CARUCEL
PROPERTY

Consolidated Financial Statements Q1 2024

(all amounts in NOK millions)

Carucel Property AS
921 428 472

Consolidated Financial Statements Q1 2024
(all amounts in NOK millions)

The consolidated financial statement for Carucel Property AS consists of the following parts:

* *Interim report Q1 2024*
* *Income Statement*
* *Balance Sheet*
* *Cash Flow Statement*
* *Notes*

CARUCEL

CARUCEL PROPERTY - MANAGEMENT REPORT Q1 2024

Carucel Property AS (the "Company") is a holding company with its primary focus within real estate investments. Through its subsidiaries (together with the Company, the “Group”), the Group owns a diversified portfolio of high quality commercial and residential properties.

The Group seeks to generate value through continuous hands-on optimization of its real estate portfolio.

Oslo is the Group’s main geographical focus area, with approx. 85% of the properties located in the city center of Oslo. The property portfolio is actively managed to keep a balanced mix between developed “yield properties” and properties with a more significant rent and development potential. The Group seeks to minimize counterparty and market risk through a diversified approach to tenant concentration and property segments. The Group further seeks to generate additional recurring revenue by leveraging the capacity of its in-house organization through management of non-controlled real estate assets (always with an ownership stake).

Key events during the first quarter of 2024

During the first quarter of 2024, the Group remained focused on operational activities, divesting non-strategic assets, and improving its current portfolios, as the challenging market conditions persist.

Oslo Bay District

In the first quarter, the Group successfully completed the refinancing of the NOK 350m bond (as previously disclosed) with a second tranche bank facility. Following the utilization of the second bank facility, Oslo Bay District is now financed with 100% bank loans and has no short-term interest-bearing debt. Furthermore, the Group maintains ongoing discussions with co-owner Madison regarding potential additional option extensions.

Operationally, Oslo Bay District continues to perform strongly, maintaining full occupancy throughout Q1 2024, which reflects the Group's ongoing efforts to optimize occupancy levels. The Group is actively analyzing the tenant’s turnover to estimate turnover based rental income. This enables the Group to identify and address potential challenges before they impact our tenants, effectively mitigating risks associated with vacancy during intermissions between tenants, as well as potential bad debt expenses.

The tenant's turnover in Oslo Bay District increased by 8.1% in the trailing 12 months compared to the previous period (not adjusted for like-for-like). In Q1-2024, the Group recorded turnover-based rent totaling NOK 8.8m. Of this amount, NOK 2m stems from final auditor-confirmed turnover from 2023, while NOK 6.8m comprises invoiced turnover-based rental income and accrued revenue based on the Group’s estimates.

Living Portfolio

The demand for rental apartments remains strong in central Oslo and within the Living portfolio. The total vacancy rate in this portfolio was approximately 7.3% by the end of Q1 2024. Roughly half of this vacancy is attributed to the project of refurbishing Seilduksgata 19, that was vacated for a full conversion to be operated by our co-living concept (managed by LifeX). The refurbishment was completed in april 2024 and LifeX opened Seilduksgata 19 (“Hedda”) for tenants on May 1st 2024. The leasing activity and demand for Hedda has so far met expectations and the current occupancy rate is calculated at 48,2%. The remaining vacancy in the Living Portfoio is a consequence of the Group’s strategy to renovate/upgrade apartments that become vacant before making them available for new tenants.

Carucel Living Holdco AS (the parent company in the Living Portfolio), executed a private placement to its strategic partner Madison International Realty (“Madison”), resulting in a capital increase of NOK 65.3m. The proceeds are to be used to fund ongoing and future capital expenditure and potential new acquisitions as a part of the Group’s strategy to operate, develop and grow the Carucel Living segment through the three separate and individually scalable concepts; Alva, Co-Living and Serviced Apartments.

The implied gross property values in the private placement significantly exceeds the current valuation reports and in the calculation of the LTV presented in this report.

Divestments & Acquisitions

Effective from 01.01.2024 the Group acquired a majority interest in the facility management provider Akto Eiendom. The Group previously held a 48,5% share in Akto Eiendom, but will following the acquisition hold a 80% share. Following the acquisition, the Group will consolidate Akto Eiendom on a line-by-line basis in the financial statements.

Additionally, the Group divested shares in Entra, Aurora Eiendom and other non-strategic assets, resulting in a total net cash release of NOK 22.4m.

Financial highlights

In Q1 2024, the Group reported rental income of NOK 102.6m, an increase from NOK 89.9m in Q1 2023. This increase is primarily driven by turnover-based rental income in the Oslo Bukta District, CPI adjustments, and its sustained focus on operational activities and vacancy rates. Despite a net divestment of properties in the previous year, the Group has maintained a steady growth in rental income.

Sales revenue for Q1 2024 amounted to NOK 16.8m compared to NOK 8.5m in Q1 2023. The increase is primarily driven by the acquisition of the facility management provider, Akto Eiendom, which was effective from 01.01.2024. In previous periods, the pro-rata share of net income from Akto Eiendom has been presented as financial income (income from associated companies). This has not been restated to show comparable amounts.

Payroll expenses in Q1 2024 increased from NOK 12.2m to NOK 20.3m and is primarily driven by the acquisition of Akto Eiendom, which comprised approximately 20 employees within facility management services.

Operating expenses totaled NOK 40.9m in Q1 2024, up from NOK 33.9m in Q1 2023. This increase is partly due to ongoing concept development and expensed capital expenditures, which are not capitalized on the balance sheet, and the acquisition of Akto Eiendom.

Financial expenses in Q1 2024 amounted to NOK 93.2m, an increase from NOK 77m in Q1 2023. The increase is primarily related to increasing credit spreads from refinancing of interest-bearing debt maturing the last twelve months. The Group's hedging rate as of Q1 2024 was approximately 56%, limiting the sensitivity to shifts in interest rates.

Net Profit in Q1 2024 was recognized at NOK -61.8m, while EBITDA was recognized at NOK 58.1m.

As of Q1 2024, the Group's Net-LTV and liquidity, calculated in accordance with the terms of the bond agreement, were 67.6% and NOK 218.4m, respectively. The Group's liquidity position remains strong and well within the requirement of NOK 30m.

Going Forward & Post balance Sheet Events

On May 15th 2024, the Group sold Eikringen 19 og 20, totalling cash a release of approximately NOK 35m. Furthermore, on May 30th 2024, the Group signed a sale and purchase agreement for Snekkerveien 7-13. The Group's cash release from the transaction is estimated to approximately NOK 49m in Q2 2024.

The Group continues to consider further divestments to support its strategy to focus on the Oslo Bay District and Living portfolios, alongside other key initiatives. The Group again reiterates its dedication to core operations and plans to strategically reallocate more of its capital and resources to these portfolios.

The Board of Directors - Carucel Property AS

Oslo, 30.05.2024

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INCOME STATEMENT

	Note	Q1 2024	Q1 2023	31.12.2023
Operating income				
Rental income		102,6	89,9	387,1
Sales revenue		16,8	8,5	52,5
Other operating income		1,1	0,9	35,9
Total operating income		120,5	99,2	475,5
Operating expenses				
Cost of goods		1,3	1,2	7,2
Payroll expense		20,3	12,4	57,2
Depreciation and amortisation	3	41,5	38,8	608,7
Other operating expenses		40,9	33,9	208,5
Total operating expenses		103,9	86,3	881,6
Operating profit		16,6	12,9	-406,2
Financial income and expenses				
Share of profit in associated companies	9	0,0	0,0	-18,3
Financial income	2	1,2	6,1	75,2
Financial expenses	2	93,2	77,0	342,6
Net financial items		-92,0	-70,8	-285,7
Profit before tax		-75,4	-57,9	-691,8
Tax expense	8	-16,4	-12,2	-143,2
Profit for the period		-59,0	-45,7	-548,7
Profit attributable to:				
Controlling interest	4	-47,3	-34,2	-313,0
Non-controlling interest	4	-11,7	-11,6	-235,6

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BALANCE SHEET

	Note	31.03.2024	31.03.2023	31.12.2023
ASSETS				
Fixed assets				
Intangible assets				
Lease agreements and other intangibles	3	18,8	19,8	19,0
Goodwill (technical goodwill related to deferred tax)	3	570,0	661,1	573,0
Total intangible assets		588,7	680,8	592,1
Tangible assets				
Property, plant and equipment	3, 7	7 039,4	7 803,6	7 057,3
Operating moveable equipment	3	18,1	10,8	18,3
Total tangible assets		7 057,5	7 814,4	7 075,5
Financial fixed assets				
Investment in associated companies	9	71,8	106,2	71,8
Loan to associated companies and joint ventures		67,1	55,4	63,1
Investments in shares and other securities	9	124,1	155,0	146,8
Other long-term receivables		182,1	135,1	186,8
Total financial fixed assets		445,1	451,5	468,5
Total fixed assets		8 091,3	8 946,7	8 136,1
Current assets				
Inventories		1,6	2,1	1,7
Receivables				
Accounts receivables	7	45,2	36,7	35,6
Other short-term receivables		79,2	58,8	68,2
Total receivables		124,4	95,5	103,9
Cash and cash equivalents		218,4	192,8	211,2
Total current assets		344,4	290,4	316,8
TOTAL ASSETS		8 435,7	9 237,1	8 452,9

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BALANCE SHEET

	Note	31.03.2024	31.03.2023	31.12.2023
EQUITY AND LIABILITIES				
Equity				
Paid-in equity				
Share capital	4, 5	1,2	1,2	1,2
Total paid-up equity		1,2	1,2	1,2
Other equity				
Non-controlling interest	4	1 183,6	1 311,2	1 158,1
Other equity	4	1 008,7	1 349,4	1 027,0
Total other equity		2 192,3	2 660,7	2 185,1
Total equity		2 193,5	2 661,9	2 186,3
Liabilities				
Provisions for liabilities				
Deferred tax	8	790,1	944,3	807,7
Total provisions		790,1	944,3	807,7
Other long-term liabilities				
Bond loans	6, 7	1 023,0	1 373,0	1 373,0
Debt to financial institutions	6, 7	4 298,8	4 149,1	3 959,0
Other long-term debt		10,8	0,0	10,0
Total of other long-term liabilities		5 332,6	5 522,1	5 342,0
Current liabilities				
Accounts payable		35,0	26,8	23,9
Tax payable	8	0,3	0,8	0,6
Public duties payable		15,2	12,2	7,8
Debt to group companies		0,0	0,0	0,0
Other current debt		69,0	69,1	84,6
Total current liabilities		119,6	108,9	116,9
Total liabilities		6 242,2	6 575,2	6 266,6
TOTAL EQUITY AND LIABILITIES		8 435,7	9 237,1	8 452,9

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CASH FLOW STATEMENT

	Note	Q1 2024	Q1 2023	31.12.2023
Cash flow from operating activites				
Profit before tax		-75,4	-57,9	-691,8
Corporate tax paid		-0,3	0,3	-2,8
Loss (gain) on sale of fixed assets or shares		0,3	0,0	-37,4
Income from associated companies		0,0	0,0	18,3
Depreciation and amortisation	3	41,5	38,8	608,7
Change in value of shares		0,0	0,0	0,0
Change in inventories		0,1	-0,5	0,0
Change in accounts receivables		-9,6	3,7	3,8
Change in accounts payable		11,1	-1,4	-5,6
Change in other short-term items		-20,0	-7,1	9,7
Net cash flow from operating activities		-52,3	-24,2	-97,2
Cash flow from investing activities				
Proceeds from sale of fixed assets	3	0,4	0,0	337,0
Payments for buying fixed assets	3	-19,8	-218,6	-284,8
Proceeds from sale of shares in other companies		22,5	0,1	46,7
Payments from buying shares in other companies		-0,3	1,7	-12,0
Net proceeds from financial portfolio		0,0	0,0	0,0
Net proceeds from changes in in long-term receivables		0,8	-3,0	7,9
Net cash flow from investing activities		3,5	-219,8	94,6
Cash flow from financing activities				
Proceeds from issuing long-term debt		350,0	100,0	181,0
Payments on long-term debt		-360,2	-65,1	-336,2
Net proceeds from changes in other long-term debt		0,9	0,0	10,0
Proceeds from share contributions	4	65,3	0,0	0,0
Net changes in minorities	4	0,0	70,0	52,1
Dividends	4	0,0	-3,1	-28,1
Net cash flow from financing activities		56,0	101,8	-121,2
Net change in liquidity reserve through the year		7,2	-142,2	-123,7
Liquidity reserve at the beginning of the period		211,2	335,0	335,0
Liquidity reserve at the end of the period		218,4	192,8	211,2

Note 1 - ACCOUNTING PRINCIPLES

The consolidated financial statements consist of income statement, balance sheet, cash flow statement and notes to the financial statements. The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles. There is still uncertainty associated with the long-term effects of the COVID-19 pandemic. As the situation is per preparation, there is no uncertainty regarding continued operations. The accounts have been prepared on the going concern assumption.

Basis for consolidation

The Group’s consolidated financial statements comprise Carucel Property AS and companies in which Carucel Property AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Minority interests are included in the Group’s equity. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

A joint venture is a business entity created by two or more parties in a cooperative agreement for joint control over business activities. Joint control exists only when strategic, financial and operational deciesions regarding the business require unanimity between the participants. The consolidated financial statemens include the Group's share of the profits/losses from joint ventures, accounted for using the gross method of accounting, from the date when a joint venture is established. The gross method of accounting includes the Group's pro-rata share of the joint venture's consolidated financial statements on a line-by-line basis in the financial statements.

When the Group’s share of a loss exceeds the Group’s investment in an associate, the amount carried in the Group’s balance sheet is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss.

Classification and assessment of balance sheet items:

Assets intended for long-term ownership have been classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year of the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and receivables are, however, not classified as short-term liabilities and current assets.

Tangible fixed assets are capitalized and depreciated linearly down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. Maintenance of operating equipment is expensed on an ongoing basis. Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Plots and land are not depreciated. Costs related to leases of fixed assets are expensed over the lease period. Prepayments are reflected in the balance sheet as a prepaid expense and are distributed over the rental period.

Note 1 - ACCOUNTING PRINCIPLES

Revenue recognition
Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred. Gains from the realization of real estate and other fixed assets are recognixed as other operating income.

Rental income is recognised at the fair value of the consideration, net after deduction of VAT, discounts and other reductions. Rental income is recognized as income on a straight-line basis over the rental period. Rental discounts are accrued over the rental period so that the income is recognized on a straight-line basis. The recognized rental income is presented as an other short-term receivable in the balance sheet. Gains from the realization of real estate and other fixed assets are recognixed as other operating income.

Income Tax
The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

Inventories
Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Accounts receivable and other receivables
Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Short term investments
Short term investments (stocks and shares seen as current assets) are valued at fair value. Dividends and other distributions are recognized as other financial income.

Use of estimates
The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Cash flow statement
The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Comparative information
In the event of a change in the classification of accounting items, the comparative figures have been restated accordingly. Comparable amounts for the consolidated income statement and the balance sheet have been prepared (best estimate) in accordance with the Accounting Act. The cash flow and some of the notes to the financial statement do not have comparable amounts, as such information is not sufficiently reliable.

Note 1 - ACCOUNTING PRINCIPLES

Treatment of costs directly related to long-term debt
Costs that are directly attributable to the issuance of long term debt are accrued on a straight-line basis over the term of the loan. The deferred expense recognition is presented as other long term receivables in the balance sheet.

Pensions
For pension schemes where an agreed subsidy is paid by the employer and where the pension funds are managed separately

Intangible assets
Intangible assets are capitalized when it is both expected to provide future income and where acquisition cost can be measured reliably. Depreciation is calculated on a straight-line basis over the assets' expected economic life.

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Note 2 - FINANCIAL ITEMS

	Q1 2024	Q1 2023	31.12.2023
Interest income	0,8	0,5	7,5
Other financial income	0,4	5,7	67,7
Total financial income	1,2	6,1	75,2
Interest expenses	86,5	71,2	324,3
Other financial expenses	6,7	5,7	18,2
Total financial espenses	93,2	77,0	342,6
Share of profit from associated companies	0,0	0,0	-18,3
Total net financial items	-92,0	-70,8	-285,7

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Note 3 - FIXED ASSETS

	Land/ Buildings	Operating equipment	Lease agreements and other intangible assets	Goodwill*	Total
Acquisition cost 01.01.	7 946,3	30,5	26,9	638,7	8 642,4
Additions	19,3	1,0	0,0	0,0	20,3
Disposals	-0,4	0,0	0,0	0,0	-0,5
Other changes	0,0	0,0	0,0	0,0	0,0
Reclassification	0,0	0,0	0,0	0,0	0,0
Acquisition costs 31.03	7 965,2	31,4	26,9	638,7	8 662,2
Acc. depreciation/impairment 31.03	925,8	13,3	8,1	68,7	1 016,0
Book value 31.03	7 039,4	18,1	18,8	570,0	7 646,2
Depreciation and impairment	37,0	0,9	0,5	3,0	41,5
Economic lifetime	0 - 100 y	3-10 y	5-22y	50-100 y	
Depreciation plan	Linear	Linear	Linear	Linear	

* Technical goodwill is related to deferred tax liabilities on fixed assets and is depreciated with the same depreciation plan as the underlying asset.

Note 4 - EQUITY

Equity:	Share capital	Other equity	Non-controlling interest	Total
Equity 01.01	1,2	1 027,0	1 158,1	2 186,3
This years change in equity:				
Profit for the year		-47,3	-11,7	-59,0
Addition non-controlling interest		28,1	37,2	65,3
Other changes		0,8	0,0	0,8
Equity 31.03	1,2	1 008,7	1 183,6	2 193,5

Note 5 - SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital Carucel Property AS consists of (in NOK):

	Face value	No of shares	Book value
Ordinary shares	12 000	100	1 200 000
Total		100	1 200 000

The company has the following shareholders

Name	Ordinary shares	Ownership	Voting rights
Carucel AS	100	100,00 %	100,00 %
Total	100	100,00 %	100,00 %

Note 6 - OTHER LONG-TERM LIABILITIES

Debt due in more than five years per 31.03.2024

The group has NOKm 28.8 debt due in more than five years per 31.03.2024

Note 7 - INTEREST-BEARING DEBT AND SECURED DEBT

Interest-bearing debt	2024	2023
Secured debt	4 732,6	4 922,1
Unsecured debt	600,0	600,0
Total	5 332,6	5 522,1

Pledged assets and book value:	2024	2023
Property, plant and equipment	7 039,4	7 057,3
Account receivables	45,2	35,6
Total	7 084,6	7 092,9

Covenants in the various subgroups:
- Loan to value
- Requirements of minimum value-adjusted equity
- Requirements of minimum equity-ratio
- Requirements of minimum liquidity
- Requirements of minimum Interest Coverage Ratio

(all amounts in NOK millions)

Note 8 - TAX

	Q1 2024	Q1 2023	31.12.2023
Income tax payable is calculated as follows:			
Tax payable	0,0	0,0	0,6
Changes in defered tax	-16,4	-12,2	-143,8
Income tax expense	-16,4	-12,2	-143,2
Taxable income:			
Profit before tax	-75,4	-57,9	-691,8
Permanent differences	2,7	1,9	48,7
Change in temporary differences	31,0	0,0	682,0
Change in loss carry-forwards	0,0	0,0	-35,9
Taxable income:	-41,7	-56,0	2,9
From nominal to actual tax rate:			
Profit before tax	-75,4	-57,9	-691,8
Expected tax expense at nominal tax rate (22 %)	-16,6	-12,7	-152,2
Tax-effect on the following items:			
Costs without deduction/income without tax liability	0,6	0,4	10,7
Other items	-0,4	0,1	-1,7
Tax expense	-16,4	-12,2	-143,2
Effectiv tax rate	22 %	21 %	21 %

Specification of the tax effect of temporary differences and losses carried forward:

Tax liability (-benefit)	31.03.2024	31.03.2023	31.12.2023
Fixed assets	920,2	1 049,7	928,6
Current assets	0,0	0,3	0,0
Receivables	-0,2	-5,4	-0,2
Profit- and loss accounts	8,2	9,9	8,2
Payables	0,0	0,0	0,0
Accumulated loss to be brought forward	-151,1	-126,2	-142,0
Other temporary differences	13,5	21,9	13,5
Not included in the calculation of deferred tax	-0,5	-5,9	-0,5
Deferred tax	790,1	944,3	807,7

Tax payable in the balance:			
Tax payable on this year's profit			647
Total tax payable in the balance			647

(all amounts in NOK millions)

Note 9 - INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies	Shareholding (%)	Book value 31.12.2023	Add./disp. 2024	Q1 2024	Dividends	Book value
Birk & Co AS	40,0 %	16,0	0,0	0,0	0,0	16,0
Strømsø Utvikling AS	33,6 %	55,8	0,0	0,0	0,0	55,8
Total Group companies		71,8	0,0	0,0	0,0	71,8
Total investments in associated companies		71,8	0,0	0,0	0,0	71,8

* The share of profit from associated companies as of 31.03.2024 is insignificant and has not been consolidated in the financial statements.

Other shares - Group

Company name	Shareholding (%)	Aquisition cost	Book value
AS Bogstadveien 30 Byggselskap	23 %	11,5	11,5
Helsinki Outlet AS	10 %	22,2	22,2
AS Bogstadveien 30	40 %	7,0	7,0
Other shares		96,7	83,5
Total of other shares		137,4	124,1

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Name	Date
Krefting, Carl Erik	**2024-05-30**

Identification

bankID Krefting, Carl Erik