants:**  
OsloMet



### JÆRVEIEN 12, SANDNES

**Tenants:**  
Mattilsynet



### VOGTSGATE 17, MOSS

**Tenants:**  
Fylkesmannen i Oslo og Viken  
Sivil Klareringsmyndighet  
Viken Fylkeskommune  
Politiets Fellestjenester



### RAMBERGVEIEN 9, TØNSBERG

**Tenants:**  
DSB  
Valgdirektoratet  
Den Norske Kirke



### RAMBERGVEIEN 5, TØNSBERG

**Tenants:**  
Private tenants



### JUL PETTERSENSGATE 2, LILLEHAMMER

**Tenants:**  
Lillehammer Tinghus



### ASKVEIEN 4, HØNEFOSS

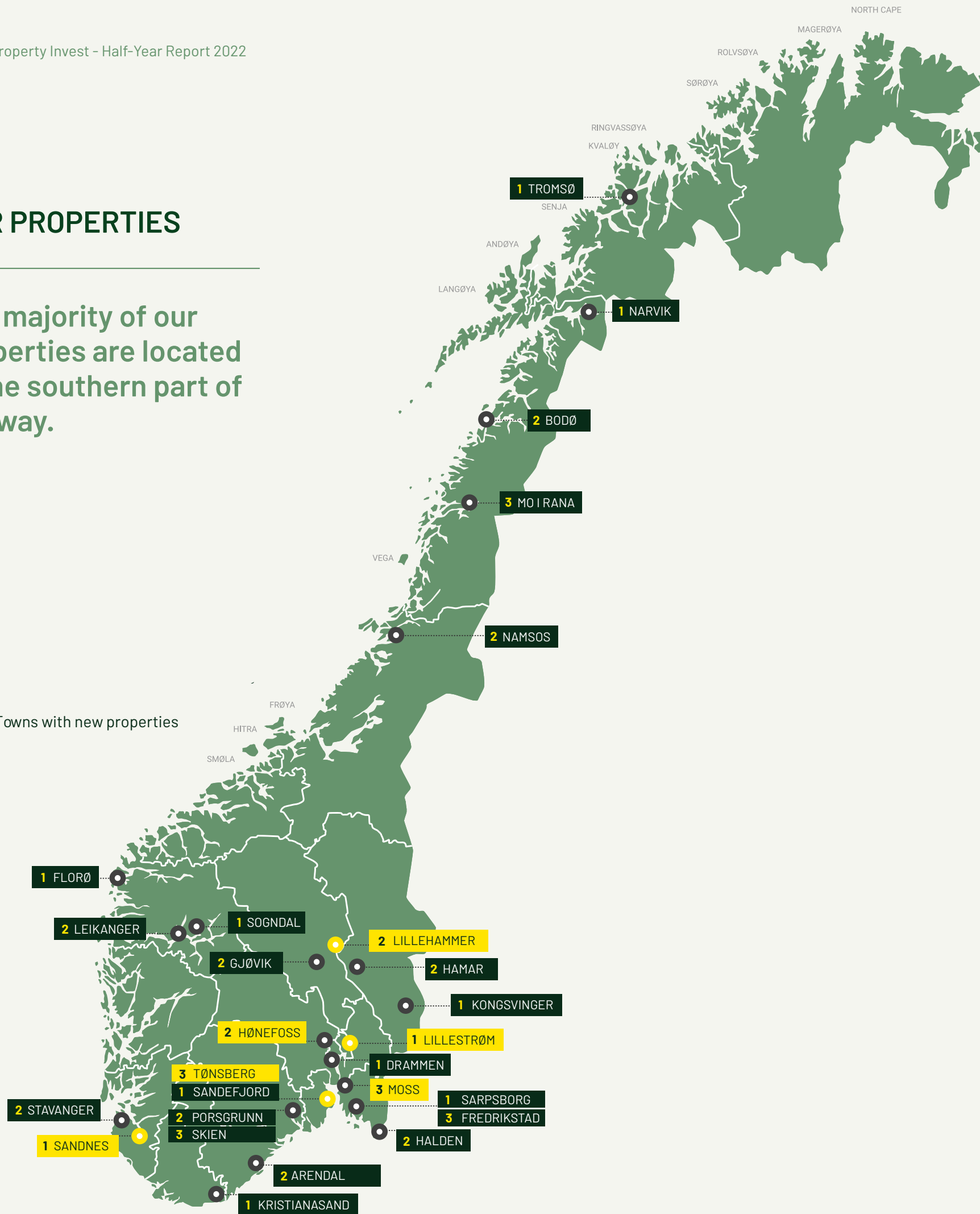
**Tenants:**  
Politiet



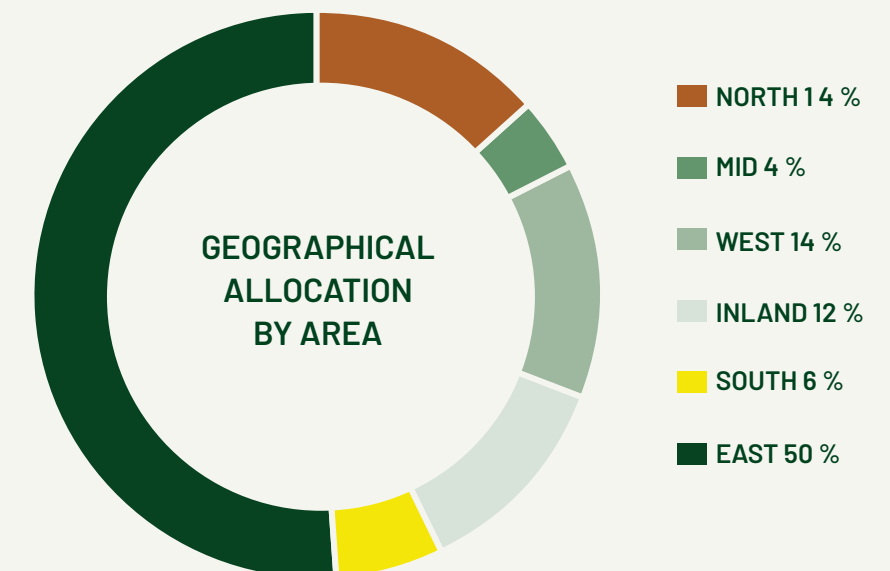
## OUR PROPERTIES

The majority of our properties are located in the southern part of Norway.

 Towns with new properties



# 7 NEW PROPERTIES 48 IN TOTAL







## VALUES

Our values are presence, quality and value creation. These values define how we deliver to and interact with our tenants, owners, suppliers, partners and society in general.



## CONSOLIDATED INCOME STATEMENT NGAAP

Operating income and operating expenses	2022	2021
Rental income	224 447 692	67 898 007
Other operating income	0	681 250
<b>Total income</b>	<b>224 447 692</b>	<b>68 579 257</b>
Payroll expenses	844 903	1 214 498
Depreciation and amortisation expense	87 522 806	21 871 917
Other operating expenses	33 673 599	10 986 714
<b>Total expenses</b>	<b>122 041 307</b>	<b>34 073 130</b>
<b>Operating profit</b>	<b>102 406 384</b>	<b>34 506 127</b>
<b>Financial income and expenses</b>		
Other interest income	17 757	119 370
Other financial income	0	105
Interest expenses	94 614 023	52 550 601
Financial expenses	190 601	333 414
<b>Net financial items</b>	<b>-94 786 868</b>	<b>-52 764 541</b>
<b>Net profit before tax</b>	<b>7 619 517</b>	<b>-18 258 414</b>
Income tax expense	1 680 968	-4 087 484
<b>Net profit after tax</b>	<b>5 938 549</b>	<b>-14 170 929</b>
<b>Net profit or loss</b>	<b>5 938 549</b>	<b>-14 170 929</b>
<b>Majority share</b>	<b>5 938 549</b>	<b>-14 170 929</b>
<b>Attributable to</b>		
Other equity	5 938 550	0
Transferred from other equity	0	14 170 929
<b>Total allocated</b>	<b>5 938 549</b>	<b>-14 170 929</b>

## CONSOLIDATED BALANCE SHEET NGAAP

Assets	2022	2021
<b>Non-current assets</b>		
<b>Tangible non-current assets</b>		
Buildings and land	10 576 590 665	8 460 640 294
<b>Total tangible non-current assets</b>	<b>10 576 590 665</b>	<b>8 460 640 294</b>
<b>Non-current financial assets</b>		
Investments in shares	20 600	20 600
Other long-term receivables	6 306 453	7 530 026
<b>Total financial fixed assets</b>	<b>6 327 054</b>	<b>7 550 626</b>
<b>Total non-current assets</b>	<b>10 582 917 719</b>	<b>8 468 190 920</b>
<b>Current assets</b>		
<b>Debtors</b>		
Accounts receivables	3 065 069	5 981 889
Other short-term receivables	12 057 763	12 349 561
Demand on payment of sharecapital	0	293 876 182
<b>Total debtors</b>	<b>15 122 831</b>	<b>312 207 631</b>
Cash and cash equivalents	421 555 272	201 973 518
<b>Total current assets</b>	<b>436 678 103</b>	<b>514 181 150</b>
<b>Total assets</b>	<b>11 019 595 822</b>	<b>8 982 372 070</b>

<b>Equity and liabilities</b>	<b>2022</b>	<b>2021</b>
<b>Paid-in capital</b>		
Share capital	3 596 583	2 365 289
Share premium reserve	3 591 292 215	2 319 244 273
Not registered capital changes	0	379 326 934
<b>Total paid-up equity</b>	<b>3 594 888 798</b>	<b>2 700 936 497</b>
<b>Retained earnings</b>		
Other equity	3 867 799	-2 779 605
<b>Total retained earnings</b>	<b>3 867 799</b>	<b>-2 779 605</b>
<b>Minority interest</b>	<b>0</b>	<b>63 803 534</b>
<b>Total equity</b>	<b>3 598 756 596</b>	<b>2 761 960 426</b>
<b>Liabilities</b>		
<b>Provisions</b>		
Deferred tax	1 282 927 875	980 544 826
Other provisions	663 832	663 530
<b>Total provisions</b>	<b>1 283 591 707</b>	<b>981 208 356</b>
<b>Other non-current liabilities</b>		
Bonds	3 002 267 370	2 994 276 895
Liabilities to financial institutions	2 707 535 808	1 423 992 185
Debt to shareholders	0	126 140 264
Other non-current liabilities	33 202 526	27 350 115
<b>Total non-current liabilities</b>	<b>5 743 005 703</b>	<b>4 571 759 459</b>
<b>Current liabilities</b>		
Certificate loans	290 000 000	290 000 000
Trade payables	52 002 782	149 793 445
Tax payable	0	227 489
Public duties payable	716 636	927 992
Other current liabilities	51 522 399	226 494 903
<b>Total current liabilities</b>	<b>394 241 816</b>	<b>667 443 829</b>
<b>Total liabilities</b>	<b>7 420 839 226</b>	<b>6 220 411 644</b>
<b>Total equity and liabilities</b>	<b>11 019 595 822</b>	<b>8 982 372 070</b>





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