

NORTH BRIDGE NORDIC PROPERTY AS  
STATUS REPORT FIRST QUARTER 2013

## SUMMARY

The ordinary Shareholders' Meeting took place on 18 June 2013. It was determined to distribute NOK 15 per share to the Company's shareholders. The distribution took place on the 26<sup>th</sup> of June.

The Company has sold Innherredsveien 7, Trollåsveien 34-36 and Sømmegården (40,6 %). The buyers took over the properties on 7 May 2013.

Lund Business Park has been put up for sale through Catella in Sweden.

The transaction market still appears to be severely divided, where the best properties attract high interest and historically good prices (low yield), whereas the interest for more ordinary properties is lower and prices weaker (high yield). The price gap between these two property categories is lower than ever.

Overall, the rental market for business properties is satisfactory. Vacancies have been unchanged or slightly decreasing during the last two years. Rents in central areas have increased, but they have been relatively even for other properties.

## FINAL NAV CALCULATION AT 31 DECEMBER 2012

Final net asset value (NAV) in North Bridge Nordic Property AS is calculated at NOK 82,61 per share as at 31 December 2012. This is a reduction from the preliminary reported NAV in the Q4 2012 report, primarily due to adjustments in the accounts related to the de-merger, and where larger values than estimated belong to NBNP2 AS, in addition to adjustments in property values for sold properties.

## PROPERTY UPDATE

 Lund Business Park	Lund, Sweden
Share:	100 %
Segment:	Industrial/office/warehouse
Constructed area m2:	75,702
Number of lessees:	11
Annual rent as of Dec. 31, 2012 (MNOK)	34.2
Value as of Dec. 31, 2012 (MNOK)	320.6
Yield as of Dec. 31, 2012	8.2 %
NAV as of Dec. 31, 2012 (MNOK)	151.1

At the end of Q1 2013, there were appr. 6 839 m2 of vacant rentable space in the property, giving an occupancy rate of 91 %. Offers comprising appr. 1000 m2 of the vacant areas have been put forward.

The work on preparing a new regulation plan continues, and we have received positive reactions from Lund Municipality among others on the work made so far. A clarification of whether there will be a new train station in connection with the property is expected this year. Decisions related to

moving the cleaning department and high-voltage power line, currently limiting the property's development potential, are expected to take longer.

	<b>Trollåsveien</b>	<b>Oppegård</b>
	Share:	100 %
	Segment:	Office/warehouse
	Constructed area m2:	10,253
	Number of lessees:	25
	Annual rent as of Dec. 31, 2012 (MNOK)	8.2
	Sold (MNOK)	76.8

The property has been sold. The transaction's property value was MNOK 76,75. The take-over took place on 7 May 2013.

	<b>Sømmegården</b>	<b>Sandnes</b>
	Share:	40.63 %
	Segment:	Office/education
	Constructed area m2:	11,600
	Number of lessees:	15
	Annual rent as of Dec. 31, 2012 (MNOK)	12.0
	Sold (MNOK)	128.0

The property has been sold. The transaction's property value was MNOK 128. The take-over took place on 7 May 2013.

	<b>Elvegata Atrium</b>	<b>Sandnes</b>
	Share:	100 %
	Segment:	Office/trade
	Constructed area m2:	5,523
	Number of lessees:	12
	Annual rent as of Dec. 31, 2012 (MNOK)	2.9
	Value as of Dec. 31, 2012 (MNOK)	53.0
	Yield as of Dec. 31, 2012	n/a
NAV as of Dec. 31, 2012 (MNOK)	8.9	

At the end of Q1 2013, the occupancy rate was 74 %. The leases are short-term. The tenant Gazza Rock Cafe AS has carried out upgradings in connection with the establishment of "Storm", a new cocktail and wine bar.

A lot of people are still moving into Sandnes, and there is a strong pressure on the housing market. The value of the property will be significantly higher with a regulation for residents than with today's regulation comprising various business objectives. A deregulation process is, however, expected to

take 1-2 years, and Manager and the Board are considering this against the fact that NBNP is under liquidation. The financial situation for the owner company will also impact the Board's decision.

There are settling damages in the building as a consequence of excavations/building activities on the adjacent property. The development of the damages is closely monitored. Some simple protection works have been carried out on the basis of a technical review of the property. The damages are expected to be fully covered by the builder of the adjacent property through their insurance company. The final claim in this connection will be prepared and presented when the soil conditions are stabilised.

The property company's loan is expiring, and there is a dialogue going on with the lender about extending the loan. At the date of this report, however, no final agreement has been reached.

	<b>Innherredsveien 7</b>	<b>Trondheim</b>
	Share:	100 %
	Segment:	Office
	Constructed area m2:	18,533
	Number of lessees:	19
	Annual rent as of Dec. 31, 2012 (MNOK)	20.8
	Sold (MNOK)	251.5

The property has been sold. The transaction's property value was MNOK 251,5. The take-over took place on 7 May 2013.

## COMMENTS ON THE MARKET

Source: Union Gruppen.

### Macro conditions

The euro zone has had and is expected to continue to have a weak (negative) economic growth. For the US and China, the growth expectations have been considerably stronger, although analyses indicating risk related to China's credit growth have been put forward in recent days. A decreasing price on oil that can slow down Norway's growth is expected. Statistics Norway (SSB) nevertheless expects a relatively strong economic growth in Norway and that the consumer price index will increase by appr. 2 % each year for the next 4 years. Norway is experiencing an all-time high population growth and also a concentration of the population to the large cities. With continuous low interest rates, the general conditions for business properties in the years to come should be favorable.

### **Norway – Main figures (annual percentual changes)**

<b><i>Annual percentual changes</i></b>	<b>2012</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>	<b>2016e</b>
GNP - Fastlandet	3,4	2,4	3,0	3,3	3,2
GNP – in total	3,1	1,7	2,7	2,7	2,8
KPI	0,8	1,8	1,9	2,1	2,2
Private consumption	3,0	3,5	4,3	4,4	4,0
Public consumption	1,8	2,5	2,4	2,4	2,4
Oil investments	14,5	8,9	4,2	3,3	4,2
Traditional export	2,6	0,0	1,5	2,2	3,7
Employment	2,2	1,2	1,2	1,6	1,5
Unemployment acc. to employment survey (level)	3,2	3,6	3,5	3,5	3,4

*Source: SSB, May 2013*

### **The transaction market**

There is a continuous trend implying that the volume in the transaction market constitutes larger business properties located centrally and/or long-term leasing agreements, in addition to shopping centers and development projects. The other segments have had lower turnover volumes and normal terms on leasing agreements. The risk mark-up for the latter segment has increased over the last two years. Hence, we have seen a development towards weaker prices and fewer buyers of ordinary properties.

During the last months, the banks' financing costs have been somewhat lower, and this has to some extent resulted in lower loan margins. This should be positive for the transaction market, but the banks still seem to be selective when new loans are concerned.

### **The rental market**

The office vacancies in Oslo, Asker and Bærum were estimated to be 6,7 % as of April, somewhat lower than in the autumn of 2012 when the figure was 7,3 %. The vacancy in the various geographical sub-areas varies from under 5 % in central areas to 12-13 % in the border areas in the north, east and south. According to Union's prognoses, vacancies will continue to decrease and be below 5 % in 2015.

Market leases have shown an increasing tendency, but this primarily concerns modern properties centrally located. The trend is that the lessees to an increasingly larger degree demand space efficient office properties satisfactorily located with good public communications and traffic flow in general.

## **COMPANY INFORMATION**

### **Sale of properties**

The properties Innheredsveien 7, Trollåsveien 34-36 and Sømmegården (40,6 %) are sold and were taken over by the new owner on the 7<sup>th</sup> of May 2013. The transaction values at the sales were MNOK 251,5, MNOK 128 and MNOK 76,75, respectively. Comparable property values at NBNP's acquisitions were MNOK 196,0, MNOK 115,6 and MNOK 65,5, respectively. Accordingly, all three properties have developed positively and contributed to NBNP's growth in value, also when adjusted for investments

made. In total, the sales released appr. MNOK 79 to the Company's cash. Parts of the settlement for the sales constituted shares in North Bridge Opportunity AS (NBO), and the Company now owns 348 499 shares in NBO. The most recent reported NAV per share in NBO was NOK 93,22 at the 31th of December 2012.

The Board obtains market assessments from DNB Næringsmegling in addition to valuations from Newsec available as decision bases. The law firm Schjødt AS was the Company's legal advisor in the process. The chairman in NBNP, Kjetil Grønnskag, and board member Jon Gausen declared themselves to be disqualified in connection with the above sales.

Previous sales in chronological order include Malvik Storsenter (shopping center project), Aktern (building site in Malmø), Mejselgatan (combined property in Skåne, Sweden) and Klostergata (office property in Trondheim). Hence, 8 of totally 10 properties in NBNP's portfolio have been realized.

The Company currently owns two properties, Lund Business Park in Sweden and Elvegata Atrium in Sandnes. Lund Business Park has been made available for sale through Catella. Information about the outcome of the process will be communicated when available. As of the date of this report, Elvegata Atrium has not been put up for sale.

### Ordinary General Meeting

The Company's ordinary General Meeting took place on the 18th June 2013. The financial statements were approved. Distributions to the shareholders were also decided, cf. below.

### Dividend

The approved dividend constitutes NOK 15 per share and was paid on the 26th of June 2013. The distribution was carried out as a repayment of paid-in equity.

The table below shows the amounts distributed so far and the Company's remaining values based on the most recent NAV calculation. To give a complete picture, the distributions and NAV for NBNP 2 AS, demerged from NBNP in September 2012, are also included. Further distributions from NBNP are planned to be made concurrently with the sale of the Company's assets and gradual reduction of the Company's obligations related to guarantees or other matters. Please note that the future payments can deviate from NAV.

	NBNP	NBNP 2 AS	Total
Paid per share*	110,00		110,00
Distribution November 2011	24,00		24,00
Distribution December 2012		18,00	18,00
Distribution June 2013	15,00		15,00
<b>Total distributions</b>	<b>39,00</b>	<b>18,00</b>	<b>57,00</b>
NAV at 31 December 2012	82,61	40,9	123,51
Distribution June 2013	15	0	15,00
NAV at 31 December 2012 less distribution June 2013	67,61	40,9	123,51
<b>Total distributions and NAV</b>	<b>106,61</b>	<b>58,90</b>	<b>165,51</b>

\* Amounts paid per share depend on the investment date. The amounts have been adjusted for share split carried out in September 2011. Shareholders who originally subscribed for shares in Terra Eiendomsinvest AS have other subscription amounts, but the table nevertheless indicates the development in values and the current situation.

Sincerely yours,  
North Bridge Nordic Property AS/  
North Bridge Management AS

(Sign.)  
Jørn H. Hynne

Oslo, 27 June 2013