

AURORA

Q4 2021
REPORT



AURORA EIENDOM Q4 2021 REPORT

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Fourth quarter of 2021

Aurora Eiendom delivered solid financial performance this quarter, fuelled by positive developments in the shopping centers.

- Gross tenant turnover in Q4-2021 for Aurora's five shopping centers equalled Q4-2020 and increased by 4 % from Q4-2019.
- Leasing activity resulted in decreased vacancy of 0.2 percentage points and increased rental income.

Rental income was MNOK 79.4 (MNOK 78.6 in Q3) and net income from property management was MNOK 68.0 (MNOK 61.0 in Q3).

Nordbyen shopping center in Larvik was rebranded to Alti Nordbyen in November 2021.

Aurora Eiendom AS was listed on the Euronext Oslo Exchange on December 15th 2021 with the ticker «AURA».

In Q4 Aurora Eiendom invested in a 25 % stake in JHG Invest AS, which in turn owns 35% of Jærhagen Eiendomsinvest AS. Jærhagen Eiendomsinvest acquired Jærhagen shopping center outside Stavanger in December 2021. Jærhagen is a combined boutique and big-box shopping center with around NOK 1.5 bn in gross tenant revenue. Alti Forvaltning will continue its management of the center.



LETTER FROM THE CEO

On track!

The shopping center sales continued at good levels across the country in the fourth quarter. We are pleased that the shopping center portfolio matched a strong last year in the most important quarter of the year for the retail industry and delivered 4 % growth compared to the fourth quarter in 2019, a quarter which represents the latest comparable ordinary market conditions before the Covid-19 pandemic.

After spending the first few months following the takeover in July getting familiar with the newly acquired properties, the focus has now shifted to further developing these strong shopping destinations. New opportunities emerge as we get to know the properties in detail.

During the fourth quarter 10 leases of a total of 5 499 sqm. were extended, which corresponds to 5 % of the property portfolio. Simultaneously new leases with a total of 599 sqm. started, and leases with a total of 403 sqm. expired. This corresponds to a reduction in vacancy of 0.2 percentage points. The leasing work so far has resulted in an increase in rental income from the third quarter to the fourth quarter.

Several of the leases signed in the third quarter have now resulted in opened stores, where the largest new opening this quarter was the interior and furniture concept Feel at Nordbyen in November. One of our exciting news this spring is a signed deal for the opening of H&M Home at Amanda in Haugesund.

The fourth quarter is also the period for the budget process for the upcoming year, and a lot of hours have been devoted to optimizing the cost side. This is something that must be refined over time, but we are pleased to slightly reduce the tenant common costs for 2022 on average for the property portfolio, despite the increase in electricity prices.

Nordbyen was the first center in the Aurora portfolio to implement Alti Forvaltning's shopping center brand, Alti. The rebranding took place on the fourth of November, and is a part of the process to streamline, professionalize and modernize the shopping centers. Nordbyen is the 21st center to use the Alti brand.

Jærhagen Kjøpesenter was introduced to the market after the summer, a property we know well through Alti Forvaltning managing it for two years. After an invitation to co-invest with other savvy local and national investors, we decided to take an indirect ownership interest of 9 % through JHG Invest AS. The shopping center, which has been modernized and greatly expanded in recent years, consists of approximately 47 000 sqm. gross lettable area and had a gross tenant turnover of NOK 1.5 bn in 2021.

Alti Forvaltning will continue to manage Jærhagen Kjøpesenter. From March 2022 Alti Forvaltning will also manage Magasinet, Drammen.

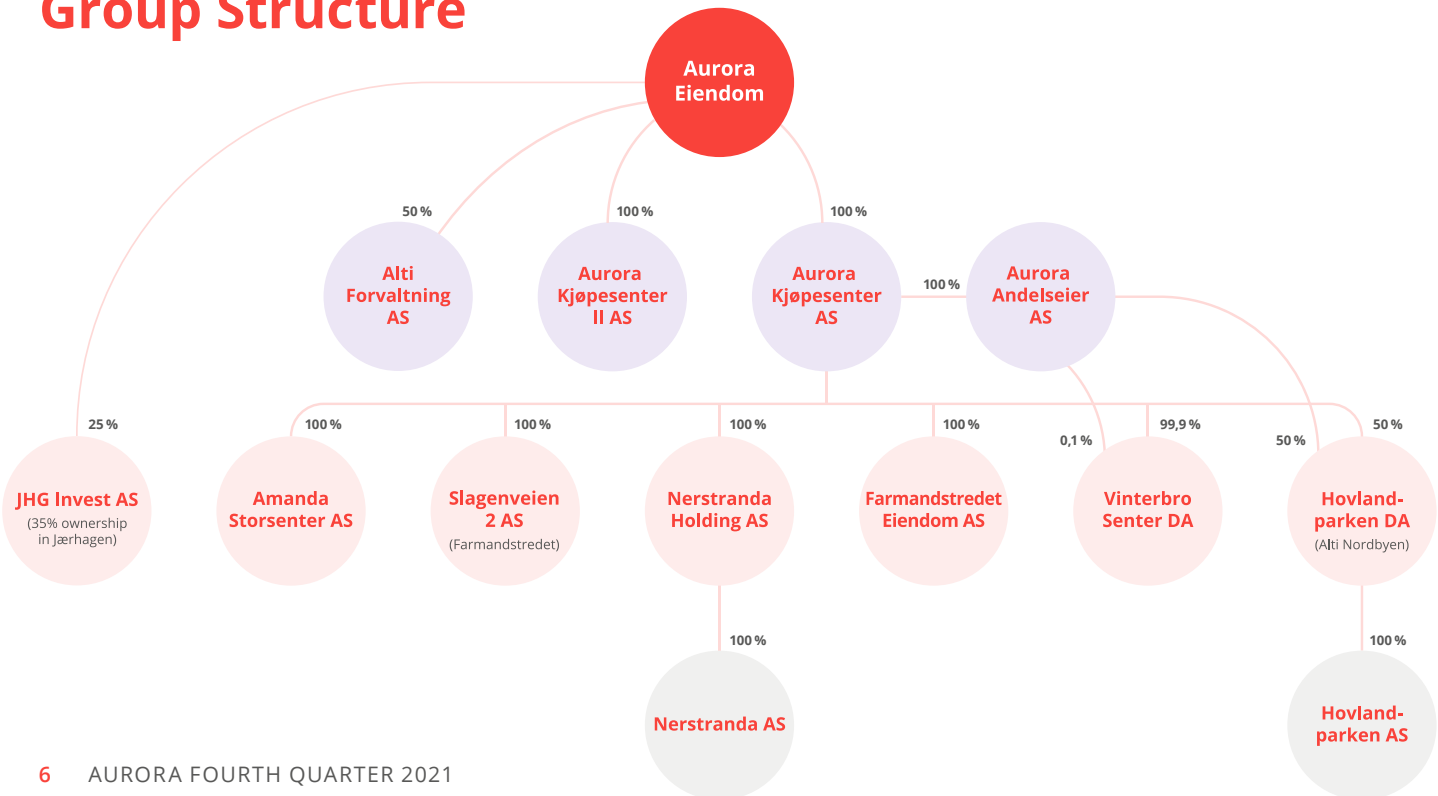
Our belief that the timing for initiating a new company in retail property was excellent is strengthened by the fact that we already are noticing the interest in the shopping center segment increasing, and there is greater competition for attractive assets in the transaction market.

On December 15th 2021 Aurora Eiendom AS was listed on Euronext Growth Oslo with the ticker AURA. In sum, we are on track with both the growth ambitions and the stock exchange listing communicated to investors last year.

We are continuing our work to seek out new investment opportunities to further expand our portfolio of leading shopping destinations.

LARS OVE LØSETH
CEO Aurora Eiendom AS

Group Structure



Key figures

Aurora Eiendom AS

Q4 2021

YTD-21

Net Rental Income	NOK	79 418 811	158 043 738
Net income from property management	NOK	68 002 971	129 008 000
Interest coverage ratio*		3.1	3.2

31.12.2021

Market value of property portfolio	NOK	5 222 900 000
Net interest bearing debt	NOK	2 377 271 564
Loan to value (LTV)*	%	45.5 %
Outstanding shares		20 550 400
Equity per share	NOK	130.5

* See Alternative Performance Measures for details

Leasing activity

Q3 2021

Q4 2021

YTD-21

Total area of leases started	sqm	1 086	599	1 086
Total area of leases ended	sqm	742	403	1 145
Net area leased	sqm	344	196	540
Net area leased	%	0.3 %	0.2 %	0.5 %
Average lease term for new leases	year	5.8	4.8	5.3
Total area of leases extended	sqm	5 662	5 449	11 111
Total area of leases extended	%	5.0 %	4.8 %	9.8 %
Average extension for extended leases	year	4.5	3.0	3.6

Leasing portfolio summary

Properties	#	5
GLA	sqm	113 113
Occupancy	%	93.9
WAULT	year	3
12 month rolling rent *	MNOK	301
12 month rolling rent *	NOK / sqm	2 834

The lease portfolio summary only refers to rent from leases tied to gross lettable area (GLA). For example, income from parking and specialty leasing is not included.



The real estate portfolio

Shopping center	Location	Gross turnover tenants (NOK millions)		
		Q4 2021	▲ Q4 2021 / Q4 2020	▲ Q4 2021 / Q4 2019
Farmandstredet	Tønsberg	454	10 %	6 %
Amanda Storsenter *	Haugesund	345	-1 %	-9 %
Vinterbro Senter	Ås	542	-10 %	12 %
Alti Nordbyen	Larvik	173	6 %	3 %
Nerstranda	Tromsø	140	6 %	6 %
Portfolio		1 654	0 %	4 %

*Turnover includes Coop OBSI, not owned by Aurora

Financial developments

Rental income

Gross rental income in the quarter was NOK 79.4 million.

Property related operational expenses and administrative expenses

Property related operational expenses consist of maintenance, property tax, leasehold insurance and other direct property cost. These amounted to NOK 2.6 million for Q4.

Administrative expenses were NOK 3.6 million. This represents the fee paid to Alti Forvaltning AS for managing the five shopping centers in the Aurora portfolio. Alti Forvaltning AS also provides management services to the parent company Aurora Eiendom AS, and the cost of this is included in the management fee.

Other operating income and expenses

Other operating income and expenses consists of income and expenses not related to the properties, such as provision and consultancy and auditing fees.

Net income from property management

Net income from property management amounted to NOK 68.0 million.

Fair value adjustments of investment properties

The fair value of the investment properties was adjusted by NOK 15.5million in the quarter. The Group’s portfolio consists of five shopping centers.

Share of results from associated companies

Aurora Eiendom AS has two associated companies. The management company Alti Forvaltning AS and the newly founded JHG Invest AS. The Group’s share of profit in these companies amounted to NOK -547 958 in Q4

Financial income

Financial income is mainly interests on cash and cash equivalents.

Fair value adjustments on interest rate derivatives

Aurora Eiendom AS signed nine contracts during the fourth

quarter. Market value and position of these contracts amounted to NOK -8.7 million by the end of the quarter.

Financing expenses

Financial expenses in the quarter amounted to NOK 22.1 million and are mainly related to interest and fees on interest-bearing debt.

Summary

Profit before income tax was NOK 45.5 million. Pre-tax profit, including fair value adjustments of investment properties and interest rate derivatives, was NOK 52.3 million.

Balance sheet

The Group’s assets amounted to NOK 5 623 million. Of this, investment properties amounted to NOK 5 223 million (93 %). Interest bearing debt was NOK 2 654 million (amortized) at the end of the quarter (NOK 2 666 million in nominal amount). The equity totaled NOK 2 681 million (48 %).

Financing

The Group’s debt portfolio consists of long-term debt with Norwegian banks. The remaining term for the debt portfolio is 2.5 years.

The Group’s investment properties are pledged as security for the bank loans.

The Group’s bank loans incorporate financial covenants related to minimum liquidity, loan-to-value and interest coverage ratio. Aurora Eiendom was in compliance with conditions in the credit agreements as of 31.12.2021.

Cash flow and liquidity

Net cash flow from operating activities was NOK 28.1 million. Net cash flow from investments was NOK -30.8 million and net cash flow from financing activities was NOK -0.4 million.

The net change in cash and cash equivalents was NOK -3.1 million, and cash and cash equivalents at the end of the period were NOK 288.7 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Q4-21	YTD Q4-21
Aurora Eiendom			
Rental income		79 418 811	158 043 738
Property related operational expenses	4	-2 570 393	-15 161 419
Net rental income		76 848 418	142 882 319
Other income		66 147	275 602
Other operating expenses	4	-5 327 936	-6 635 017
Administrative expenses	4	-3 583 658	-7 514 904
Net income from property management		68 002 971	129 008 000
Fair value adjustment, investment property	2	15 500 000	754 614 898
Share of profit from JV and associates		-547 958	-166 251
Operating profit		82 955 013	883 456 647
Financial income		154 007	160 768
Fair value adjustments, interest rate derivatives	3	-8 710 592	-8 710 592
Financial expenses	3	-22 092 800	-40 164 446
Net financial items		-30 649 385	-48 714 270
Profit before income tax		52 305 628	834 742 377
Change in deferred tax		-4 881 542	-170 008 304
Income tax payable		-5 932 514	-11 938 996
Income tax		-10 814 056	-181 947 300
Profit		41 491 572	652 795 077
>>			

	Note	Q4-21	YTD Q4-21
Other Comprehensive income			
Items to be reclassified to P&L in subsequent periods:			
Currency translation differences from foreign operations		-	-
Hedging of net investment in foreign operations		-	-
Income taxes on other comprehensive income		-	-
Total comprehensive income for the period/year		41 491 572	652 795 077
Profit attributable to:			
Shareholders of the parent		41 491 572	652 795 077
Total comprehensive income attributable to:			
Equity holders of the Company		41 491 572	652 795 077
Basic and diluted earnings per share		2.02	59.18

CONSOLIDATED BALANCE SHEET – ASSETS

	Note	31.12.2021
Non-current assets		
Investment properties	2	5 222 900 000
Investment in joint ventures and associated companies		89 724 061
Receivables		1 256 126
Derivative financial instruments	3	4 428 480
Total non-current assets		5 318 308 667
	Note	31.12.2021
Current assets		
Trade receivables	3	2 340 358
Other current asset		13 198 657
Cash and cash equivalents	3	288 715 066
Total current assets		304 254 081
TOTAL ASSETS		5 622 562 748

CONSOLIDATED BALANCE SHEET – LIABILITIES

	Note	31.12.2021
Equity		
Share capital		1 541 280 000
Share premium		486 744 430
Retained earning		652 795 077
Total equity		2 680 819 507
Long-term liabilities		
Loans	3	2 524 568 870
Derivative financial instruments	3	13 139 072
Lease liabilities		11 859 429
Deferred tax liabilities		170 008 304
Total long-term liabilities		2 719 575 675
Short-term liabilities		
Loans	3	129 830 681
Income tax payable		23 081 671
Trade payables	3	15 532 464
Current lease liabilities		1 483 407
Other current liabilities	3	52 239 343
Total short-term liabilities		222 167 566
Total liabilities		2 941 743 241
Total liabilities and shareholders' equity		5 622 562 748

CHANGES IN EQUITY

	Note	Share capital	Share premium	Retained earnings	Total equity
Equity at 31.12.2020		-	-	-	-
Share issue		1 541 280 000	486 744 430		
Profit for period		-	-	652 795 077	652 795 077
Other comprehensive income		-	-	-	-
Dividend		-	-	-	-
Total equity 31.12.2021		1 541 280 000	486 744 430	652 795 077	2 680 819 507

STATEMENT OF CASH FLOWS

	Note	Q4-21	YTD 21
Profit before tax		52 305 628	834 742 376
Net expensed interest and fees on loans and leases	3	22 092 800	39 436 819
Net interest and fees paid on loans and leases	3	-16 148 256	31 794 110
Share of profit from associates and jointly controlled entities		547 958	166 251
Changes in value of investment properties	2	-15 500 000	-754 614 898
Changes in value of financial instruments	3	8 710 592	8 710 592
Change in working capital		-23 917 739	-258 622
Net cash flow from operating activities		28 090 984	96 388 409
Net cash flow from operating activities		-	-
Acquisitions of investment properties		4 356 927	-4 405 106 502
Investment in and upgrades of investment properties		-355 391	-5 887 158
Investments in associates and JVs		-34 775 000	-89 890 313
Net cash flow from investment acitivities		-30 773 464	-4 500 883 973
Proceeds interest bearing debt		-	2 665 986 630
Repayment of lease liabilities		-434 036	-800 430
Proceeds from issue of shares/repurchase of shares		-	2 028 024 430
Net cash flow from financing activities		-434 036	4 693 210 630
Change in cash and cash equivalents		-3 116 516	288 715 066
Cash and cash equivalents at beginning of period		291 831 582	
Cash and cash equivalents at beginning of period		288 715 066	288 715 066



Notes

- 1 ACCOUNTING PRINCIPLES
- 2 INVESTMENT PROPERTIES
- 3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES
- 4 COSTS
- 5 EVENTS AFTER THE BALANCE SHEET DATE

NOTE 1 – ACCOUNTING PRINCIPLES

The financial results for Q4- 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles that have been used are described in Q3-2021 report. The interim financial results for Q4 - 2021 have not been audited.

NOTE 2 – INVESTMENT PROPERTY

	Q4 - 2021
Opening balance as of 01 October 2021	5 207 400 000
Additions from acquisitions	-
Net gain/loss on changes in fair value	15 500 000
As at 31 December	5 222 900 000

Investment property consist of property (land, building or both) held to earn rental income and to increase value of capital. Investment property is recognised at fair value. The fair value model is also applied to the right-of-use-assets (building plots covered by long term leasehold contracts).

The Investment property is valued at its fair value based on a valuation carried out by the independent appraisers Cushman & Wakefield AS. The value is calculated using the discounted cash flow method.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and seller in an arm's length transaction at the date of valuation

The following main inputs have been used:

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NOTE 2 – INVESTMENT PROPERTY

Valuation inputs	30.12.2021
Valuation method	DCF
Valuation level	3
Fair Value NOK	5 222 900 000
Weighted average yield (%)	5.53 %
Yield range	5.30 % - 6.23 %
Long term operating expense growth (%)	2.00 %
Long term growth rate in real rental terms (%)	2.00 %
Number of properties	5
GLA sqm	113 113
Changes in fair value is recognised in the period to which the profit/loss relates. The latest independent valuation was carried out on 31 December 2021 Investment properties are not depreciated.	
There are no restrictions on when the investment properties can be realised. Revenue from sales must in part be used to repay bank loans.	
There are no significant contractual obligations to buy, build or develop investment properties.	

NOTE 3 – FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Q4-2021 Amortised cost	Q4-2021 Fair value
Assets		
Financial derivatives		4 428 480
Accounts receivable	2 340 358	
Cash and cash equivalents	288 715 066	
Total Financial assets	291 055 424	4 428 480
>>>		

NOTE 3 – FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Liabilities		
Interest bearing loans and borrowings		
Bank Loan 1	2 388 747 345	
Bank Loan 2	265 652 206	
Trade payables	15 532 464	
Financial derivatives		13 139 072
Total financial liabilities	2 669 932 015	13 139 072
Determination of fair value		
The following of the Group’s financial instruments are not measured at fair value: cash and cash equivalents, accounts receivables, other current receivables and payables.		
Bank loans have been recognised at amortised cost. Per 31.12.2021 the Group did not have financial instruments other than those mentioned above.		
The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of account receivables and other current receivables and payables is approximately equal to fair value since they are short term and entered into on “normal” terms and conditions.		
For Fair Value of Investment Properties see note 2 “Investment properties”		

NOTE 4 – COSTS

Real estate related costs		
Operating costs	Q4-2021	YTD
Maintenance	691 663	4 513 453
Leasehold and property insurance	1 001 356	2 060 509
Other expenses / direct property costs	877 374	8 587 457
SUM	2 570 393	15 161 419
Expenses directly related to the operation of existing properties are presented as real estate related costs.		
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NOTE 4 – COSTS

Other costs		
Other operating expenses	Q4-2021	YTD
Advertising	158 375	630 250
Consultancy fees and external personnel	2 170 698	2 364 740
Other operating costs	2 998 863	3 640 027
Total operating expenses	5 327 936	6 635 017
Specification auditor's fee	Q4-2021	YTD
Statutory audit	519 598	519 598
Other assurance services	111 352	658 024
Total	630 950	1 177 622

Some of the auditor's fees have been included in the initial recognised cost of the investment properties, as the fees are related to the acquisition of these properties.

Administrative expenses	Q4-2021	YTD
Administrative expenses	3 583 658	7 514 904

Administrative expenses represent the management fee paid to Alti Forvaltning AS for mangagement of the shopping center portfolio. Alti Forvaltning AS also provides management services for the parent company Aurora Eiendom AS, the cost of which is included in the management fee.

NOTE 5 – EVENTS AFTER THE BALANCE SHEET DATE

Aurora Eiendom finalized negotiations regarding the purchase of Buskerud Storsenter.

From March 2022 Alti Forvaltning AS will take over the management of Magasinet Drammen.

Responsibility Statement

We declare to the best of our belief that the Q4 - 2021 financial statements for the period 01 October to 31 December 2021 have been prepared in accordance with IAS 34 – Interim reporting, and that the information in the financial statements gives a true and fair view of the Aurora Eiendom’s assets, liabilities, financial situation and result as a whole.

SURNADAL, 07.02.2022



PETTER A. STORDALEN
Chairman of the Board



LARS LØSETH
Board member



JOHAN JOHANNSSON
Board member



MARIUS VARNER
Board member



LARS OVE LØSETH
CEO

Aurora Eiendom's Alternative performance measures and EPRA reporting

Aurora Eiendom AS' financial reporting is prepared in accordance with IFRS. As a supplement to the financial statements, the company reports alternative performance measures. These are intended to be a supplement to the financial statements, to enhance the understanding of the company's performance.

AURORA EIENDOM'S ALTERNATIVE PERFORMANCE MEASURES ARE

1. Debt ratio - Loan to value (LTV)

2. Interest Coverage Ratio

3. EPRA Performance Measures

- A.** EPRA Earnings
EPRA Earnings per share (EPS)
- B.** EPRA Net Asset Value metrics
EPRA Net Reinstatement Value (NRV)
EPRA Net Tangible Assets (NTA)
EPRA Net Disposal Value (NDV)

EPRA metrics are presented in accordance with the best practices defined by the European Public Real Estate Association BPR 2019.

1. DEBT RATIO – LOAN TO VALUE (LTV)

Loan to Value (LTV)	30.09.2021	31.12.2021
Fair value of investment properties	5 207 400 000	5 222 900 000
Nominal interest- bearing debt	2 665 986 630	2 665 986 630
Cash and bank deposits	291 831 582	288 715 066
Net interest-bearing debt	2 374 155 048	2 377 271 564
Loan to value	45.6 %	45.5 %

2. INTEREST COVERAGE RATIO (ICR)

	Q3 - 2021	Q4 - 2021	YTD - 2021
Net income from property management	61 005 029	68 002 971	129 008 000
Financial expenses	18 071 646	22 092 800	40 164 446
Interest coverage ratio	3.4	3.1	3.2

3. EPRA PERFORMANCE MEASURES

		Unit	Q3-2021	Q4-2021
A	EPRA earnings per share (EPS)	NOK	1.74	1.76
B	EPRA NRV per share	NOK	136	139
	EPRA NTA per share	NOK	132	135
	EPRA NDV per share	NOK	128	130

A. EPRA earnings

All amounts in NOK million	IFRS reported Q3-2021	EPRA adjustments Q3-2021	EPRA Earnings Q3-2021	IFRS reported Q4-2021	EPRA adjustments Q4-2021	EPRA Earnings Q4-2021
Rental income	79	-	79	79		79
Operating costs	-13	-	-13	-3		3
Net operating income	66	-	66	77	-	77
Other revenue	0	-	0	0		0
Other costs	-1	-	-1	-5		-5
Administrative costs	-4	-	-4	-4		-4
Share of profit from associates and JVs	0	-	0	-1		-1
Net realised financials	-18	-	-18	-22		-22
Net income	43	-	43	46	-	46
Changes in value of investment properties	739	-739	-	16	-16	-
Changes in value of financial instruments			-	-9	9	-
Profit before tax/EPRA Earnings before tax	782	-739	43	52	-7	46
Tax payable	-6	-	-6	-6		-6
Change in deferred tax	-165	163	-3	-5	1	-3
Profit for period/EPRA Earnings	611	-577	35	41	-5	36
Average outstanding shares (million)			20.0			20.6
EPRA Earnings per share (NOK)			1.74			1.76

EPRA Earnings is a measure of operational performance and represents the net income generated from the company’s operational activities.

3. EPRA PERFORMANCE MEASURES

B. EPRA net asset value metrics						
		Q3 - 2021			Q4 - 2021	
	NRV	NTA	NDV	NRV	NTA	NDV
IFRS Equity	2 639	2 639	2 639	2 681	2 681	2 681
Net Asset Value (NAV) at fair value	2 639	2 639	2 639	2 681	2 681	2 681
Deferred tax properties and financial instr	165	165		170	170	
Estimated real tax liability		83			85	
Net fair value on financial derivatives	-	-		9	9	
EPRA NAV	2 804	2 722	2 639	2 860	2 775	2 681
Outstanding shares at period end (million)	20.6	20.6	20.6	20.6	20.6	20.6
EPRA NAV per share (NOK)	136	132	128	139	135	130
EPRA Net Reinstatement Value (NRV): the objective of this metric is to highlight the value of net assets on a long term-basis, assuming that no selling of assets takes place.						
EPRA Net Tangible Assets (NTA): the calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Aurora Eiendom has chosen option (iii) in the EPRA BPR Guidelines. In this calculation 50% of the deferred taxes are added back.						
EPRA Net Disposal Value (NDV) provides the reader with a scenario where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax, this to illuatrate shareholder value in a scenario of orderly sale of all the company’s assets.						

Contact information

LARS OVE LØSETH

CEO Aurora Eiendom AS

lars.ove.loeseth@alti.no
+47 928 17 859

KATHRINE MAUSET

CFO Aurora Eiendom AS

kathrine.mauset@alti.no
+47 464 48 411

Financial calendar

DATE

Friday 25.03.2022

Wednesday 11.05.2022

Tuesday 16.08.2022

Wednesday 16.11.2022

REPORT

Annual Report 2021

Quarterly Report – Q1 2022

Quarterly Report – Q2 2022

Quarterly Report – Q3 2022

AURORA