

# NORTH BRIDGE NORDIC PROPERTY AS under liquidation



STATUS REPORT for the 2nd and 3rd  
QUARTER 2015

## SUMMARY

North Bridge Nordic Property AS under liquidation (the Company/NBNP) has during 2012 and 2013 sold most of the Company's original property portfolio. The remaining property portfolio is comprised of Elvegata Atrium in Sandnes and Lyckebacken 3 in Lund in Sweden. The Company also has a 19,4 % stake in North Bridge Opportunity AS.

There are no significant changes concerning the Company's property portfolio or other related matters.

The value adjusted equity (NAV) at 30 June 2015 is calculated at NOK 36,18 per share.

## NET ASSET VALUE (NAV)

The calculated net asset value (NAV) as at 30 June 2015 is NOK 36,18 per share. NAV per share has decreased by NOK 0,58 since 31 December 2014. The decrease relates to a net reduction in the property values and income statement items, including the stake in the associated company.

As a basis for the NAV calculation as at 30 June 2015, external, independent assessments of the Company's properties have been carried out by Newsec in Norway and Sweden.

NAV is calculated by deducting debt from the property values, and adjustments are also made for net working capital in the Group, latent income tax and market value of financial instruments. Hence, NAV reflects the shareholders' ownership of the underlying values in the Company.

The Company's equity in the consolidated financial statements (according to IFRS) can deviate from the calculation of NAV due to different methodologies in some areas.

Date	NAV/share (NOK) (1)	NAV/share (NOK) (2)	Change NAV/share last period (3)	Change NAV/share since the start (3)
<b>01.08.2006</b>	106,9	106,9	N/A	N/A
<b>31.12.2006</b>	126,7	126,7	18,5 %	18,5 %
<b>30.06.2007</b>	155,6	155,6	22,8 %	45,5 %
<b>31.12.2007</b>	166,5	166,5	7,0 %	55,7 %
<b>30.06.2008</b>	166,4	166,4	0,0 %	55,7 %
<b>31.12.2008</b>	134,4	134,4	-19,2 %	25,7 %
<b>30.06.2009</b>	136,9	136,9	1,9 %	28,1 %
<b>31.12.2009</b>	146,5	146,5	7,0 %	37,0 %
<b>30.06.2010</b>	159,5	159,5	8,9 %	49,2 %
<b>31.12.2010</b>	179,4	179,4	12,5 %	67,8 %
<b>30.06.2011</b>	180,2	180,2	0,5 %	68,6 %
<b>31.12.2011</b>	160,5	184,5	2,4 %	72,6 %
<b>30.06.2012</b>	155,5	179,5	-3,1 %	67,9 %
<b>Demerger</b>	-	-	-	-
<b>31.12.2012</b>	82,6	106,6	-10,3 %	59,1 %
<b>30.06.2013</b>	72,0	111,0	5,3 %	63,2 %
<b>31.12.2013</b>	64,6	103,6	-10,3 %	56,2 %
<b>30.06.2014</b>	57,8	103,7	0,3 %	56,4 %
<b>31.12.2014</b>	36,8	101,8	-3,4 %	54,5 %
<b>30.06.2015</b>	36,2	101,2	-1,6 %	54,0 %

1) NAV per share adjusted for split 1:10 (carried out in September 2011).

2) NAV per share including distribution of NOK 24,00 to the shareholders in December 2011, NOK 15 in June 2013, NOK 6,93 in June 2014, NOK 13,07 in September 2014 and NOK 6 in December 2014

3) Adjusted for demerger carried out on 20 September 2012 equaling NOK 63,44 per share, a distribution of NOK 24,00 in 2011, NOK 15,00 in June 2013, NOK 6,93 in June 2014, NOK 13,07 in September 2014 and NOK 6 in December 2014, respectively.

## PROPERTY UPDATE

<b>Elvegata Atrium</b>	<b>Sandnes</b>
Stake:	100 %
Type of property:	Office/trade
Constructed area m2:	5.523
Number of lessees:	9
Annual rent as of 31 October 2015 (MNOK)	2,5
Value* as of 30 June 2015 (MNOK)	49,5
NAV* as of 30 June 2015 (MNOK)	49,7

\* Value based on external valuation



At the end of Q3 2015, the occupancy rate was 47,1 %, i.e., a reduction from the last report with an occupancy rate of 64 % as at 31 March 2015.

The property's leases are short-term and/or with the option to terminate the leases on a current basis. Lessees with short-term contracts are a challenge, as they often reflect tenants less capable of paying the rent. The accounts include significant losses on receivables connected with tenants unable to meet their obligations. A new lease agreement has been made with a grocery shop taking over premises that have been utilized for the same purposes previously. An agreement has also been made with a restaurant. For both agreements, deposits are required, but the lessees' solidity is weak.

The settling damages in one of the two buildings still influence the lease situation negatively. Parts of the building are considered not appropriate to let out for security reasons, or it has been considered as not financially justifiable to prepare the premises for leases before the circumstances around the settling damages have been clarified.

In September, there was a fire in one of the rented areas utilized as a nightclub. No persons were physically injured, but the material damage on surfaces and furnishing was considerable. The Company's insurance company manages the repairs, and an insurance for loss of rent is in place. The Company's direct financial loss is thereby limited.

Efforts have been made to strengthen the attractiveness of the property's parking business. This seems to have had a positive effect, and the income from the parking is increasing. The parking income will nevertheless be somewhat lower than in 2014, when there were particular reasons for a high parking income.

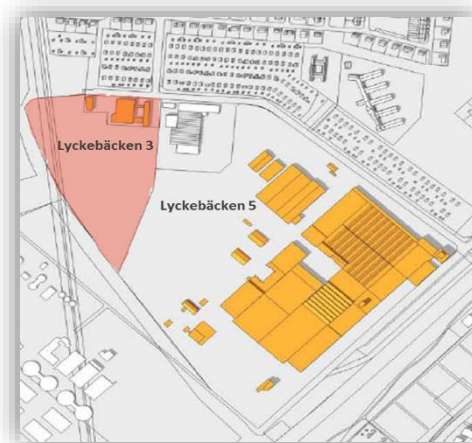
There are two existing buildings on the Company's property. The buildings are planned to be torn down at some point in time, and investments in maintenance and upgrading are therefore limited. It is considered to empty one of the buildings for tenants pending demolition and further development, whereas parts of the other building are in better shape and rental activities can therefore be maintained. The remaining part of the latter building has, as will be known, significant settling damages and is shut down.

The settling damages in the building are a consequence of excavations/building activities on the adjacent property. A claim has been submitted to the constructor in question and their insurance company for losses related to the settling damages. The losses include damage on the building, costs for current repairs, security measures and the documentation of damages in addition to lost rental income. The compensation process has been very slow, but a certain progress can be seen now.

The work on a new zoning plan continues. The initial decision-making meeting in Sandnes municipality has, however, been postponed and is expected to take place in the first quarter of 2016. The proposal for a new zoning plan includes a considerable share of residential homes in addition to business activities and opens up for a step-by-step development of the property. It is a well-known fact that the market for new houses has weakened in Rogaland during the last year. Accordingly, it is less probable that a development project will be started in 2016, even if a new zoning plan will be approved.

<b>Lyckebacken 3</b>	<b>Lund, Sverige</b>
Stake:	100 %
Type of property:	Industrial/office/ warehouse
Constructed area m2:	2900 incl. office modules
Number of lessees:	1
Annual rent as of 30 September 2015 (MSEK)	0,26
Value* as of 30 June 2015 (MNOK)	14
NAV* as of 30 June 2015 (MNOK)	13,8

\*Value based on external valuation



Lyckebacken 3 was part of the property previously referred to as "Lund Business Park", situated in Lund in Sweden. Lyckebacken 3 was not, however, part of the sale carried out on 18 December 2013 and has been included in a separate property company. The site constitutes appr. 48 000 m2, and only parts of it have been developed. The site can be of value as a potential development area for housing or other purposes.

The vacancy rate of the property is high, and the property company is currently experiencing a negative cash flow. Manager has, however, been in dialogue with several potential lessees during the last year. In addition to efforts towards ordinary office and warehouse businesses, Lund municipality has shown an interest for the property, to use it for migrant purposes. The processes have, however, taken longer than assumed. An improved cash flow for the property through increased leases will naturally be positive for the property value, but will also add to the number of interest parties to buy the property.

In Manager's view, a significant part of the the value potential of the property lies in demonstrating the development opportunities. On the basis of the fact that a new railway station has been planned in the immediate vicinity, that Lund needs new growth areas and the consideration to move the nearby cleaning plant to another area, Lund municipality has a positive attitude to looking at housing and business objectives with a high utilization for Lyckebacken 3 and nearby sites. Manager has a good dialogue with the municipality and considers the ongoing processes to go in a positive direction, although the speed is somewhat lower than we could wish. We experience that the municipality now is of the opinion that the area could be developed for housing and other purposes, even though it should be decided not to move the cleaning department. A modernization of this plant could make it possible to reduce today's security distances considerably and increase the utilization of the property.

The Board and Manager are assessing the timing for a sale of the property in view of the mentioned rental and development process on an ongoing basis.

<b>North Bridge Opportunity AS</b>	<b>Norway/ Sweden</b>
Stake:	348 499 shares (19,4 %)
Type of property:	Varied portfolio
Constructed area m2:	N/A
Number of lessees:	N/A
Calculated NAV (per share) as of 30 June 2015	NOK 114,76

North Bridge Opportunity AS (NBO) distributed a dividend of NOK 3 pershsare in June 2015. Adjusted for the distribution, the NAV delopment for the first half year of 2015 was positive.

NBO sold the property called "Esløv" in Sweden with a takeover on 30 June 2015. The Company's other peroperty in Sweden, called "Trelleborg", is placed on the market by a Swedish real estate agent for sale in their regional market. NBO has stated that there is an interest for a portfolio purchase of the Company's properties in Norway, and that a clarification of this can be expected early next year.

Operations for NBO's properties are described to be good, with the exception of high vacancy in the Company's property in Trondheim, called "Trekanten", and, to some extent, the Company's property in Oppegård called "Trollåsveien".

## FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR OF 2015

Unaudited financial statements as of 30 June 2015 for the NBNP Group follow below, prepared in accordance with simplified IFRS. Figures from the 2014 financial statements have been included for comparison purposes. No notes have been prepared.

The Group comprises the holding company NBNP and the subsidiaries Sandnes Sentrumsutvikling AS and Højelycken Lund AB. In the balance sheet and the income statement, Højelycken Lund AB has been classified as held for sale. In addition, the Group has shares in the associated company North Bridge Opportunity AS with a stake of 19,4 %. The profit-share from the associated company is presented on a separate line in the income statement.

The half-yearly result before tax mainly constitutes items from ordinary operations, a negative change in value for Sandnes Sentrumsutvikling of MNOK 1,8 and net finance items affected by the share dividend from NBO and the redemption of the swap for Sandnes Sentrumsutvikling. Højelycken Lund AB has a positive value change of MNOK 0,6, included in the result from operations from assets held for sale. The external debt has been paid, and bank deposits reduced. Equity is changed in line with the result for the period and foreign currency conversions.

### North Bridge Nordic Property AS under liquidation - Group

#### *Income statement 1 January - 30 June*

NOK000

	1 Jan. - 30 June 2015	1 Jan. - 31 Dec. 2014
<b>Operating income</b>		
Rental income	1 362	3 377
<b>Total operating income</b>	<b>1 362</b>	<b>3 377</b>
<b>Operating expenses</b>		
Other operating expenses	2 025	5 380
<b>Total operating expenses</b>	<b>2 025</b>	<b>5 380</b>
<b>Operating loss before change in value and profit-share from associated company</b>	<b>-663</b>	<b>-2 003</b>
Change in value of investment property	-1 804	-592
Profit-share, incl. change in value, associated company	-33	1 507
<b>Operating loss after change in value and profit-share from associated company</b>	<b>-2 499</b>	<b>-1 088</b>
<b>Finance income and expenses</b>		
Finance income	4 993	3 655
Finance expenses	4 074	2 922
<b>Net finance items</b>	<b>919</b>	<b>733</b>
<b>Loss before tax from continued operations</b>	<b>-1 580</b>	<b>-354</b>
Income tax expense	-327	-2 118
<b>Profit/-loss from continued operations</b>	<b>-1 254</b>	<b>1 764</b>
Profit from operations held for sale	224	675
Result after tax from discontinued operations	0	0
<b>Profit/-loss for the year</b>	<b>-1 030</b>	<b>2 440</b>

## *Statement of comprehensive income*

<b>Profit/-loss for the year</b>	<b>-1 030</b>	<b>2 440</b>
<b>Other income and expenses</b>		
Foreign currency conversion	-69	92
<b>Total profit/-loss</b>	<b>-1 099</b>	<b>2 531</b>
<b>Parent company owners' share of total result</b>	<b>-1 099</b>	<b>2 531</b>
<b>Non-controlling interests' share of total result</b>	<b>0</b>	<b>0</b>

## **North Bridge Nordic Property AS under liquidation – Group**

### ***Balance sheet as at 30 June***

*NOK000*

	<b>30 June 2015</b>	<b>31 Dec. 2014</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Investment properties	45 603	47 408
<b>Total property, plant and equipment</b>	<b>45 603</b>	<b>47 408</b>
<b>Financial non-current assets</b>		
Shares in associated companies	36 235	36 268
<b>Total financial non-current assets</b>	<b>36 235</b>	<b>36 268</b>
<b>Total non-current assets</b>	<b>81 839</b>	<b>83 676</b>
<b>Current assets</b>		
<b>Receivables</b>		
Trade receivables	799	705
Other receivables	742	261
<b>Total receivables</b>	<b>1 541</b>	<b>965</b>
Cash and bank deposits	16 803	51 621
<b>Total current assets</b>	<b>18 344</b>	<b>52 586</b>
Assets held for sale	13 785	13 238
<b>Total assets</b>	<b>113 968</b>	<b>149 500</b>

## Balance sheet as at 30 June

NOK000

30 June 2015

31 Dec. 2014

### Equity

#### Paid-in equity

Share capital	3 271	3 271
Share premium reserve	18 294	18 294
Other paid-in equity	39 208	39 208
<b>Total paid-in equity</b>	<b>60 773</b>	<b>60 773</b>

#### Retained earnings

Other equity	50 491	51 591
<b>Total retained earnings</b>	<b>50 491</b>	<b>51 591</b>

#### Total equity

<b>111 264</b>	<b>112 364</b>
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### Liabilities

#### Deferred tax

<b>1 201</b>	<b>1 528</b>
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#### Long-term liabilities

Debt to credit institutions	0	30 270
Financial contracts	0	3 169
<b>Total long-term liabilities</b>	<b>0</b>	<b>33 439</b>

#### Current liabilities

Trade payables	326	1 041
Public duties payable	161	-34
Other current liabilities	630	691
<b>Total current liabilities</b>	<b>1 116</b>	<b>1 698</b>

Obligations related to assets held for sale

386	<b>471</b>
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#### Total liabilities

<b>2 703</b>	<b>37 136</b>
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#### Total equity and liabilities

<b>113 968</b>	<b>149 500</b>
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## COMPANY INFORMATION

### Loans

The NBNP Group has redeemed its external bank loan concerning Elvegata Atrium. The loan amounted to MNOK 30,27. At the same time, the related fixed interest agreement was made up. Presently, the NBNP Group has no external debt.

### Distribution

During 2014, three distributions to the shareholders totaling NOK 26 per share were carried out. There have been no distributions this year.

Further distributions can be made as a consequence of properties being sold and distributions from NBO. Should NBO succeed in selling its properties, an immediate distribution from NBO to NBNP is expected. This can make new distributions from NBNP to the shareholders possible.

The table below shows the amounts that have been distributed to the shareholders and the remaining assets on which the Company has based its most recent NAV calculation. Distributions and NAV for NBNP 2 AS, demerged from NBNP in September 2012, are also shown for illustration purposes.

<i>NOK000</i>	<b>NBNP</b>	<b>NBNP 2 AS</b>	<b>Total</b>
Paid-in 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
Distribution June 2014	6,93		6,93
Distribution September 2014	13,07		13,07
Distribution December 2014	6,00		6,00
<b>Total distributions*</b>	<b>65,00</b>	<b>18,00</b>	<b>83,00</b>
<b>Calculated NAV as at 30 June 2015</b>	<b>36,76</b>	<b>41,77</b>	<b>77,95</b>
<b>Total distributions and NAV</b>	<b>101,18</b>	<b>59,77</b>	<b>160,95</b>

\*Amounts paid-in per share depend on the investment date. The amounts are adjusted for a split of shares 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 value and today's situation.

It is the duty of the Board, formally the Liquidation Board, to ensure that the Company can meet its obligations, including the guarantees related to the sale of property. The personal responsibility is more stringent for a liquidation board than for an ordinary board. The Company must therefore hold back adequate capital and values to manage such obligations in addition to capital requirements for the defined development projects.

North Bridge Nordic Property AS/  
North Bridge Management AS

(Sign.)

Jørn H. Hynne

Oslo, 30 November 2015

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