# Norwegian Property ASA

## Kingdom of Norway, Real Estate

Issuer

BBB-

Outlook

Stable

Senior secured debt instruments:

NO0013350538

NO0013251827

NO0013251801

NO0013270348

BBB

### Rating composition

| Business Risk Profile | | |
|---|---|---|
| Industry risk profile | BB | BBB- |
| Competitive position | BBB | |
| **Financial Risk Profile** | | |
| Credit metrics | BBB- | **BBB-** |
| Capex cover | BBB- | |
| Liquidity | +/-0 notches | |
| **Standalone credit assessment** | | **BBB-** |
| **Supplementary rating drivers** | | |
| Financial policy | +/-0 notches | **+/-0 notches** |
| Parent/government support | +/-0 notches | |
| Governance & structure | +/-0 notches | |
| Peer context | +/-0 notches | |
| **Issuer rating** | | **BBB-** |

### Key metrics

| | | | Scope estimates | |
|---|---|---|---|---|
| **Scope credit ratios** | **2023** | **2024** | **2025P** | **2026E** |
| Scope-adjusted EBITDA interest cover | 2.6x | 1.7x | 1.7x | 2.0x |
| Scope-adjusted debt/EBITDA | 13.7x | 13.7x | 12.9x | 11.4x |
| Scope-adjusted loan/value | 53% | 53% | 40% | 39% |
| Scope-adjusted free operating cash flow/debt | 3% | 0% | 1% | 2% |
| Liquidity | 177% | 93% | 44% | 52% |

### Rating sensitivities

**The upside scenarios for the ratings and Outlook (individually):**

- Significant growth in assets leading to improved cash flow diversification
- Loan/value ratio significantly below 40% and interest cover above 2.5x on a sustained basis

**The downside scenarios for the ratings and Outlook (individually):**

- Loan/value to increase above 45% on a sustained basis
- Interest cover to remain below 2x on a sustained basis

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**Related methodologies**

General Corporate Rating Methodology, Feb 2025

European Real Estate Rating Methodology, Jun 2025

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## 1. Key rating drivers

| Positive rating drivers | Negative rating drivers |
|---|---|
| • Norwegian Tier 1/European Tier 2 commercial real estate company with comparatively high market shares in its core markets<br>• Grade-A office stock, young economic age and prime locations positively influence strength and stability of operating cash flow throughout the cycle<br>• Stable and peer-group leading profitability with EBITDA margins above 80%<br>• Comparatively low loan/value (LTV) at 40%<br>• Diversification benefit through recurring cash flows from 22% ownership in Swedish commercial real estate company Fabege | • Dominant exposure to one market, partially mitigated by economic strength and low cyclicality in Oslo<br>• Modest tenant diversification with top three and top 10 accounting for 31% and 49% of rental income, driven and partially mitigated by good credit quality of largest tenant Telenor, as well as the remainder of the good tenant quality and tenant industry diversification |

## 2. Rating Outlook

The Stable Outlook reflects NPRO's strengthened financial risk profile following the capital increase, as well as its robust business model and portfolio of highly sought-after properties in the Oslo area. Our rating case anticipates a stable property portfolio with limited acquisitions and disposals. This results in a loan/value ratio of around 40%. Interest coverage is expected to improve to 2.0x in 2026, with a further increase towards 2.2x thereafter. We do not include any dividends or extraordinary cash inflows from the NORDR joint venture in the issuer's EBITDA or cash flows, though it recognises the potential for such cash flows to materialise.

## 3. Corporate profile

Norwegian Property ASA (NPRO) is a commercial real estate company based in Oslo. It operates primarily in Norway. NPRO's core business involves acquiring, selling, developing and managing high-quality office buildings in prime locations. NPRO primarily focuses on property management, with development limited to refurbishment. NPRO also owns a 40.6% stake in NORDR, a residential real estate developer operating in Norway and Sweden, and a 21.8% share in Fabege, a Swedish commercial real estate company. Founded in 2006, NPRO owned assets worth NOK 40 bn in Q4 2025.

Commercial real estate company based in Norway

## 4. Rating history

| Date | Rating action/monitoring review | Issuer rating & Outlook |
|---|---|---|
| 04 Feb 2026 | Outlook change | BBB-/Stable |
| 26 Sep 2025 | Affirmation | BBB-/Negative |
| 26 Sep 2024 | Rating unchanged | BBB-/Negative |

## 5. Financial overview (financial data in NOK m)

| | | | | Scope estimates | | |
|---|---|---|---|---|---|---|
| **Scope credit ratios** | **2022** | **2023** | **2024** | **2025P** | **2026E** | **2027E** |
| EBITDA interest cover | 2.4x | 2.6x | 1.7x | 1.7x | 2.0x | 2.1x |
| Debt/EBITDA | 14.8x | 13.7x | 13.7x | 12.9x | 11.4x | 11.1x |
| Loan/value | 45% | 53% | 53% | 40% | 39% | 39% |
| Free operating cash flow/debt | 2% | 3% | 0% | 1% | 2% | 2% |
| Liquidity | 62% | 177% | 93% | 44% | 52% | 248% |
| **EBITDA** | | | | | | |
| EBITDA | 810 | 893 | 1,146 | 1,176 | 1,231 | 1,274 |
| add: Operating lease payments | - | - | - | - | - | - |
| add: Recurring associate dividends received | - | 106 | - | 50 | 163 | 163 |
| less: Capitalised expenses | - | - | - | - | - | - |
| Other items | - | - | - | - | - | - |
| **EBITDA** | **810** | **999** | **1,146** | **1,226** | **1,394** | **1,437** |
| **Funds from operations** | | | | | | |
| EBITDA | 810 | 999 | 1,146 | 1,226 | 1,394 | 1,437 |
| less: interest | (340) | (390) | (679) | (738) | (713) | (671) |
| less: cash tax paid | - | - | - | - | - | - |
| Other non-operating charges before FFO | - | | - | - | - | - |
| **Funds from operations (FFO)** | **470** | **609** | **467** | **487** | **681** | **765** |
| **Free operating cash flow** | | | | | | |
| Funds from operations | 470 | 609 | 467 | 487 | 681 | 765 |
| Change in working capital | (81) | (509) | 136 | (16) | (5) | (11) |
| Non-operating cash flow | 69 | 567 | (113) | 96 | - | - |
| less: capital expenditures (net) | (259) | (208) | (495) | (373) | (373) | (373) |
| less: lease amortisation | - | - | - | - | - | - |
| Other items | - | (64) | (5) | - | - | - |
| **Free operating cash flow (FOCF)** | **199** | **396** | **(9)** | **193** | **302** | **381** |
| **Net cash interest paid** | | | | | | |
| Net cash interest per cash flow statement | 340 | 390 | 679 | 738 | 713 | 671 |
| **Net cash interest paid** | **340** | **390** | **679** | **738** | **713** | **671** |
| **Debt** | | | | | | |
| Reported financial (senior) debt | 12,186 | 13,988 | 16,121 | 15,958 | 16,063 | 16,198 |
| add: subordinated (hybrid) debt (net of equity credit) | - | - | - | - | - | - |
| add: shareholder loans (net of equity credit) | - | - | - | - | - | - |
| less: cash and cash equivalents | (185) | (326) | (471) | (110) | (144) | (285) |
| add: non-accessible cash | - | - | - | - | - | - |
| add: other debt-like items[1] | 18 | 10 | 13 | 11 | 11 | 11 |
| **Debt** | **12,019** | **13,673** | **15,663** | **15,859** | **15,931** | **15,924** |
| **Total assets** | | | | | | |
| Total assets | 26,911 | 26,111 | 29,884 | 39,964 | 40,563 | 41,186 |
| Less: cash and cash equivalents | (185) | (326) | (471) | (110) | (144) | (285) |
| Less: positive value of derivatives | - | - | - | - | - | - |
| **Total assets** | **26,726** | **25,785** | **29,413** | **39,854** | **40,419** | **40,901** |

[1] negative replacement values of derivatives

## 6. Environmental, social and governance (ESG) profile[2]

| Environment | Social | Governance |
|---|---|---|
| Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency) | Labour management | Management and supervision (supervisory boards and key person risk) |
| Efficiencies (e.g. in production) | Health and safety (e.g. staff and customers) | Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) |
| Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables) | Clients and supply chain (geographical/product diversification) | Corporate structure (complexity) |
| Physical risks (e.g. business/asset vulnerability, diversification) | Regulatory and reputational risks | Stakeholder management (shareholder payouts and respect for creditor interests) |

ESG factors: credit positive credit negative credit neutral

Almost the entire portfolio is BREEAM-certified

NPRO reports in accordance with the Transparency Act and the Equality and Anti-Discrimination Act, and also reports its climate report according to the GHG Protocol, including Scope 1, 2 and 3. These are among several new ESG reporting requirements introduced into Norwegian legislation in 2022. NPRO has set environmental targets in line with the UN SDGs, with a base year of 2019 and a target year of 2025: 5%-10% reduction in energy consumption for the existing portfolio (achieved), 10%-20% reduction in CO2 equivalents (CO2 emissions per sqm reduced to 6kg in 2024 from 14kg in 2019) and 60%-65% for sorted waste (67% achieved in 2024).

As part of its ESG strategy, NPRO aims to have all its properties achieve a BREEAM rating or BREEAM-in-Use of ‘Very Good’ or better by 2026. Approximately 89% of all office, retail and restaurant space is already certified, increasing the attractiveness of the portfolio and strengthening asset quality, which will support rental growth and stable cash flow in the future (ESG factor credit positive).

[2] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity’s cash flow and, by extension, its credit quality.

## 7. Business risk profile: BBB-

BB industry risk profile

NPRO's core business is the management of its commercial real estate (CRE) portfolio, which had a property value of NOK 28.9bn in Q4 of 2025. In December 2025, NPRO's owners carried out a capital increase through a contribution in kind: the transfer of shares in the Swedish CRE company Fabege to NPRO (21.8% by capital and 22.9% by votes). As a result, NPRO's exposure to CRE increased by NOK 9.5bn in Q4 2025, and Fabege`s recurring dividends will contribute to EBITDA going forward.

In 2020, NPRO acquired a 42.5% stake in a joint venture called NORDR with partners, focusing on the development of residential real estate. This provided recurring dividends in 2023 and 2025 and was considered part of the core portfolio. Both commercial real estate and the development of residential real estate carry an industry risk of BB.

Medium-sized real estate company

NPRO is a medium-sized real estate company based in Norway with a core property value of NOK 28.9bn (EUR 2.5bn) and total assets of NOK 39.8bn (EUR 3.4bn) as of December 2025. Thanks to its newly gained shareholding in Fabege, NPRO has increased its visibility in different markets and gained market value in its total assets, which improves its access to capital in Scope's view. While the company's directly owned gross leasable area remained unchanged at 619k sq m, its indirect 21.8% share in Fabege provides access to a cash flow stream from a portfolio of 1.3m sq m of gross leasable space.

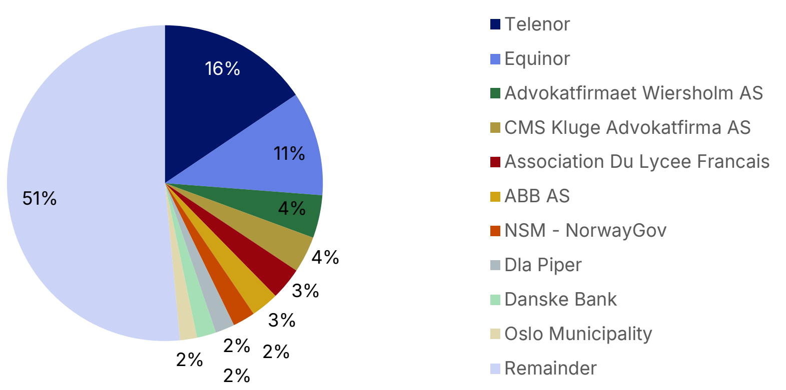
NPRO has a strong market position in its niche areas of Aker Brygge (part of Oslo's central business district), Nydalen, and Fornebu. However, it only holds an estimated 6% of office space in the wider, highly fragmented Oslo market. NPRO's size translates into visibility and a good market position in terms of tenants, sectors and locations. This enhances its resilience to cash flow volatility caused by industry developments, economic cycles, regulatory changes and/or the loss of key tenants. These factors also warrant good access to capital markets, as demonstrated by the regular issuance of secured bonds in NOK, and the company enjoys the support of its ultimate owners, as demonstrated by several capital increases.

Predominantely exposed to greater Oslo area; Fabege exposure provides unrelated cash flow stream

NPRO's directly owned portfolio is solely based in Norway, predominantly in the greater Oslo area. Following the equity injection in the form of Fabege shares in December 2025, NPRO gained access to a new source of cash flow unrelated to its current locations, tenants and properties (Fabege's underlying diversification is considered a soft factor). We assess the company's geographical diversification as rather weak on a standalone basis, though this is mitigated by a healthy macroeconomic outlook, good asset quality in sought-after areas, and a diverse tenant mix in its core market of Aker Brygge/Nydalen, which has shown resilience against economic cycles over the past 5 years. Furthermore, we view NPRO's focus on centrally located 'value-add' office space, comprising ground-floor retail and restaurants, as well as underground parking facilities, as a mitigating factor for its modest diversification across sales formats.

NPRO's investment in NORDR was intended to broaden diversification over time by providing recurring cash flow streams. However, with the current disposal strategy (NORDR sold its Swedish assets to a Starwood Capital Group company in January 2026), the impact of this investment is limited.

**Figure 1: Tenant diversification (%)**




Source: NPRO, Scope

High tenant concentration

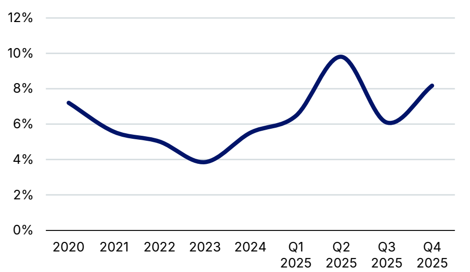
As of December 2025, tenant concentration in NPRO's own portfolio remains high, with the top three and ten largest tenants accounting for 31% and 49% of total rental income, respectively. The two largest tenants are Telenor (15.6%, down from 17.6% last year) and Equinor (10.7%). Tenant concentration poses a credit risk beyond these two largest tenants. This is evident from the recent departure of NPRO's fourth-largest tenant, Tietoevry, and its subsequent impact on vacancy rates and cash generation in mid-2025. In our view, these risks are partially mitigated by: i) the young age of NPRO's portfolio and its high proportion of BREEAM-certified buildings, which facilitate leasing; ii) the high credit quality of Telenor and Equinor; and iii) the implied investment-grade credit quality of the remainder, based on historical default statistics and broad tenant industry diversification.

The company aims to own attractive office properties with attached retail and restaurant facilities, as well as underground parking. This results in a very diverse tenant base operating in a variety of industries exposed to different degrees of cyclicality and business cycles. The top segments are telecoms (16% of rental income), oil (12%), law firms (9%), hospitality (7%), retail (6%) and banking (4%), and they face different business cycle patterns.

Mostly high-end office space in inner city locations with a young economic age

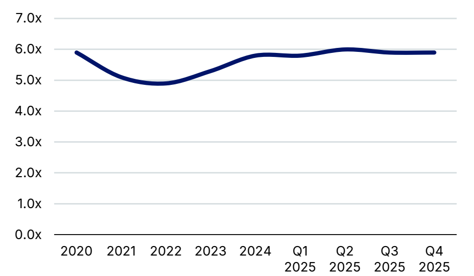
NPRO's portfolio consists mainly of modern (or refurbished) properties in energy-efficient (mostly Class A) inner-city locations in Oslo, which is ranked as a A-location. 57% of its properties (measured by rental income) are in prime locations in Aker Brygge (the city's central business district) or Nydalen, with the remainder in Fornebu, a hub for the oil and gas and telecommunications industries. Through its joint ventures, the company has a residential development project in Stavanger (Base Bolig JV) and a residential development portfolio predominantly in the largest Norwegian cities (NORDR JV). Tenants in the Aker Brygge (central business district – CBD) area especially value the prestige of their offices and have high standards when it comes to quality and modernity. This explains the recent refurbishment dates of most properties in this area (between 2012 and 2025) and the high standard of offices, which gives the properties in the CBD and Fornebu a very young economic age. Part of the Nydalen exposure is undergoing refurbishment to address its age.

**Figure 2: EPRA vacancy (%)**




Source: NPRO, Scope

**Figure 3: WAULT (years)**




Source: NPRO, Scope

In mid-2025, NPRO's EPRA vacancy rate shot up to 9.8% from 6.5%, before improving to 8.2% by December 2025. This spike in vacancies was due to Tietoevry, the fourth-largest tenant, vacating a 56,000 sqm space in the Fornebu area. NPRO is currently trying to find a new large tenant while refurbishing the space in preparation for the next tenant. NPRO's WAULT of 6.1 years is favourable compared to the average Nordic WAULT of 4 years, and has remained stable at levels above 5 years for the last 5 years. This is thanks to the recent addition of properties such as Telegraphen and ML33, as well as the successful renegotiation of long-term leases with its largest tenants.

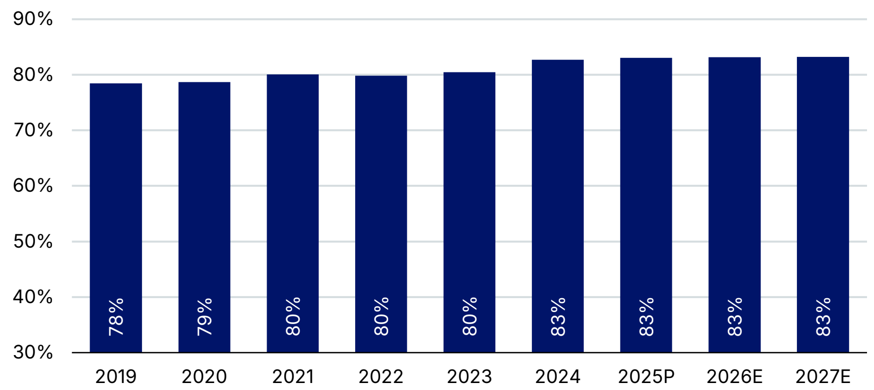
EPRA vacancy affected by recent departure of large tenant, while WAULT remains stable above the Nordic average

High profitability, coupled with low volatility, provides strong support for the business risk profile of the issuer. NPRO's profitability, as measured by Scope's adjusted EBITDA margin, increased to 83.0% in FY2025 from 82.7% in FY2024. The company's profitability has remained above the industry average over the past five years, ranging from 79% to 83%. This has been driven by effective cost management and economies of scale in its geographically concentrated property portfolios. Consequently, the company has been able to in-house most management functions, thereby increasing tenant satisfaction.

High and stable profitability is a strength

We forecast that the profitability of property management will remain stable and high at around 83%+. Management's focus on vacancies, lean costs and a young portfolio provide reassurance regarding NPRO's margins.

**Figure 4: EBITDA margin (%)**




Source: NPRO, Scope estimates

## 8. Financial risk profile: BBB-

NPRO's financial risk profile has become under pressure during 2023 and in early 2024 due to two large-scale property acquisitions financed primarily through debt, as well as fair value depreciation on assets as properties repriced in the aftermath of a sharp increase in headline interest rates. While NPRO alleviated some of the pressure through a small capital increase and refinancing an expensive debt load assumed through one of the transactions, the elevated leverage and significantly decreased interest cover remained.

NPRO's FRP has become under pressure following large-scale property acquisitions and fair value depreciaton

Pressure mounted in 2025 when NPRO's fourth-largest tenant vacated a significant amount of space, resulting in a loss of rental income. This prompted the company to consider measures to support its credit quality, which were announced towards the end of 2025.

On 15 December, NPRO increased its share capital by issuing 497m new shares at a price of NOK 12.57 per share. This was carried out as a contribution in kind, whereby the company's sole owner, Realty Holdings (NOR) Limited, transferred 72m Fabege AB shares to NPRO in exchange for the aforementioned new shares. This equates to a 21.8% shareholding in the Swedish listed CRE company Fabege (measured by capital; 22.9% by votes). Consequently, NPRO's balance sheet exposure to commercial real estate increased by NOK 9.5bn in Q4 of 2025 (reflecting

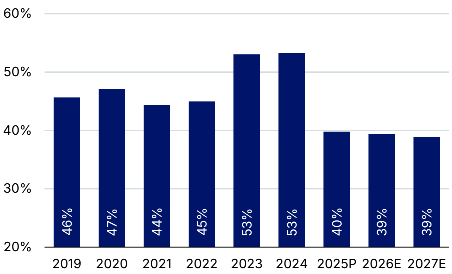
Transformational transaction by capital increase through contribution in kind of Fabege shares alleviated pressure

Fabege's investment properties, which are valued at fair market value and are held at equity, representing a 21.8% share). This transaction completed the company's review process to support its credit quality, providing support in terms of leverage and interest cover through expected recurring quarterly dividends from Fabege.

Loan/value reduced to 40%

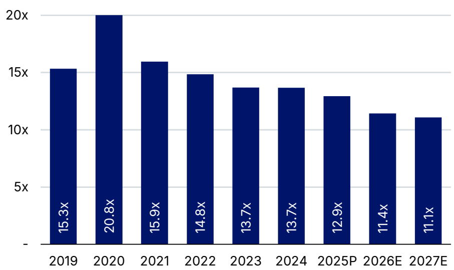
Leverage, as measured by LTV, stood at 51.5% in Q3 2025, having been around 53% in both 2024 and 2023. This was an increase from levels around 45%, due to the two large debt-funded transactions and the significant rise in interest rates observed in 2022, which depressed asset values. The capital increase in December 2025 helped to reduce LTV to 40% by the end of 2025. We foresee fair value appreciation of the portfolio continuing to support deleveraging going forward, albeit at a much more gradual pace and with almost flat development forecast.

**Figure 5: loan/value (%)**




Source: NPRO, Scope estimates

**Figure 6: debt/EBITDA (x)**




Source: NPRO, Scope estimates

Debt/EBITDA reducing towards 11x

The debt/EBITDA ratio was around 15x in both 2022 and 2023. Equity injections in 2023/24, in addition to a significant increase in EBITDA from two large transactions, reduced debt/EBITDA to 13.7x by the end of 2024. It was expected to fall below 13x by 2025, which materialised. The in-kind contribution of Fabege shares comes with significant cash flows attached. Given the recurring and core nature of the holding within NPRO, this is considered EBITDA, which translates into a deleveraging of debt/EBITDA to 11.5x in 2026 and below this thereafter.

Given the strong expected cash flows from rentals and the potential for one-off income from its NORDR joint venture (not factored in), a leverage ratio of 10x is within reach. While elevated, the impact on our financial risk assessment remains limited due to the prime characteristics of the buy-and-hold CRE portfolio, where uncertainty in the medium term is balanced by sought-after central locations and the decreasing nature of leverage.

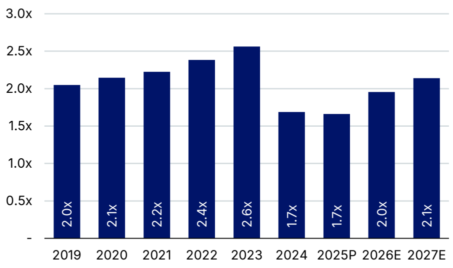
Despite the drastic change in the interest environment in 2023, NPRO initially managed to maintain its interest coverage thanks to hedges and EBITDA uplifts. However, the transactions in 2023/24, as well as the guaranteeing and consolidating of a significant increase in expensive debt, took their toll on the company's interest coverage. As projected equity injections fell short of expectations in 2024 (at only NOK 500m) and the vacancy of tenancy space resulted in lower cash inflows interest coverage fell to 1.6x LTM in Q2 2025, with a slow recovery thereafter in the absence of any measures.

Interest cover to improve above 2x

The capital raise via the contribution of Fabege shares in kind also generates a cash flow without debt, increasing interest coverage to 2.0x in 2026 and above 2.0x in 2027. This forecast assumes no significant change in the base rate outside of the publicly communicated rate trajectory of the Norwegian central bank, nor any improvement in funding conditions (which could result from a strengthened balance sheet and stabilised rating).

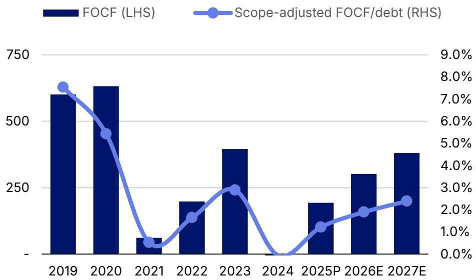
The company's financial policy to hedge 50-100% of all floating rate debt at all times, with a track record of around 65% (58% as at end-December 2025), gives us some comfort in our assessment and provides downward protection from potentially higher interest costs. However, its covenants at 1.4x ICR are not restrictive enough to benefit the assessment.

**Figure 7: interest cover (x)**




Source: NPRO, Scope estimates

**Figure 8: Capex cover (%)**




Source: NPRO, Scope estimates

Capex cover remains a strength

NPRO's FOCF has shown stability throughout its history and is expected to grow in line with EBITDA going forward, supported by the company's stable rental cash flow. Therefore, capex coverage remains a strength. NPRO's FOCF has averaged NOK 256m per annum over the last five years and is expected to remain positive at around NOK 300m per annum for the forecast period (2025–2027), bolstered by dividend income from Fabege. Given the company's young portfolio, we do not anticipate significant investment requirements for its property stock, except for adaptations related to tenancies (which are often at least partially offset by rents). Consequently, we view the company as demonstrating solid internal financing capacity, with free operating cash flow that is structurally neutral to slightly positive across the investment cycle.

Adequate liquidity

As of the end of December 2025, NPRO had NOK 110m in cash, NOK 1.9bn in undrawn credit facilities, and an expected FOCF of NOK 380m over the next 12 months. However, this only partially covers the upcoming debt repayments of NOK 4.4bn in 2026 and NOK 1bn in 2027, of which NOK 2bn relates to capital market bonds maturing within the next 18 months. Nevertheless, we consider liquidity risk to be manageable for the following reasons:

i. All outstanding debt is secured on properties with a current LTV ratio of 40%. NPRO can also draw down new debt under existing bonds/facilities up to an LTV of 65% at issuance. This significantly minimises refinancing risk.

ii. NPRO has proven access to the capital and banking markets, as evidenced by its frequent issuance of debt. It has also demonstrated its willingness to raise equity on several occasions in recent years.

iii. NPRO has a relatively well-diversified maturity profile. Its financial policy ensures that no more than 20% of total debt matures within the next 12 months on a rolling basis.

**Table 1. Liquidity sources and uses (in NOK m)**

| | 2025 | 2026E | 2027E |
|---|---|---|---|
| Unrestricted cash (t-1) | 471 | 110 | 144 |
| Open committed credit lines (t-1) | 1,974 | 1,866 | 1,866 |
| FOCF (t) | 193 | 302 | 381 |
| Short-term debt (t-1) | 6,015 | 4,395 | 965 |
| **Liquidity** | **44%** | **52%** | **248%** |

Source: NPRO. Scope

## 9. Supplementary rating drivers: +/- 0 notches

No adjustment for supplementary rating drivers

We have made no adjustment for other supplementary rating drivers such as financial policy, parent support, or governance and structure.

## 10. Debt rating

We have affirmed the rating on the company's senior secured bond instruments, based on the underlying issuer rating of BBB-/Stable. The senior secured notes benefit from a first-ranking pledge on specific properties. In the event of a hypothetical default, additional pro rata proceeds from any liquidation proceeds would be distributed pari passu among all holders of senior secured debt.

Senior secured debt instrument ratings (ISIN NO0013350538; NO0013251801; NO0013251827; NO0013270348): BBB

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