Annual Report 2019

Mission-critical real estate and infrastructure

ASSET BUYOUT PARTNERS

Content

Asset Buyout Partners at a glance

Asset Buyout Partners is an industrial real estate company with a dedicated investment strategy aimed towards real estate and infrastructure located in mission critical energy and maritime clusters. The business is characterized by solid tenants on long-term lease contracts. The headquarter is located in Oslo.

1,75 m	**245 k**	**500 k**	**98**
Sqm land area	Sqm GLA	Sqm dev. potential	Properties
525 m	**8,4 bn**	**6,2 bn**	**9,8 yrs**
Rental income	Market value of investment properties	Backlog	Weighted average lease term

Key locations

Asset Buyout Partners has mission critical real estate and infrastructure located at major Norwegian energy and maritime clusters

ESG Report

Asset Buyout Partners Invest AS ("ABP", "the Company" or "the Group") is an industrial real estate company with a dedicated investment strategy aimed towards real estate and infrastructure assets located in Norwegian energy and maritime clusters.

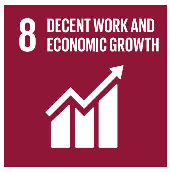
ESG is fundamental to ABP's business strategy. Good corporate governance and corporate management reduces business-related risk, while enabling the Company's resources to be utilized in an effective and sustainable manner. From a strong focus on security, health and safety "(HSE"), ABP works actively to address climate and environmental risks and opportunities. This includes investments in energy efficient properties and infrastructure, facilitate and promote technological development and circular solutions. It is important for the Company to maintain a constructive dialogue with its main stakeholders, and ABP holds a minimum of six board meetings per year, providing valuable feedback and enabling the Company to continue to improve, to build trust and to enhance its reputation. In 2019, ABP held 12 board meetings.

ABP believes that a systematic approach towards understanding and managing the external impacts on society and the environment is a prerequisite for value creation. The main steps in selecting the focus areas involve identifying and understanding topics that are important to the Group's business strategy and to its stakeholders. The focus areas and priorities are based on a broader value chain analysis which emphasize areas where ABP believes the Company can make an important and sustainable impact. The topics are believed to be important for development of environmental-friendly measures and long-term value creation. As a participant in the Norwegian property market, the Company believes that it has an important role to play in supporting Norway's contribution to UN's Sustainable Development Goals ("SDGs"). In addition, as changes are at hand and as the industry structure faces renewal, new business opportunities will materialize in the value chain and adjacent industries for a well-capitalized company like ABP.

To define these focus areas, ABP has reviewed its ESG strategy against the SDGs to highlight where the Company directs its focus. The Group has decided to focus on the following three SDGs: SDG 9 - Industry, Innovation and Infrastructure, SDG 13 - Climate action and SDG 8 - Good jobs and economic growth. These SDGs and the Company's priorities and focus areas in this regard are illustrated in the figure below:

It is important for ABP to uphold its position as an attractive landlord. ABP's value chain analysis clarified that efficient properties focusing on technological development and circular solutions are some of the most material topics to the Group and its stakeholders. SDG 9 will help ABP prioritize future work and goals to build resilient and sustainable infrastructure, while maintaining economic growth and foster innovation.

A core requirement in ABP's investment strategy is to acquire real estate and infrastructure that is resilient in terms of alternative use, but also in terms of dealing with climate change. Risks from climate change could be physical (extreme weather) as well as transitional (regulatory requirements). However, an assessment of ABP's value chain made it clear that addressing and adapting to climate risk also can provide the Company with opportunities. These opportunities could include preparing the local community for future climate change, but also a potential to promote technology transfer and development of solutions for climate change mitigation.



A top priority for ABP will always be to provide fair, safe and healthy working conditions for its employees, customers as well as contributing to economic growth and value creation in local communities. It is of high priority that the Group's assets are physically secure, always meet the highest statutory requirements and emergency preparedness. The SDG 8 is therefore a useful tool to focus on the importance of local value creation and employment.

Facilitate green technology and circular solutions

High concentration of leading industrial companies clustered together, coupled with strategic locations, make energy and maritime clusters ideal for exploring circular economy initiatives. Solutions where one company's waste, becomes and other company's resource is an exciting opportunity going forward. ABP works actively to promote more sustainable and circular operating models together with the Company's customers. ABP is also actively pursuing alternative industry utilization for tomorrow, including more focus on renewable energy and aquaculture, to name a few.

The Company's largest asset is the Mongstad supply base, the largest supply base port in Norway and a vital part of Mongstad Industrial Park. At Mongstad, ABP has launched "Greenspot Mongstad", a collaboration between the largest commercial stakeholders at Mongstad Industrial Park and local and national authorities to lay the foundation and attract new projects for sustainable industrial development at Mongstad. Current stakeholders involved in this together with ABP include Equinor, Alver Municipality, and Technology Centre Mongstad, the world's largest technology center for development and testing of CO_2 capture technologies.

Going forward, the Company will continue seek opportunities to leverage the Group's existing and new assets to promote and nurture alternative use and sustainability, thereby diversifying the Group's asset exposure and acting as an enabler for the efficient technology transfer to new industries. This includes transferring existing knowledge and technology to help facilitate the energy transition.

Promoting green and efficient properties and infrastructure

ABP is a responsible real estate and infrastructure owner and continuously assesses how its assets contribute to a sustainable economy. The Company has established an ESG due diligence framework when acquiring new assets, and ABP has regular dialogue with its tenants regarding initiatives for more environmentally friendly and energy efficient solutions. New contracts contain provisions for annual mandatory environmental meetings between the Company and its tenants to discuss environmental initiatives, and energy optimization measures at a property level to support the tenants' operations.

Currently, ABP is working with tenants to replace traditional energy sources with renewable energy sources such as solar panels, sea-based or geothermal heating systems, and LED lighting. The Company is also looking at rolling out a system for more efficient monitoring of energy consumption. ABP has also conducted pilots to identify whether the Group's assets can be certified under the BREAAM in use standard. At the same time, ABP is working with its banks to establish separate financing tranches for green initiatives linked to energy efficiency.

The Group has several projects and initiatives supporting its focus on sustainability. The installation of shore-to-ship power supply at Mongstad, where ABP was one of the initiators and main financing partner to the end users, has significantly reduced greenhouse gas emissions and local air pollution. Together with key customers, the Company is now considering expanding the climate-friendly capacity and functionality of the shore-to-ship power facility at Mongstad.

ABP places strict requirements on subcontractors that carry out maintenance or construction work for on the Group's property portfolio. Subcontractors have to satisfy requirements related to quality and HSE and have to have adequate routines in place for sustainable waste management. ABP pre-qualifies and performs regular audits of its subcontractors.

To keep control of Asset Buyout Partners' own greenhouse gas emissions, Cemasys has produced a carbon accounting report for 2019. Business travels by plane contribute to almost 93 % of the total emissions and a total of 37.8 tons of CO_2 equivalents. In addition to reduce emissions, the Company will look to reduce costs and save time by always considering digital meeting solutions as alternatives to business travel and physical meetings. In addition, Asset Buyout Partners will continue to operate its offices in an energy efficient manner.

The Company's ambition is to be a preferred landlord in the industrial real estate and infrastructure segment of the property market and to add value and facilitate for sustainable solutions for ABP's customers. ABP aims to assess its properties and activities in line with EU taxonomy for sustainable activities, and the Company works rigorously with its customers and tenants to further develop its structured approach to ensuring that the Group's real estate portfolio is managed in the most efficient and sustainable way.

Culture and Employee satisfaction

ABP seeks to have a corporate culture where environmental awareness is strongly embedded at all levels in the organization. This is something that the Company seeks to maintain and further enhance and use as a lever in implementing an even broader environmental focus. The Company strives to ensure that all employees have the relevant knowledge and seek to influence suppliers, customers and partners to make sound environmental choices. ABP seeks to continually increase the sustainability awareness in the Company, as well as making sure that the Company has access to the best industry advisers and experts in the field.

Equal opportunities and diversity are an integral part of the ABP's personnel policy, and today 20% of total staff are female. An important factor in ensuring ABP's success is a continued focus on diversity and gender equality.

Local value creation

ABP plays an important role in several local communities. Mongstad supply base employs around 500 people, as part of the greater Mongstad Industrial Park area employing approximately 2,000 people from Alver Municipality. Local authorities are therefore important stakeholders for the Company, and sustainable and long-term economic growth and local value creation are of high priority for ABP. The co-operation with Alver Municipality on the Greenspot Mongstad initiative is one of the ways the Company works with municipalities to increase local value creation based on the energy transition, and thus more jobs for the community.

Adapting to climate risk and opportunities

Climate change has been a key topic for years, intensifying in strength and conviction in 2019, and it is evident that companies focusing on traditional energy sources will experience pressure and demands related to the transition to a low-carbon economy.

ABP firmly believes that affordable and available energy is a cornerstone to achieve several of UN SDGs and that an efficient switch from coal to gas is an imperative strategic goal in this regard. ABP will continue to support the sustainable oil and gas production on the Norwegian Continental Shelf ("NCS"), a leader in low emission production, thus helping to reduce the overall carbon footprint of the offshore energy industry.

The International Energy Agency ("IEA") Stated Policies Scenario, based on policies announced in November 2019, predicts that oil and gas will account for nearly 50% of the energy mix in Europe in 2040. In the Sustainable Development Scenario, if the world stays below the two-degree target, oil and gas will account for 35% of the energy mix in Europe in 2040, assuming the development of affordable and energy efficient Carbon Capture and Storage technology. In both these scenarios Norwegian oil and gas will continue to play a vital role in the energy mix going forward.

Currently the EU is targeting 40% emissions reduction by 2030, and climate neutrality by 2050. The Paris Agreement has set goals for all countries to increase ambitions on a continuous basis. As a leading real estate and infrastructure investor in energy and maritime clusters in Norway, ABP wants to be an enabler for the best energy solutions going forward. ABP is facilitating solutions that are part of a low carbon future and the Company will continue to strive to diversify industry exposure and promote more sustainable solutions. The Company's assets and infrastructure, such as quays, access to electricity, water and roads, are universal and may be used by a host of industries in addition to oil and gas. This includes offshore wind, aquaculture, hydrogen and biogas. The Greenspot Mongstad project is exploring opportunities in this space and has the potential to pioneer sustainable and circular industrial development in Norway. Several of the Company's tenants have already diversified from oil and gas exposure, and now have considerable backlogs toward alternative industries such as offshore wind, hydrogen and aquaculture.

The Board of Directors' report 2019

Operations and locations

Asset Buyout Partners ("ABP", "the Company" or "the Group") is an industrial real estate company with a dedicated investment strategy aimed towards real estate and infrastructure assets located in Norwegian energy and maritime clusters. Mission critical infrastructure characteristics provide comfort for cash flows well beyond contracted lifetime – underpinned by attractiveness and longevity of the Norwegian energy industry, maritime industries such as aquaculture, and alternative energy industries such as hydrogen production, and offshore wind. The Norwegian Economic Zone is a highly attractive region in this regard, due to a combination of access to high quality infrastructure, a stable regulatory environment and vast natural resources.

The Company is owned by HitecVision, a leading provider of institutional capital to the North Sea region's energy industry, ABP management, and non-executive board members. ABP owns a diversified portfolio of mission critical assets strategically located in key energy and maritime clusters. As of 31 December 2019, the Company owned and managed nearly 100 properties, 1.7 million square meters of land and infrastructure including piping for bulk supply, 244,000 square meters of primarily industrial facilities and 750 meters of quays. In addition, ABP has a combined 500,000 square meters of zoned, undeveloped land that provides expansion opportunities for existing as well as new customers.

ABP plans to grow the Company in scale over the coming years based on both organic and inorganic growth opportunities. ABP will leverage the Company's strategic position, scale, portfolio composition and system value to continue to build value for our customers and shareholders.

The Company has 15 full time employees with sector-specific expertise and relationships with leading companies in the Norwegian energy and maritime industry. ABP is a professional landlord and seeks long-term partnerships with our customers. The Company's expertise extends to structuring, owning, developing, financing and managing real estate and infrastructure. ABP is headquartered centrally in Oslo with regional asset management teams serving customers locally.

2019 in brief

It has been an exciting year for ABP. ESG, and climate change in particular, has been the topic among authorities and key stakeholders, and it is evident that the energy industry is facing new pressures and demands related to the transition to a low-carbon environment. The Norwegian oil and gas industry has a dynamic history, and today, ABP sees a broader trend towards E&P companies looking to consolidate supply services to the top tier supply bases to improve operational efficiencies, reduce costs and lower the carbon footprint of its operations. Moreover, the changing market environment might lead to attractive opportunities for a well-capitalized investor like ABP as financial investors are looking to reduce their exposure to the oil and gas industry, and banks and other financing sources are becoming more restrictive.

During 2019, ABP has acquired six assets with an acquisition price of NOK 607 million, further strengthening the Company's presence in Stavanger, Bergen and Hammerfest, and expanding to Stord, which is recognize as a strategic energy and maritime cluster. The transactions were financed through a combination of bank loans and retained earnings.

The Group has optimized its company structure by the merger of several holding companies resulting in a leaner and simplified structure in addition to reduced running costs.

Comments related to the financial statements

The Group's gross rental income increased from NOK 409.5 million in 2018 to NOK 524.7 million in 2019, and in the same period net rental income increased from NOK 382.8 million to NOK 488.7 million. The increase in rental income is mainly driven by acquisitions of new investment properties (where income is recognized from the acquisition date). Net profit in 2019 was NOK 740.2 million, as compared to NOK 886.7 million in 2018. The change in net profit is mainly due to changes to fair value adjustments of investment properties which was positive with NOK 691.5 million in 2019 and positive with NOK 952.4 million in 2018.

The Group's operating costs are divided in two categories, property operating expenses and administrative expenses. Expenses directly related to the operation of existing properties are recognized as property operating expenses. Other expenses are included as administrative expenses, including salaries and costs related to Group functions.

The fair value of the property portfolio at year end 2019 was NOK 8,448 million (2018: NOK 7,066 million). The increase is related to purchases of new properties of NOK 607 million but also includes a net change of fair value of NOK 691.5 million (2018: NOK 952.4 million). The fair value adjustments are impacted by value changes and tax discounts from transactions as this is not initially recognized in accordance with IFRS.

The Group has a strong cash flow from operating activities, and free cash flow is mainly used for reinvestments or repayments on interest bearing debt. Otherwise the cash flow statement reflects the investment activities during the year.

The Group's activities are financed with a combination of equity from owners and interest-bearing debt with different maturities. At year-end, the Group's current liabilities constituted 10% of total liabilities, compared to 18% as of 31 December 2018. The loan to value ratio at year end was 53% (2018: 61%).

Total assets at year-end amounted to NOK 8,525 million, compared to NOK 7,291 million last year. The equity ratio was 39% at year-end, compared to 35% as of 31 December 2018. This is consistent with ABP's capital management policies and the Group's financial strategy.

Parent company financials

The Group's parent company, Asset Buyout Partners Invest AS ("The Parent Company"), is a holding company with limited activity. Costs are related to the Group's administrative functions which are financed with group contributions from its subsidiaries. The net profit for 2019 was NOK 0 (2018: NOK 1,775 thousand). The equity at year-end was NOK 1,510 million (2018: NOK 1,510 million) and the equity ratio was 99.9% at year-end (2018: 100.0%).

Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on the Company's long-term profit forecasts. The Group's economic and financial position is sound.

Risk management

Overall view on objectives and strategy

The Group is exposed to both financial and non-financial risk. ABP's main risk factors include market risk (including interest rate risk), credit risk and liquidity risk. The risk policies are continuously being assessed by the Board of Directors ("the Board") and the appropriate policies and procedures to identify, measure and manage the financial risks have been implemented. The Group's overall risk management strategy is targeted to protect the value of ABPs investments.

ABP's risk factors are further described in Note 3.

The working environment and the employees

ABP has 15 employees and the Board believes that the working environment is satisfactory. There have been no injuries, accidents or sick leave during 2019. The Parent Company has no employees.

Equal opportunities

ABP aims to be a workplace with equal opportunities and management has incorporated a policy that aims to prevent discrimination based on gender, religion or other circumstances. ABP intends to carry forward the implemented initiatives as described above regarding equal opportunities. ABP's employees consist of twelve men and three women. The Board consists of six male Board members.

Environmental report

In the Board's opinion, the external environment is to a very limited extent directly affected by the Group's activities. The Board encourages tenants to secure operations according to approved plans and government requirements.

Market outlook

After a positive start to 2020, there has been significant global events creating a volatile market environment. The Covid-19 pandemic has been declared a global emergency by the World Health Organization, and has made countries and organizations, including ABP, take measures to mitigate risk for communities, employees and business operations. As a direct result of Covid-19 pandemic, there has been considerable impact on global oil and gas demand. At the same time, there has been an oil price war between Opec+ members, driving oil prices even lower. As the pandemic and oil crisis continues to progress and evolve, it is challenging to predict the full extent and duration of resulting operational and economic impact for the ABP. However, the Company is well positioned to deal with future market uncertainties and has a solid tenant base and strong balance sheet to weather the storm.

For further information, please see Note 22.

Allocation of net income

ABP AS net profit was NOK 0, and no allocation was needed.

Oslo, 27 April 2020
The Board of Directors of Asset Buyout Partners Invest AS

Widar Salbuvik
Chairman of the board

Egil Stokka
Board member

Ole Ertvaag
Board member

Pål Magnus Reed
Board member

Ola Gjørtz
Board member

Klaus-Anders Nysteen
Board member

William W. Wittusen
Cheif Executive Officer

Consolidated Financial Statements

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2019

Figures in NOK	Note	2019	2018
Rental income	15	524 664 888	409 520 541
Property operating expenses	16	-33 668 788	-23 912 432
Other property-related expenses	16	-2 259 960	-2 822 268
Net rental income		488 736 139	382 785 841
Administrative expenses	16,17	-34 648 628	-29 426 319
Net other income		1 870 055	413 293
Operating profit before value adjustments		455 957 566	353 772 815
Fair value adjustments investment property	8	691 521 570	952 374 791
Operating profit		1 147 479 136	1 306 147 606
Financial income	18	881 282	634 872
Financial expenses	18	-201 966 976	-150 538 164
Fair value adjustments financial derivatives	12,18	6 672 515	-14 455 134
Profit before tax		953 065 956	1 141 789 180
Tax payable	19	-31 825 529	-9 851 087
Change in deferred tax	19	-181 037 586	-245 240 122
Profit for the period		740 202 841	886 697 971
Total comprehensive income		740 202 841	886 697 971
Total comprehensive income attributable to shareholders of the parent company		740 202 841	886 697 971

Consolidated statement of financial position

Assets

Figures in NOK	Note	31.12.2019	31.12.2018
Assets			
Intangible assets		18 550	28 262
Investment properties	8, 21	8 447 770 000	7 065 500 000
Other assets	21	4 837 227	1 264 670
Total non-current assets		8 452 625 777	7 066 792 932
Trade receivables	9	6 269 024	30 998 997
Other current assets	9	21 890 094	9 500 686
Cash and short-term deposits	10	43 989 343	183 695 981
Total current assets		72 148 461	224 195 664
Total assets		8 524 774 238	7 290 988 596

Consolidated statement of financial position

Equity and liabilities

Figures in NOK	Note	31.12.2019	31.12.2018
Equity and liabilities			
Paid-in capital	11	1 509 495 931	1 509 495 931
Retained earnings		1 815 799 352	1 075 596 512
Total equity		3 325 295 283	2 585 092 443
Deferred tax liabilities	19	483 267 110	299 379 309
Interest bearing long-term debt	3,4,12	4 108 060 548	3 480 594 502
Derivative financial instruments	12	32 147 992	38 820 507
Other long-term liabilities	14, 21	42 139 099	20 263 769
Total non-current liabilities		4 665 614 749	3 839 058 087
Trade and other payables	13	8 011 715	5 127 984
Current tax liabilities	19	31 825 529	9 851 087
Deferred revenue	13	67 745 405	23 132 377
Interest bearing short-term debt	3,4,12	354 000 000	784 009 708
Other short-term liabilities	13, 21	72 281 558	44 716 910
Total current liabilities		533 864 206	866 838 066
Total liabilities		5 199 478 955	4 705 896 153
Total equity and liabilities		8 524 774 238	7 290 988 596

Oslo, 27 April 2020
The Board of Directors of Asset Buyout Partners Invest AS

Widar Salbuvik
Chairman of the board

Egil Stokka
Board member

Ole Ertvaag
Board member

Pål Magnus Reed
Board member

Ola Gjørtz
Board member

Klaus-Anders Nysteen
Board member

William W. Wittusen
Cheif Executive Officer

Consolidated statement of changes in equity

Figures in NOK	Note	Share capital	Share premium reserve	Total paid inn capital	Retained earnings	Total equity
Total equity 31.12.2017		6 710 207	763 785 725	770 495 932	188 898 541	959 394 475
Profit for the period					886 697 971	886 697 971
Capital increase	11	6 819 721	732 180 278	738 999 999		738 999 999
Total equity 31.12.2018		13 529 928	1 495 966 003	1 509 495 931	1 075 596 512	2 585 092 443
Profit for the period				-	740 202 841	740 202 841
Total equity 31.12.2019		13 529 928	1 495 966 003	1 509 495 931	1 815 799 353	3 325 295 283

Consolidated statement of cash flows

Figures in NOK	Note	2019	2018
Profit before tax		953 065 956	1 141 789 180
Income tax paid		-9 851 087	-
Net expensed interest and fees on loan	18, 21	201 966 976	149 903 292
Depreciation (presented as part of administrative expenses)	21	-3 358 555	733 101
Fair value adjustments, investment property	8	-691 521 570	-952 374 791
Fair value adjustments, financial derivatives	18	-6 672 515	14 455 134
Change in working capital		46 174 838	-63 748 611
Net cash flow from operating activities		489 804 043	290 757 305
Purchase of property, plant & equipment		-214 000	-1 307 198
Purchase of investment properties	7	-587 762 238	-3 303 205 312
Capital expenditure on investment properties	8	-54 577 647	-20 505 503
Net cash flow from investing activities		-642 553 885	-3 325 018 013
Proceeds from interest bearing liabilities	20	420 000 000	4 145 000 000
Repayment of interest bearing liabilities	3,20	-233 688 956	-1 539 608 963
Capital increase	11	-	738 999 999
Net paid interest and fees	21	-171 055 335	-198 013 413
Other Cash from Financing	21	-2 212 505	-
Net cash flow from financing activities		13 043 204	3 146 377 623
Net change in cash		-139 706 638	112 116 915
Cash and cash equivalents beginning of period		183 695 981	71 579 065
Cash and cash equivalents end of period	10	43 989 343	183 695 981

Notes to the Consolidated Financial Statements

Note 1 General information

Asset Buyout Partners Invest AS ("ABP", "the Company" or "the Group") is an industrial real estate company with a dedicated investment strategy aimed towards real estate and infrastructure assets located in Norwegian energy and maritime clusters.

Asset Buyout Partners Invest AS is the parent company of the real estate group ABP, and the parent company of these financial statements. Asset Buyout Partners Invest AS is a limited liability company registered in Norway. The head office of the Group is located in Olav Vs gate 1, Oslo, Norway. The Group holds a portfolio of investment properties in Norway.

This year's consolidated financial statements were approved for issue by the Board of Directors on 27 April 2020. The ultimate holding company for the Group is HV VII Invest Lagus AS.

Note 2 Summary of significant Accounting Principles

2.1. General
2.2. Changes in accounting principles
2.3. Consolidation
2.4. Classification of assets and debt
2.5. Investment property
2.6. Financial instruments
2.7. Share Capital
2.8. Current and deferred income tax
2.9. Provisions
2.10. Revenue recognition
2.11. Property related expenses and other expenses
2.12. Interest income
2.13. Dividend distribution

2.1. General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2019.

The consolidated financial statements have been prepared under the historical cost convention, with the following exceptions:

- Investment properties are measured at fair value
- Financial derivatives are measured at fair value with changes through profit and loss

The consolidated financial statements have been prepared with consistent accounting principles for similar transactions and events. The consolidated financial statements provide comparative information in respect of the previous period that has been prepared based on the same accounting principles.

The consolidated financial statements are presented in NOK, which is also the parent company's, and all of the subsidiaries, functional currency.

2.2. Changes in accounting principles

a) New standards, interpretations and amendments effective from 1 January 2019

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2019, and which have given rise to minor changes in the Group's accounting policies are:

- IFRS 16 Leases and
- IFRIC 23 Uncertainty over Income Tax Positions)

The changes in accounting policy from these two did not have any material effect on the financial statements of the Group. Other new and amended standards and Interpretations issued by the IASB effective from 1 January 2019 had no impact on the Group as they were either not relevant to the Group's activities or required accounting which was consistent with the Group's pre-existing accounting policies.

IFRS 16 Leases

IFRS 16 replaced IAS 17 Leases and related interpretation for financial statement beginning on or after 1 January 2019.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. For leases with at lease term of 12 months or less and leases of low-value assets, the Group will recognize a lease expense on a straight-line basis as permitted by IFRS 16.

The Group implemented IFRS 16 applying the modified retrospective transition method. Under the modified retrospective transition method, the cumulative effect of initially applying the standard is recognized at the date of initial application.

The effect of applying IFRS 16 as of 01.01.2019 was as follows:

Investment properties	26 353 054
Property plant and equipment	5 556 576
Total equity	0
Non-current liabilities	29 705 647
Current liabilities	2 317 792

Property lease contracts The Group has analyzed all its contracts for use of ground and buildings to evaluate if they fulfil the criteria to qualify as leases according to IFRS 16. Lease liabilities are measured based on only fixed payments. Based on this analysis a limited number of contracts has been identified as lease contracts according to the standard.

Lease liabilities are measured at the net present value of fixed lease payments due under the contract. The lease term corresponds to the non-terminable period. Extension options are included if it is reasonably certain that these options will be exercised.. The discount rate used to calculate the lease liability is determined, for each asset, based on the Group's incremental borrowing rate for leases with under 5 years until maturity. For leases of land the properties' net yields are used as a basis for determinig the discount rate. The average incremental borrowing rate applied for all leases was 6,1%.

The group applies the fair value model in IAS 40 to its investment properties, where the rental expenses under the property lease contracts until the implementation of IFRS 16 were included in the individual property's assumed future cash flows. The leased properties meet the definition of investment properties in IAS 40, so the fair value model is applied to right-of-use assets associated with the property lease contracts.

On the transition to IFRS 16, the Group elected to use the practical expedient to apply the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.

Other leased assets The Group has made an analysis of all the lease contracts on other assets to evaluate if they fulfil the criteria to qualify and to account a lease according to IFRS 16. No other material leased assets were identified in this analysis.

Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented under Operating costs in the statement of comprehensive income.

The impacts on the statement of comprehensive income in 2019 was the following:

- Increase in lease revenue with 2,2 million relating to the treatment of cost of leased land.
- Reduction of the rents included in administrative expenses of 1,9 million compared to accounting treatment in accordance with IAS 17
- Increase of depreciation included in administrative expenses of 1,8 million
- 0,5 million in negative changes in the value of the right-of-use assets is included in Changes in value of investment property.
- Financial expenses on the lease liabilities of 1,9 million is included in financial expenses

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The Group does not expect any other standards issued by the IASB, but not yet effective to have a material impact on the group.

2.3. Consolidation

Subsidiaries

When the Group has control over an investee, the investee is classified as a subsidiary. The Group controls an investee if all the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date control ceases.

When a property is acquired, through corporate acquisitions or otherwise, management considers the substance of the transaction in determining whether the acquisition represents an acquisition of a business or a purchase of an asset. All transactions up until the balance sheet date have been treated as purchase of assets. These transactions are not considered to be acquisition of businesses. The cost to purchase such assets is capitalized as a part of the cost for the acquired assets.

Elimination of transactions

Intercompany transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4. Classification of assets and debt

Current assets and short-term debt expected to be settled within 12 months, and other items that are included in the Group's normal operating cycle are classified as current. Strategic investments are classified as fixed assets. First year instalments of long-term debt are classified as short-term.

2.5. Investment property

Measurement at recognition

Property held with the purpose of achieving rental income, increase in value, or both are classified as investment property. Investment property is initially recognized at cost including transaction costs. Transaction costs includes legal fees and due diligence costs. Investment property is normally acquired through the purchase of shares in a company that owns the property. When shares are acquired there is no change in the tax base of the property, resulting in lower tax deductions for depreciations for the acquirer. The purchase price in these transactions normally includes a tax compensation. The effect of this is that the property acquired will initially be recorded at a cost lower than fair value.

Measurement after recognition

After initial recognition, the investment property is measured at fair value, which reflects market conditions at the reporting date. Gains or losses from changes in fair value are presented in profit and loss when they arise, under the line item "Fair value adjustments investment property". Subsequent capital expenditure relating to investment property is included in the carrying amount if it is probable that they will result in future economic benefits for the investment property and the costs can be measured reliably. Expenses relating to operations and maintenance of the investment property are charged to the income statement during the financial period in which they are incurred. Tax compensation and transaction costs relating to the acquisition of an investment property (single purpose entities) are recognized in the income statement as part of the value adjustment on investment property in the period after the acquisition.

Derecognition

Investment properties are derecognized when sold or permanently out of operation and no future economic benefit is expected. All gains or losses related to sales or disposals are presented in the income statement in the same year as the disposal. Gains or losses from the disposal of investment property is the difference between net selling price and the carrying amount of the asset. Gains or losses are included in the line item "Fair value adjustments investment property".

2.6. Financial instruments

Recognitions

Financial instruments (financial assets and financial liabilities) are recognized when the Group becomes party to the contractual provisions of the instrument.

Financial assets - Classification and measurement

The Group classifies its financial assets in one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortized cost

These assets arise principally from the provision of goods and services to customers ("e.g." trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for expected losses on current and non-current trade receivables are recognized based on the simplified approach within IFRS 9. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Material financial assets for the Group

Trade receivables

Trade receivables are amounts due from customers under the lease contracts for investment properties. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits. In the consolidated balance sheet, bank overdrafts are shown as borrowings in current liabilities.

Derecognition

Financial assets are derecognized when the right to receive cash flows from investments has expired or been transferred and the Group has substantially transferred all risks and rewards of ownership.

Financial liabilities - Classification and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities are initially recognized at fair value, and in the case of loans and borrowings and payables, net of incurred transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial instruments. The subsequent measurement of financial liabilities depends on their classification, as described in separate sections below.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. IFRS 9.4.2.1(a) Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 is met. The Group has not designated any financial liability as of fair value through profit or loss.

Financial liabilities recognized at amortized cost
This is the category most relevant to the Group. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest bearing loans and borrowings. For more information, refer to Note 12.

Material financial liabilities for the Group
Trade payables and other short-term payables
Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Loans and borrowings
Loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit and loss over the duration of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedge accounting is not applied and any gains or losses arising from changes in the fair value of derivatives are recognized in the statement of profit and loss and other comprehensive income.

Derecognition
Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability is substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts are recognized in the statement of profit and loss and other comprehensive income.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.7. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity. When such ordinary shares are subsequently reissued, any consideration received, is included in equity attributable to the Company's equity holders. Voting rights related to treasury shares are annulled and no dividend is allocated to treasury shares.

2.8. Current and deferred income tax
The tax expense for the period consist of current and deferred tax. Tax is recognized in the income statement, except when it relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax amount is also recognized in other comprehensive income or directly in equity. The current income tax charge is calculated based on the tax laws enacted or substantively

enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.9. Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.10. Revenue recognition

The Group enters into lease agreements as a lessor with respect to its investment properties. Lease contracts where a significant proportion of the risks and benefits of ownership remain with the group are classified as operating leases.. Rental income arising from operating leases is accounted for on a straight-lined basis over the lease term. Variable lease payments is recognized when it arises. Fees paid in relation to new lease agreements are included in the cost of the investment property and are amortized over the life of the lease agreement. Initial direct costs incurred in obtaining an operating lease are recognized as an expense over the lease term on the same basis as the lease income. Tenant lease incentives are recognized as a reduction of rental revenue on a straight-lined basis over the lease term. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the statement of profit and loss when the right to receive them arises. Other income is recognized as it is earned.

2.11. Property related expenses and other expenses

Expenses directly related to the operation of existing properties are recognized as property related expenses. Other expenses are included as administrative expenses.

2.12. Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

2.13. Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends is approved by the Company's shareholders.

Note 3 Financial Risk Management

General objectives, policies and processes

The Group's principal liabilities, other than derivatives are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's real estate portfolio. The Group has rent and other receivables, trade and other payables, cash and cash equivalents that arise directly from its operations.

The Group is exposed to different risk factors, including; market risk, interest rate risk, credit risk and liquidity risk. The risk policies are continuously being assessed by the Board of Directors and the appropriate policies and procedures to identify, measure and manage the financial risks has been implemented. The Group's overall risk management strategy is targeted to protect the value of ABPs investments.

Market risk

ABP is exposed to changes in market rents, occupancy in the portfolio and the rate of inflation. Negative development will impact the property portfolio fair value and loan to value ratio. As ABP mainly has long-term lease contracts with fixed revenues over their term the risk is assessed to be minimized in short-term. The Group has all its operations in Norway; thus all lease agreements, financing and expenses are in NOK, consequently there is no exchange rate risk.

Interest rate risk

The Group's interest rate risk arises in both the short and medium-term perspective as a share of The Group's borrowings are held at floating interest rates. Changes in the interest rate level will have a direct impact on future cash flows and can also affect future investment opportunities.

To manage the interest rate risk, the Group enters into interest rate swaps in which it agrees to exchange at specified intervals, the difference between fixed and variable rates. The purpose of these swaps is to have an economic hedge of the underlying debt obligations. However, the Group does not currently apply hedge accounting. The Group does not trade in derivatives for speculative purposes.

A 1% increase in floating interest rate, assuming an average of 65% of the loans swapped to fixed rate, would have resulted in an increased interest costs of NOK 15 million.

Credit risk

Credit risk is the risk of loss when a party is unable to pay their obligations to the Group. The risk is mainly related to operating cashflow from rent and the value of investment property, in the event that the tenant is unable to service its rent obligation. For total credit exposure see note 9 and note 10. The credit quality of a tenant is assessed based on an extensive and thorough evaluation of the tenant when new lease agreements are entered and as part of the assessments made when acquiring new property with existing lease agreements. Further, credit risk is managed by requiring tenants to pay rentals in advance and by performing regular monitoring of credit quality of the significant tenants. Most of the tenants are large oil and gas and oil service companies and the credit risk is at an acceptable level.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations at maturity, and the risk that the Group will not be able to meet its obligations without a significant increase in cost. The Group's objective is to maintain a reasonable balance between debt and equity, and to have sufficient available cash to fulfil obligations from the Group's activity. Currently the liquidity risk is at an acceptable level.

The table below illustrates the maturity structure of liabilities

2019

		Maturity structure			
Financial liability	Booked amount	Year 1	Year 2	Year 3-5	After year 5
Borrowings (bank)	4 108 060 548		154 000 000	4 009 184 099	
Derivative financial intruments (interest swaps)	32 147 992				
Payment of interest and interest swaps		196 465 692	192 400 799	353 155 096	
Other long-term liabilities	42 139 099	4 199 412	4 166 412	21 862 648	45 272 040
Trade payables	8 011 715	8 011 715			
Interest bearing short-term debt	354 000 000	354 000 000			
Other short-term liabilities	72 281 558	72 281 558			

2018

Financial liability	Booked amount	Maturity structure Year 1	Year 2	Year 3-5	After year 5
Borrowings (bank)	3 480 594 502		140 000 000	3 399 764 278	
Derivative financial intruments (interest swaps)	38 820 507				
Payment of interest and interest swaps		165 049 649	169 605 953	480 635 494	
Other long-term liabilities	20 263 769		8 876 213	14 547 079	
Trade payables	5 127 984	5 127 984			
Interest bearing short-term debt	784 009 708	784 009 708			
Other short-term liabilities	44 716 910	44 716 910			

The table below illustrates financial instruments by category

2019

Financial liability	Financial liabilities measured at fair value	Assets measured at amortized cost	Financial liabilities recognised at amortized cost	Total
Assets				
Trade receivables		6 269 024		6 269 024
Cash and short-term deposits		43 989 343		43 989 343
Total Financial assets	-	50 258 367	-	50 258 367
Liabilities				
Interest bearing long-term debt			4 108 060 548	4 108 060 548
Interest bearing short-term debt			354 000 000	354 000 000
Financial derivatives	32 147 992			32 147 992
Other long-term liabilities			42 139 099	42 139 099
Accounts payable and Other short-term liabilities			80 293 273	80 293 273
Total Financial liabilities	32 147 992	-	4 584 492 919	4 616 640 911

2018

Financial liability	Financial liabilities measured at fair value	Assets measured at amortized cost	Financial liabilities recognised at amortized cost	Total
Assets				
Trade receivables		30 998 997		30 998 997
Cash and short-term deposits		183 695 981		183 695 981
Total Financial assets	-	214 694 978	-	214 694 978
Liabilities				
Interest bearing long-term debt			3 480 594 502	3 480 594 502
Interest bearing short-term debt			784 009 708	784 009 708
Financial derivatives	38 820 507			38 820 507
Other long-term liabilities			20 263 769	20 263 769
Accounts payable and Other short-term liabilities			49 844 894	49 844 894
Total Financial liabilities	38 820 507	-	4 334 712 873	4 373 533 380

Information about fair value of financial instruments

Trade and other receivables

The fair value of trade and other receivables are assumed to be the same as the net book value. The fair value of cash and cash equivalents are assumed to be equal to the book value.

Fair value hierarchy for financial instruments measured through profit and loss

Financial derivatives recognized at fair value are interest rate swaps. The fair value of the interest rate swaps is calculated by banks and are determined based on the net present value of future cash flows using quoted interest rate curves at the balance sheet date. The calculations obtained from the banks have been tested for reasonableness by the Group's management. The fair value of these derivatives is classified as Level 2 in the fair value hierarchy, ref. note 5.

Fair value of financial instruments recognized at amortized cost

Financial instruments recognized at amortized cost consist of liabilities with floating rates. Recognized value is assumed to be a good indication of fair value for these liabilities taking into consideration the current margin and market conditions.

Note 4 Capital structure and capital management

The main purpose of the Group's capital management is to maintain a reasonable balance between debt and equity. The Group has defined a target for the loan to value ratio of approximately 65% over the economic cycle. This target is set with consideration to value development in the Group and the opportunity to obtain the necessary financing.

There are covenants on existing financing related to; loan to value, interest cover ratio and debt to EBITDA levels. Both during 2019, and at 31 December 2019, the Group was in compliance with all financial covenants, and the Group expects to be in compliance going forward.

The table below specifies the Groups interest bearing debt at 31 December 2019. The Group's financing holds different maturities from 1-4 years. Consequently, a share of total debt will be due within 12 months. The Group continuously refinances debt and considers both bank and bond market as funding sources.

Figures in NOK	2019	2018
Interest bearing long-term debt	4 108 060 548	3 480 594 502
Interest bearing short-term debt	354 000 000	784 009 708
Unamortized borrowing costs	55 123 551	59 169 776
Principal amount of interest bearing loans and borrowings	4 517 184 099	4 323 773 986
External valuation of investment property	8 447 770 000	7 065 500 000
Loan to value ratio	53,47 %	61,20 %

Note 5 Critical accounting estimates and judgements

Preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect reported amounts in the consolidated financial statements. Uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Management estimates include assumptions on future events which by definition hold a significant risk related to estimation uncertainty. The following sections present the judgements which have the most significant effect on the amounts recognized in the consolidated financial statements:

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Fair value of investment properties

Group management is responsible for the valuation of the investment properties, both when acquiring an investment property and for the valuation of the properties at year-end. The valuation process includes both preparing internal valuations and obtaining separate valuations from the external valuation expert, Cushman & Wakefield Realkapital ("C&W"). Internal valuations are performed when acquiring new properties and external valuations are performed for accounting purposes. The same method has been used for both the internal and the external valuations. C&W has valued the properties with the use of a discounted cash flow analysis. Different discount rates have been used depending on the risk associated with each segment of the cash flows.

At year-end all properties were valued by C&W. Each property is considered a separate asset based on its unique nature, characteristics and risks. The internal valuation team did not prepare a full valuation for all properties at year-end. However, analysis based on historical experience and expectations on future events were made of the movements in each property's value. Furthermore, the analysis performed includes inspections and technical reviews of all properties. The external valuation report was also considered during the process. The internal valuation team verifies major inputs applied in the external valuation report by agreeing the information in the valuation computation to amounts in lease agreements, market reports and other relevant documentation. If the fair value changes in the external valuation report are different from expectations based on internal analysis, the changes are further discussed with the external valuation expert.

When the Group's management has finalized their assessment, the valuation results are presented to the Board of Directors and the major assumptions used in the valuations are discussed with the Board of Directors. It has been concluded that the valuations prepared by the external valuation expert may be used as basis for the accounting of investment properties at fair value at the balance sheet date.

The following assumptions are considered to be the key inputs to the valuations:

Rental cash inflows

Future cash inflows consist of both contracted cash flows, from non-cancellable leases, and future lease income which is estimated based on assumptions on market rent and re-let costs. The market rent is estimated based on property location and type. C&W assists in estimating market rent by performing individual assessments of each property based on research and knowledge of the relevant area. The assessment of market rent distinguishes between property and land in line with contractual rent.

Property costs

Cost levels used in the valuation are based on normalized cost levels over the life of the building. Costs mainly consist of owner's costs (e.g. maintenance, administration, insurance and taxes) and common costs.

Inflation rate

The inflation rate is used to forecast the development in rent levels. Inflation prognosis is based on yearly average forecast from Norges Bank, commercial bank(s) and Statistics Norway.

Discount rates

Discount rates are used for discounting contracted cash flows. Applied discount rates are set by performing individual assessments of tenants and properties.

Exit yields

Exit yield equals the expected normalized net initial yield for a property in a given geographical location and type. The overall building type and age is taken into account and seen against lifetime and reletting cost. The exit yield is given in real terms but is discounted with a higher nominal discount rate to take the effect of inflation in the DCF model. In short words, it is the expected real return for a property within a given geographical location and type. It used for discounting future lease income and residual value of each asset.

Undeveloped land

The value of undeveloped land is estimated as if the land were subdivided, developed, and sold. Development costs, incentive costs, and carrying charges are subtracted from the estimated proceeds of sale, and the net income projection is discounted over the estimated period required for market absorption of the developed sites.

The table below shows to which degree the investment property portfolio is affected by change in exit yield, property cost, discount rate, inflation and market rent, given that all other factors are unchanged (undeveloped land not included).

Assumption	Changes (p.p.)	Effect on fair value (NOK)	%	Changes (p.p.)	Effect on fair value (NOK)	%
Market rent	10,00 %	467 300 000	5,90 %	-10,00 %	-467 300 000	-5,90 %
Property costs	10,00 %	-65 800 000	-0,83 %	-10,00 %	70 000 000	0,88 %
Inflation year 1	1,00 %	63 400 000	0,80 %	-1,00 %	-66 500 000	-0,84 %
Discount rate	0,25 %	-171 200 000	-2,16 %	-0,25 %	193 700 000	2,44 %
Exit yield	0,25 %	-106 100 000	-1,34 %	-0,25 %	115 100 000	1,45 %

1) Estimates by Cushman & Wakefield Realkapital in conjunction with valuations at 31 December 2019

Business combinations vs acquisition of assets

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of assets. The Group accounts for an acquisition as a business combination where an integrated set of activities are acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, etc.).

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. All acquisitions made up until the balance sheet date have been considered acquisition of a group of assets and liabilities.

Operating lease contracts – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Fair value of financial liabilities

The fair value of the interest rate swaps is calculated by banks and is determined based on the net present value of future cash flows using quoted interest rate curves at the balance sheet date. See also note 3.

Note 6 Segment information

ABP is an industrial real estate company with a dedicated investment strategy aimed towards real estate and infrastructure assets located in energy and maritime clusters. There are no material differences in risks and returns in the economic environments in which the Company operates. Consequently, the Company is only present in one business segment and one geographic market, and no further segment information has been prepared.

The segment presentation in the financial statements matches ABP's internal operational monitoring as it is reviewed by management and the Company's stakeholders.

Note 7 Investments in subsidiaries and changes in group structure

Subsidiaries:	Acquired	Office location	Vote / Ownership 31.12
ABP Mongstad AS	08.04.2018	Oslo	100 %
Asset Buyout Partners AS	12.11.2015	Oslo	100 %
Dusavik Næringspark Eiendom ANS	21.06.2017	Dusavik	100 %
Dusavika Eiendomsinvest AS	17.09.2019	Dusavik	100 %
Dusavika Park AS	21.06.2017	Dusavik	100 %
Dusavika Park Holding AS	21.06.2017	Dusavik	100 %
Finnestadgeilen 5 AS	08.04.2018	Stavanger	100 %
Finnestadgeilen 8 AS	08.04.2018	Stavanger	100 %
Finnestadjordet 6 AS	08.04.2018	Stavanger	100 %
Finnestadjordet 8 AS	08.04.2018	Stavanger	100 %
Finnestadveien 28 AS	08.04.2018	Stavanger	100 %
Finnestadveien 38 AS	08.04.2018	Stavanger	100 %
Grenseveien 6 AS	01.11.2017	Forus	100 %
Grunnevika Eiendom AS	08.04.2018	Mongstad	100 %
Hamrasletta 10 AS	01.10.2019	Risavika havn	100 %
IMR Property AS	08.04.2018	Mongstad	100 %
Mojo Eiendom AS	08.04.2018	Mongstad	100 %
Mongstad Administrasjon AS	08.04.2018	Mongstad	100 %
Mongstad Eiendomsselskap AS	08.04.2018	Mongstad	100 %
Omagata 124 AS	06.01.2016	Kristiansund	100 %
Risavika 1 AS	22.12.2016	Risavika havn	100 %
Risavika 2 AS	22.12.2016	Risavika havn	100 %
Risavika 3 AS	22.12.2016	Risavika havn	100 %
Risavika 4 AS	22.12.2016	Risavika havn	100 %
Risavika 5 AS	22.12.2016	Risavika havn	100 %
Risavika 6 AS	22.12.2016	Risavika havn	100 %
Stord Hammerfest Eiendom AS	11.10.2019	Stord / Hammerfest	100 %
Storemyra 239 AS	08.04.2018	Mongstad	100 %
Storemyra 247 AS	08.04.2018	Mongstad	100 %
Storemyra 271 AS	08.04.2018	Mongstad	100 %
Stormyra Eigedom AS	01.03.2019	Mongstad	100 %
Strandparken Eiendom AS	06.01.2016	Hammerfest	100 %
Strandparken Nord Kontor AS	06.01.2016	Hammerfest	100 %
Øvre Dusavik AS	08.04.2018	Stavanger	100 %
Ågotnes Arealutvikling AS	06.01.2016	Ågotnes	100 %
Ågotnes Kontorpark AS	06.01.2016	Ågotnes	100 %
Åsane Næringspark AS	12.05.2017	Åsane	100 %

During 2019 there has been performed mergers of eight holding companies to simplify the legal struktuce and minimize administration.

Changes in Group structure

Acquisitions in 2019

During 2019 ABP has acquired six new properties, further strengthening our presence in Stavanger, Bergen and Hammerfest, and adding Stord as a new location. The transactions add 33 100sqm and 60 500 sqm of building area and plot, respectively.

Acquisitions in 2018

In April 2018 the Group acquired the Mongstad Group. The Mongstad Group is an owner of infrastructure and real estate and a landlord to high activity oil and gas supply bases located at the ports of Mongstad and Dusavik, supporting about 30 oil and gas fields in the North Sea. The transaction comprises about 1,2 million square meters of land and infrastructure including piping for bulk supply, 120 000 square meters of industrial facilities specialized for oil and gas supply base activities and 750 meters of quays. In addition, there is a combined 490 000 square meters of zoned, undeveloped land that provides expansion opportunities for existing as well as new customers. The assets acquired were not considered to constitute a business and the transaction was therefore accounted for as an asset acquisition in accordance with IAS 40.

Figures in NOK	Note	2019	2018
Cash consideration		592 572 336	3 328 936 435
Deferred consideration	12	-	140 049 493
Total consideration for shares		592 572 336	3 468 985 928
Net cash payment			
Cash consideration including transaction costs		592 572 336	3 328 936 435
Cash received		-4 810 098	-25 731 123
Net cash payment		587 762 238	3 303 205 312
Allocation of purchase price			
Investment property	8	607 491 416	3 531 219 706
Office equipment		-	600 000
Working capital items	20	-10 496 706	-79 725 320
Cash		4 810 098	25 731 123
Other liabilities	20	-9 232 471	-748 556
Financial derivates	20	-	441 219
Deferred tax asset (+) / liability (-)	19	-	-8 532 244
Purchase price		592 572 336	3 468 985 928

Note 8 Investment property

The table below specifies the changes in the carrying amount of investment property. Information on acquisitions performed are specified in note 7.

Figures in NOK	2019	2018
Fair value 1.1 previous period	7 065 500 000	2 561 400 000
- Change in accounting principle IFRS 16 (see note 2)	26 353 054	-
Fair value 1.1	7 091 853 054	2 561 400 000
Additions:		
- Upgrades of investment properties	54 577 647	20 505 503
- Purchase of investment properties	607 491 416	3 531 219 706
- Net change in adjustments of fair value	691 521 570	952 374 791
- Additions of right-of-use assets	2 326 314	-
Fair value 31.12	8 447 770 000	7 065 500 000

Profit and loss relating to investment property

Figures in NOK	2019	2018
Income from rents	524 664 888	409 520 541
Expenses related to property generating rental income	-35 928 749	-26 734 700
Net rental income	488 736 139	382 785 841

Rent income from purchased property is included from the transaction date. For details on annual rent income see note 15.

Overview over input used for valuation at 31 December

	2019	2018
Properties (#)	98	91
Properties (square meters)	244 k	210 k
Land (square meters)	1 750 k	1 700 k
Undeveloped land (square meters)	515 k	479 k
Tank farms (#)	37	32
Quay (meters)	750	750
Fair value as of 31.12 (NOK million)	8 420	8 448
WALT (yrs)	9,8	10,9
Weighted CPI adjustment (%)	82 %	80 %
Actual vacancy (%)	0,1 %	0,2 %

Note 9 Trade and other current assets

All trade and other receivables are current and there has been no impairment or loss on receivables. Trade receivables are related to rental income and other current assets consist of prepaid expenses and common costs to be distributed amongst tenants.

Figures in NOK	2019	2018
Trade receivables	6 269 024	30 998 997
Other current assets	21 890 094	9 500 686
Total	28 159 118	40 499 683

Ageing of trade receivables

Figures in NOK	Total	Not due and within < 30 days	30-60d	60-90d	>90d
2019	6 269 024	5 981 443	287 581		
2018	30 998 997	23 935 127	599 762	1 680 655	7 063 870

Note 10 Cash and short-term deposits

Figures in NOK	2019	2018
Cash at bank	43 125 905	182 753 371
Restricted funds	863 438	942 610
Total	43 989 343	183 695 981

Note 11 Paid in equity, shareholders and dividend

Figures in NOK	2019	2018
Ordinary shares, nominal value NOK 0.01 (2018: NOK 0.01)	**70 578 334**	70 578 334
Preference shares, nominal value NOK 0.01 (2018: NOK 0.01)	**1 282 414 560**	1 282 414 560
Total number of shares	**1 352 992 894**	1 352 992 894

Change in paid in equity and share premium:

	Total shares		Paid in equity (NOK)		Share premium (NOK)	
	2019	2018	2019	2018	2019	2018
Ordinary shares						
At the beginning of the year	**1 352 992 894**	671 020 748	**13 529 928**	6 710 207	**1 495 966 003**	763 785 725
Issued stock and paid in capital	-	681 972 146	-	6 819 721	-	732 180 278
At the end of the year	**1 352 992 894**	1 352 992 894	**13 529 928**	13 529 928	**1 495 966 003**	1 495 966 003

Preference shares are entitled to an 8% per annum cumulative dividend of paid in capital before any dividend may be distributed to ordinary shares. Upon liquidation the preference shares are entitled to the paid in capital and the unpaid cumulative dividend, and the remaining amount is distributed to the ordinary shares. All shares have equal voting rights.

Shareholders at 31 December 2019:

Shareholders	Country	Number of ordinary shares	Number of preference shares	Total Number of shares	Share %
Asset Buyout Partners Holding AS	Norway	67 300 705	1 281 320 692	1 348 621 397	99,68 %
Momentum Holding AS	Norway	2 117 349	-	2 117 349	0,16 %
Breiangen AS	Norway	347 659	580 934	928 593	0,07 %
BSV Invest AS	Norway	427 256	-	427 256	0,03 %
Astrania AS	Norway	318 551	-	318 551	0,02 %
Korak AS	Norway	33 407	256 467	289 874	0,02 %
Nysteen Invest AS	Norway	33 407	256 467	289 874	0,02 %
Total number of shares at 31.12		70 578 334	1 282 414 560	1 352 992 894	100,00 %

Dividend

The Company did not pay out dividends in 2019 nor is any dividend proposed to be paid out in 2020 for the 2019 financial year.

Note 12 Interest bearing debt and interest rate derivatives

Figures in NOK	2019	2018
Total interest bearing debt, nominal value	4 517 184 099	4 323 773 986
Nominal value of interest rate derivatives at year end	2 623 095 837	2 193 395 835
Nominal value of swaps as share of total debt [1)]	58 %	51 %
Average interest rate, including margin (%)	3,86 %	3,61 %
Average remaining duration, borrowings (years)	4,0	4,0
Average remaining duration, interest rate swaps (years)	3,3	5,4
Total interest bearing debt, nominal value	4 517 184 099	4 323 773 986
Capitalized transaction costs	-55 123 551	-59 169 776
Total book value interest bearing debt	4 462 060 548	4 264 604 210
Interest bearing long-term debt	4 108 060 548	3 480 594 502
Interest bearing short-term debt	354 000 000	784 009 708
Total book value interest bearing debt	4 462 060 548	4 264 604 210
Maturity on interest bearing debt		
Maturity within 1 year [2)]	354 000 000	784 009 708
Maturity within 2 years	154 000 000	140 000 000
Maturity within 3-5 years	4 009 184 099	3 399 764 278
Maturity above 5 years	-	-
Total	4 517 184 099	4 323 773 986

1) After year end the Group entered into new swap contracts with nominal amounts of NOK 270 million and therefore increased the fixed interest rate ratio to 64%.
2) Short-term debt consists of bank debt with maturity within twelve months and revolving credit facility.

Composition of interest bearing debt

Figures in NOK	2019	2018
Bank loans	4 293 250 000	3 965 000 000
Revolving credit facility	200 000 000	180 000 000
Overdraft facility	-	-
Seller credits	23 934 099	178 773 986
Total	4 517 184 099	4 323 773 986

Available undrawn facilities

NOK at year end in current year	2019	2018
Capex facility	200 000 000	200 000 000
Revolving credit facility	20 000 000	120 000 000
Overdraft facility	80 000 000	-
Total	300 000 000	320 000 000

Borrowings secured with pledged assets

Investment properties, shares in subsidiaries, receivables (external and internal) and bank accounts has been pledged as security for the interest bearing debt. The recognized Group value of the assets pledged as security for liabilities as per 31.12 are specified in the table below.

Figures in NOK	2019	2018
Trade receivables	6 269 024	30 998 997
Cash and short-term deposits	43 989 343	183 695 981
Investment properties	8 447 770 000	7 065 500 000
Total pledged assets	8 498 028 367	7 280 194 978

Derivative financial instruments

Derivatives not designated as hedging instruments

Figures in NOK	2019	2018
Fair value of interest rate swaps	32 147 992	38 820 507
Total liabilities	32 147 992	38 820 507

Figures in NOK	2019	2018
Notional amount interest rate swaps	2 623 095 837	2 193 395 835
Total notional amount	2 623 095 837	2 193 395 835

Note 13 Trade and other payables

Figures in NOK	2019	2018
Trade payables	8 011 715	5 127 984
Prepayments from customers	67 745 405	23 132 377
Accrued interest	32 272 561	9 581 371
Other short-term liabilities	40 008 997	35 135 539
Total	148 038 677	72 977 271

Note 14 Provisions and contingent consideration

Figures in NOK	Contingent consideration	Other	Total
At the beginning of the year	19 515 213	748 556	20 263 769
Changes during the year	-8 876 213	-748 556	-9 624 769
Accrued interest	1 794 452		1 794 452
At year end	12 433 452	-	12 433 452
Due within one year or less	-	-	-
Due after more than one year	12 433 452	-	12 433 452

Contingent consideration is linked to purchase of investment property. Part of the consideration was linked to future events related to the investment property. The Group has included a provision for the most likely amount payable based on the most likely outcome of the contingent event. The valuation of the property reflects the same outcome as the basis for the provision.

Note 15 Income from rent

The Groups rental income for 2019 amounted to NOK 525 million (2018: NOK 410 million). The increase in rental income is mainly driven by acquisitions of new investment property where income is recognized from the acquisition date.

Recognized rent from fixed lease payments

Figures in NOK	2019	2018
Recognized rent from fixed lease payments	524 664 888	409 520 541
Recognized variable rent	-	-
Total income from rent	524 664 888	409 520 541

ABP's property portfolio consists of long-term contracts with solid counterparties. The weighted average lease term amounted to 9,8 years (2018: 10,9 years). Future minimum payments under non-cancellable leases expire as follows:

Figures in NOK	2019	2018
Within 1 year	566 179 646	508 266 811
During year 2	557 476 268	506 889 502
During year 3	544 263 397	503 731 342
During year 4	520 609 827	481 839 286
During year 5	513 622 436	475 372 256
After 5 years	3 450 937 755	3 733 299 287
Total	6 153 089 330	6 209 398 485

Carrying amount of assets leased under operating leases are as follows:

Figures in NOK	2019	2018
Investment property	8 447 770 000	7 065 500 000
Total	8 447 770 000	7 065 500 000

Note 16 Property related costs and other operating expenses

Property related costs

Figures in NOK	2019	2018
Maintenance	14 902 774	9 166 705
Property administrative expenses	10 603 745	8 189 616
Insurance	1 625 118	1 082 608
Property tax	3 945 647	3 359 236
Other operating expenses	2 591 504	2 114 266
Property operating expenses	33 668 788	23 912 432
Other property related expenses	2 259 960	2 822 268

Other property related expenses are expenses not related to operating expenses. These expenses are related to integration of existing and aquired properties in to ABP's platform of systems and other non-recurring expenses.

Administrative expenses

Figures in NOK	2019	2018
Salary and personnel costs	21 524 218	17 382 843
IT and communication costs	978 240	730 143
Professional services	6 690 064	6 045 664
Depreciations	329 353	280 977
Office costs, fixtures and equipment	1 961 764	1 571 745
Other administrative expenses	3 164 988	3 414 947
Total other operating expenses	34 648 628	29 426 319

Note 17 Employee benefit expense

Figures in NOK	2019	2018
Wages and salaries	17 518 926	12 870 505
Social security costs	2 911 927	2 401 005
Pension costs	1 069 236	876 171
Other benefits	24 129	1 235 163
Total Salary and personnel costs	21 524 218	17 382 843
Average full time employees	12,5	11,3

CEO Remuneration

Figures in NOK	2019	2018
Wages and salaries	3 618 128	3 402 030
Bonus accrued		-
Pension costs	133 476	78 301
Other benefits	13 452	13 452
Benefits expensed	3 765 056	3 493 783

ABP's management is part of a Management Investment Programme and has through this arrangement co-invested in the Company. Refer to the table presented below and note 11 for information on stock holdings at year end. The management, hereunder the CEO, is not part of any bonus scheme. The CEO has an agreement on remuneration in case of termination of employment equal to nine months salary.

Figures in NOK	2019	2018
Remunerated Board Payments	1 400 000	1 831 474

Shares held by executive officers and directors

	Position	Number of ordinary shares	Number of preference shares	Total Number of shares	Share %
Momentum Holding AS	CEO	2 117 349	-	2 117 349	0,16 %
BSV Invest AS	CFO	427 256	-	427 256	0,03 %
Astrania AS	COO	318 551	-	318 551	0,02 %
Breiangen AS	Chairman	347 659	580 934	928 593	0,07 %
Korak AS	Director	33 407	256 467	289 874	0,02 %
Nysteen Invest AS	Director	33 407	256 467	289 874	0,02 %

Audit fees

Figures in NOK	2019	2018
Statutory audit	1 519 844	971 871
Other assurance services	111 828	99 500
Other services not related to audit [1)]	498 955	1 995 950
Total audit costs	2 130 627	3 067 321

1) Fees for other services are mainly related to transaction services (due diligence) and is recognized as transaction cost at initial recognition of investment property.

Note 18 Financial income and expenses

Financial income

Figures in NOK	2019	2018
Interest income	881 282	634 872
Total financial income	881 282	634 872

Financial expenses

Figures in NOK	2019	2018
Interests on borrowings measured at amortized cost	178 098 595	122 333 762
Amortized and expensed transaction cost (fees)	15 846 882	18 336 968
Financial expense on derivatives	5 100 030	9 475 913
Interest expenses on lease liabilities (Note 21)	1 885 917	-
Other financial expenses	1 035 551	391 521
Total financial expenses	201 966 976	150 538 164
Fair value adjustments financial derivatives (gain /-loss)	6 672 515	-14 455 134
Net financial items (expenses /-income)	194 413 179	164 358 426

Reconciliation between expense and cash flows

Figures in NOK	2019	2018
Total financial expenses	201 966 976	150 538 164
Interest received	-881 282	-634 872
Net expensed interest and fees on loan	201 085 694	149 903 292
Change in amortization items	-7 488 210	54 132 159
Change in accrued interest	-22 542 150	-6 022 038
Net paid interest and fees (cash flow statement)	171 055 335	198 013 413

Note 19 Income tax and deferred tax

Income tax

Figures in NOK	2019	2018
Tax payable	-31 825 529	-9 851 087
Change in deferred tax	-181 037 586	-245 240 122
Income tax expense	-212 863 115	-255 091 209
Profit/loss before income tax	953 065 956	1 141 789 180
Income tax expense calculated at 22% / 23%	209 674 510	262 611 511
Changes relating to prior years	813 579	-
Changes in deferred tax not recognized at intital recognition	-	2 134 727
Expenses not deductible for tax purposes	145 068	61 618
Changes in recognized value of acquired tax losses	2 229 958	3 891 504
Effect of changes in tax rates	-	-13 608 150
Income tax expense	212 863 115	255 091 209

Deferred tax liabilities

Figures in NOK	Loss carried forward	Financial derivative instruments	Investment property	Other items	Total
01.01.2018	10 572 095	304 638	-55 607 181	-876 258	-45 606 706
Change related to new acquisitions	-8 532 000	-	-	-	-8 532 000
Changes in deferred tax recognized in income statement	-1 968 261	249 265	-243 958 236	-13 171 520	-258 848 752
Effect of changed tax rate	-3 123	-24 083	13 024 583	610 773	13 608 150
Deferred tax as of 31.12.2018	68 711	529 820	-286 540 833	-13 437 005	-299 379 309
Change related to new acquisitions				-2 850 216	-2 850 216
Changes in deferred tax recognized in income statement	-68 711	-165 563	-184 550 425	3 747 112	-181 037 586
Effect of changed tax rate					-
Deferred tax as of 31.12.2019	-	364 258	-471 091 258	-12 540 109	-483 267 110

Movement in deferred tax liabilities

Figures in NOK	2019	2018
01.01.	-299 379 309	-45 606 707
Changes not recognized in income statement (mainly acquired tax losses)	-2 850 216	-8 532 000
Changes in deferred tax recognized in income statement	-181 037 586	-245 240 602
31.12.	-483 267 110	-299 379 309

According to IFRS a deferred tax liability is not recognized on initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. The exception is generally referred to as the "initial recognition exception". The acquisition of investment properties through single purpose entities that are not viewed as business combinations fall under the initial recognition exception. As a consequence, deferred tax liability of NOK 761,3 million was not recognized at the balance sheet date (31.12.18: NOK 690,9 million) relating to a difference between the initial carrying amount and tax base of investment properties.

Current income tax liabilities

Figures in NOK	2019	2018
Current income tax	-31 825 529	-9 851 087
Total current income tax liabilities	-31 825 529	-9 851 087

Loss carried forward

Loss carried forward as of 31 December:

Figures in NOK	2019	2018
Indefinite	-	-312 321
Total loss carried forward	-	-312 321

Note 20 Supporting information for the cash flow statement

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below.

2019

Figures in NOK	Interest bearing long-term debt	Interest bearing short-term debt	Derivative financial instruments	Other long-term liabilities	Total
At 1 January 2019	3 480 594 502	784 009 708	38 820 507	20 263 769	4 323 688 486
Cash flows	400 000 000	-213 688 956			186 311 044
- Paid transaction fees	-8 932 615				-8 932 615
Non-cash items					-
- Amounts recognised on acquisition of companies					-
- Accrued interest	1 669 822	5 429 248			7 099 070
- Fair value changes excluding interest accrued			-6 672 515		-6 672 515
- Amortized transaction fees	12 978 840				12 978 840
- Leasing liabilities (IFRS 16)				29 705 647	29 705 647
- Reclassified to current	221 750 000	-221 750 000		-7 830 317	-7 830 317
At 31 December 2019	4 108 060 548	354 000 000	32 147 992	42 139 099	4 536 347 639

2018

Figures in NOK	Interest bearing long-term debt	Interest bearing short-term debt	Derivative financial instruments	Other long-term liabilities	Total
At 1 January 2018	781 394 180	785 405 797	24 806 593	17 814 961	1 609 421 531
Cash flows	1 287 386 302	-785 405 797			501 980 505
- Paid transaction fees	-64 038 996				-64 038 996
Non-cash items					-
- Amounts recognised on acquisition of companies	2 211 231 396	32 228 631	-441 219	748 556	2 243 767 365
- Accrued interest	1 668 277	4 827 582		1 700 252	8 196 111
- Fair value changes excluding interest accrued			14 455 134		14 455 134
- Amortized transaction fees	9 906 837				9 906 837
- Reclassified to current	-746 953 494	746 953 494			-
At 31 December 2018	3 480 594 502	784 009 708	38 820 507	20 263 769	4 323 688 486

Note 21 Leases

Group as a lessor

The Group has entered into leases on its property portfolio. Refer to Note 15 for further information.

The Group as a lessee

The most significant lease contracts for the group relates to leases of land. The right of use asset from these leases are classified as investment property. Other leases relates to office space and equipment.

Right-of-use assets

The Group's right-of-use assets are categorised and presented in the table below:

Figures in NOK	Office buildings	Other leases	Total property plant and equipment	Investment properties (Land)
Right-of-use assets				
Acquisition cost at 1 January 2019	4 317 588	1 238 989	5 556 576	26 353 054
Addition of right-of-use assets			-	2 326 314
Disposals			-	
Transfers and reclassifications			-	
Currency exchange differences			-	
Acquisition cost at 31 December 2019	4 317 588	1 238 989	5 556 576	28 679 367
Accumulated depreciation and impairment at 1 January 2019	-	-	-	-
Depreciation/fair value adjustments	-1 335 212	-425 499	-1 760 711	-525 637
Impairment losses in the period			-	
Disposals			-	
Transfers and reclassifications			-	
Currency exchange differences			-	
Accumulated depreciation and impairment at 31 December 2019	-1 335 212	-425 499	-1 760 711	-525 637
Carrying amount of right-of-use assets at 31 December 2019	2 982 376	813 490	3 795 866	28 153 730
Lower of remaining lease term or economic life	2-4 years	1-3 years		40-45 years
Depreciation method	Linear	Linear		Fair value

Right-of-use asset related to Property, plant and equipement is presented as part of "Other assets".

Lease liabilities

Figures in NOK	Total
Undiscounted lease liabilities and maturity of cash outflows	
Less than 1 year	4 199 412
1-2 years	4 166 412
2-3 years	2 660 745
3-4 years	2 327 412
4-5 years	2 327 412
More than 5 years	45 272 040
Total undiscounted lease liabilities at 31 December 2019	60 953 434

Figures in NOK	Total
Summary of the lease liabilities	
At initial application at 1 January 2019	31 909 630
New lease liabilities recognised in the year	2 326 314
Cash payments for the principal portion of the lease liability	-2 212 505
Cash payments for the interest portion of the lease liability	-1 885 917
Interest expense on lease liabilities	1 885 917
Total lease liabilities at 31 December 2019	32 023 438

Total lease liability at 31 December 2019 is presented as part of other long-term and other short-term liabilities with the following amounts:

Figures in NOK	
Current lease liabilities	2 317 792
Non-current lease liabilities	29 705 647

The leases do not contain any restrictions on the Group's dividend policy or financing. The Group does not have significant residual value guarantees related to its leases to disclose.

The following are the amounts recognised in profit or loss:

Figures in NOK	Total
Depreciation expense of right-of-use assets	1 760 711
Fair value adjustments on leases classified as investment property	525 637
Interest expense on lease liabilities	1 885 917
Total amount recognised in profit or loss	4 172 265
Total cash outflows for leases	4 098 423

Note 22 Subsequent events

After year-end there has been significant global events creating a volatile market environment. As the Covid-19 virus spread from a regional crisis in China's Hubei province to a global pandemic, equities plummeted, and market volatility increased around the world. The fast spreading of the coronavirus worldwide and the measures taken to curb the contagion will have implications for the growth in the global economy and the development in capital markets. In addition to the Covid-19 outbreak, there has been considerable volatility in the oil price following the collapse of Opec+ resulting in an oil supply shock with brent crude price trading below USD 30/bbl, down from USD 60/bbl at year-end 2019.

The outbreak is still in its early stages, and we do not know how long the pandemic will last or how deep the impact on the economy will be. Authorities around the world are implementing different kind of measures to bolster economic activity. The uncertainty of the financial impact is assessed as being too high to quantify specific effects on ABP's assets and liabilities.

Market value of investment properties

As many of ABPs tenants operate within the Oil and Gas industry it is expected that the uncertain market conditions due to Covid-19 and the challenging market conditions in the petroleum industry may have a negative impact on their operations. These effects may lead to decreased occupancy and weaker rental growth going forward, and may also impact yield levels for valuations of the properties. However, ABPs property portfolio is robust with solid tenants, a lease duration close to 10 years and a rental income backlog (future minimum payments under non-cancellable leases) of NOK 6,2 billion. The decrease of interest rates also somewhat counteracts some of these effects.

Rental income and accounts receivables

ABPs contracted rental income is a key input factor to operations and to market value of the portfolio. A risk in uncertain markets is that some tenants may default and thus creating a loss for ABP. With respect to trade receivables the risk is limited as this accounted for only NOK 6 million at year end. In addition, almost all outstanding rent for the first two quarters of 2020 is paid in accordance with agreements at the time of adoption of this Annual Report.

Derivative financial instruments

The decline in interest rates has had a negative impact on the market values of ABPs derivative financial instruments. These instruments are entered into for hedging purposes, securing reduced volatility in interest cost for ABP. About (66 %) of ABPs interest payments are fixed through these contracts.

Liquidity

The Groups liquidity is robust with significant available cash and unutilized credit facilities at the time of adoption of this Annual Report. In addition, there is no material debt due until the end of 2023 and there is headroom in covenants levels. The Groups financial position is therefore assessed as strong and management don't see any need for short term actions related to liquidity.

Financial statements for the parent company

ASSET BUYOUT PARTNERS PARENT COMPANY

Income statement

For the year ended 31 December 2019

Figures in NOK	Note	2019	2018
Other operating expenses	3	-1 178 552	-1 209 486
Total operating expenses		-1 178 552	-1 209 486
Operating profit		-1 178 552	-1 209 486
Financial income	6	1 178 552	3 215 813
Financial expenses		-	-
Profit before tax		-	2 006 327
Tax payable		-	-
Change in deferred tax	4	-	-231 455
Profit for the period		-	1 774 873

ASSET BUYOUT PARTNERS PARENT COMPANY

Consolidated statement of financial position

Figures in NOK	Note	31.12.2019	31.12.2018
Assets			
Investments in subsidiaries	2	1 510 219 298	1 510 219 298
Total non-current assets		1 510 219 298	1 510 219 298
Other current assets		16 000	18 400
Receivables from group companies	6	1 178 351	23 850
Cash and short-term deposits		383 737	318 383
Total current assets		1 578 088	360 633
Total assets		1 511 797 386	1 510 579 931

ASSET BUYOUT PARTNERS PARENT COMPANY

Consolidated statement of financial position

Figures in NOK	Note	31.12.2019	31.12.2018
Equity and liabilities			
Paid-in capital	5	1 509 495 932	1 509 495 932
Retained earnings	5	1 000 000	1 000 000
Total equity		1 510 495 932	1 510 495 932
Trade and other payables		-	-
Liabilities to group companies	6	1 200 000	-
Other short-term liabilities		101 454	84 000
Total current liabilities		1 301 454	84 000
Total liabilities		1 301 454	84 000
Total equity and liabilities		1 511 797 386	1 510 579 931

Oslo, 27 April 2020
The Board of Directors of Asset Buyout Partners Invest AS

Widar Salbuvik
Chairman of the board

Egil Stokka
Board member

Ole Ertvaag
Board member

Pål Magnus Reed
Board member

Ola Gjørtz
Board member

Klaus-Anders Nysteen
Board member

William W. Wittusen
Cheif Executive Officer

ASSET BUYOUT PARTNERS PARENT COMPANY

Cash flow statement

Figures in NOK	2019	2018
Profit before tax	-	2 006 327
Change in accounts payable	-	-172 596
Change in other accrual items	19 856	42 789
Group contribution not recieved	-1 178 351	-
Net cash flow from operating activities	-1 158 495	1 876 520
Payments for the purchase of shares	-	-739 000 000
Net cash flow from investing activities	-	-739 000 000
Capital increase	-	739 000 000
Change in group receivables and liabilities	1 223 850	-1 739 371
Net cash flow from financing activities	1 223 850	737 260 629
Net change in cash	65 355	137 149
Cash and cash equivalents as of 1 Jan	318 382	181 234
Cash and cash equivalents as of 31 Dec	383 737	318 382

Notes to the Financial statements for the parent company

Note 1 Accounting principles

The financial statements have been prepared in compliance with the Accounting Act and good accounting practice.

Classification and assessment of balance sheet items

Assets intended for long-term ownership or use 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 long-term receivables are however not classified as short-term liabilities and current assets.

Investments in other companies

The cost method is applied to investments in other companies. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are generally recognized as income. Dividends/group contribution from subsidiaries are booked in the same year as the subsidiary makes the provision for the amount. Dividends from other companies are reflected as financial income when dividends is approved. Investments are written down to fair value if the fair value is lower than the carrying amount.

Receivables

Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made based on individual assessments of the individual receivables. Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Tax

The tax charge in the income statement consists of tax payable and changes in deferred tax. Deferred tax is calculated at 22% based on the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

Cash Flow Statement

The cash flow statement has been prepared by NRS indirect model. Cash and cash equivalents include cash, bank deposits and other short-term liquid assets.

Note 2 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries are booked according to the cost method.

Figures in NOK	Location	Ownership / voting rights	Equity at year end	Profit for the year	Book value at year end
Asset Buyout Partners AS	Oslo	100 %	1 665 550 492	126 062 182	1 510 219 298

Note 3 Personnel expenses, number of employees, remuneration, loan to employees

No remuneration has been paid to senior executives or members of the board in 2019.

No loans or collateral has been granted to the general manager, the Board chairman, the board members, the shareholders or other related parties.

OTP (Statutory occupational pension)

The Company does not have employees, consequently it has not been necessary to establish a statutory occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Expensed audit fee

Expenses paid to the auditor for 2019 amounts to NOK 440,600 ex.vat.

Figures in NOK	2019
Statutory audit	327 600
Other services	113 000
Total audit costs	440 600

Note 4 Tax

Figures in NOK	2019	2018
Tax expense		
Tax payable	-	-
Change in deferred tax	-	231 455
Tax expense	-	231 455
Taxable income		
Ordinary profit/loss before tax	-	2 006 328
Permanent differences	-	-1 000 000
Changes temporary differences	-	-1 006 328
Taxable income	-	-
Tax payable in the balance sheet		
Tax payable on this year's result	-259 237	
Tax payable on received group contributions	259 237	-
Total tax payable in the balance sheet	-	-

There was no temporary differences in 2019 and 2018.

Note 5 Equity

Figures in NOK	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	13 529 929	1 495 966 003	1 000 000	1 510 495 932
Annual net profit/loss			0	0
Equity 31.12	13 529 930	1 495 966 003	1 000 000	1 510 495 932

Figures in NOK	2019	2018
Ordinary shares, nominal value NOK 0.01 (2018: NOK 0.01)	70 578 334	70 578 334
Preference shares, nominal value NOK 0.01 (2018: NOK 0.01)	1 282 414 560	1 282 414 560
Total number of shares	1 352 992 894	1 352 992 894

Preference shares have a preferred right on dividends. All shares have equal voting rights.

Shareholders at 31 December 2019:

Figures in NOK	Country	Number of ordinary shares	Number of preference shares	Total Number of shares	Share %
Asset Buyout Partners Holding AS	Norway	67 300 705	1 281 320 692	1 348 621 397	99,68 %
Momentum Holding AS	Norway	2 117 349		2 117 349	0,16 %
Breiangen AS	Norway	347 659	580 934	928 593	0,07 %
BSV Invest AS	Norway	427 256		427 256	0,03 %
Astrania AS	Norway	318 551		318 551	0,02 %
Korak AS	Norway	33 407	256 467	289 874	0,02 %
Nysteen Invest AS	Norway	33 407	256 467	289 874	0,02 %
Total number of shares at 31.12		70 578 334	1 282 414 560	1 352 992 894	100 %

Note 6 Intercompany balances

Receivables

Figures in NOK	2019	2018
Other receivables	0	23 850
Group contribution	1 178 351	0
Total receivables	1 178 351	23 850

Liabilities

Figures in NOK	2019	2018
Short-term liabilities	1 200 000	-
Total liabilities	1 200 000	-

Note 7 Transactions

Refer to note 7 in the consolidated statements for more information on acquisitions during the year.

Note 8 Subsequent events

Refer to note 8 in the consolidated statements for more information on subsequent events.

Independent auditor’s report

Building a better working world

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working world

Design and production: Artbox AS

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