

Interim Report Second Quarter 2007

Highlights

- Total revenue was NOK 76m (YTD NOK 161m)
- Operating income before fair value adjustment was NOK 69m (YTD NOK 140m)
- EBIT was NOK 91m (YTD NOK 212m)
- Earnings before tax was NOK 160m (YTD NOK 227m) and net earnings NOK 116m (YTD NOK 164m)
- Earnings per share at NOK 5.54 (YTD NOK 8.10)
- The fair value of the property portfolio was NOK 4,749m at the end of the period
- Successful private placement and listing on Oslo Børs
- Acquisition of property valued at SEK 214m closed in July 2007

“During Q2 NLP has successfully listed on Oslo Børs and made a private placement to fund further growth. The organisation is strengthened by 3 new recruitments and a further acquisition was signed in the end of June. Both cash-flow from operations and earnings per share are significantly higher than in Q1. NLP is well prepared for further growth.”
Göran Bengtsson, CEO

Operating performance

(in NOK millions, except otherwise indicated)	3 months ended June 30	3 months ended March 31	6 months ended June 30	15.03 - 31.12
	2007	2007	2007	2006
Total revenue	76.3	84.7	161.0	75.4
Operating expenses	6.8	13.9	20.8	17.6
Operating income before FVA	69.5	70.8	140.3	57.8
Fair value adjustment properties (FVA)	21.8	49.8	71.6	22.5
Operating income (EBIT)	91.3	120.6	211.9	80.2
Net earnings	115.6	48.2	163.8	32.6
Cash flow from operating activities	41.6	14.8	56.4	90.0
Property book value	4,748.9	4,776.1	4,748.9	4,542.4
Total assets	5,585.8	5,105.9	5,585.8	4,823.1
Shareholders' equity	1,522.2	1,044.8	1,522.2	899.2
Net interest-bearing debt, net of cash	3,209.5	3,642.2	3,209.5	3,503.2
Period end shares outstanding (millions)	27.1	20.1	27.1	18.0
Weighted average shares outstanding (millions)	20.9	19.6	20.2	18.0
Basic earnings per share, NOK	5.54	2.46	8.10	1.81
Cash flow from operations per share, NOK	1.99	0.76	2.79	5.00
Shareholders equity per share, NOK	56.22	52.05	56.22	49.96
Equity ratio	27.3 %	20.5 %	27.3 %	18.6 %

Results

Financials for the second quarter includes the operation of 17 properties for the full quarter. No acquisitions or disposals were done during the quarter.

Second quarter revenues were at NOK 76.3m as compared to first quarter NOK 84.7m and year to date NOK 161.0m. The decline compared to the first quarter is driven by netting of charges from the first quarter of NOK 4.8m. Revenue runrate for the quarter is NOK 81.1m.

Total operating expenses for the quarter were NOK 6.8m (Q1 NOK 13.9m and year to date NOK 20.8m). Netting of charges from the first quarter reduced reported second quarter spending with NOK 4.8m. Year to date maintenance and other property expenses were at 6.2% of revenue, in line with expectations. General and administrative expenses were NOK 10.8m year to date, impacted by spending related to build-up of the company. Operating income before fair value adjustments was NOK 69.5m for the quarter (Q1 NOK 70.8m).

In line with previous quarter the company has performed an assessment of the core parameters that has an impact on the value of the investment properties supported by a valuation of the property portfolio as per June 30 by CB Richard Ellis. Based on this assessment and valuation the value of the company's investment properties at June 30 is NOK 4,749m. The related fair value adjustment was NOK 21.8m for the quarter and NOK 71.6m year to date, however including purchase balance adjustments on acquired properties totalling NOK 14.4m in the quarter. Adjusted for purchase balance adjustments net impact from valuation in the second quarter was NOK 7.4m. This reflects an increase in property value in the second quarter of 0.2% and year to date 1.5% (both excluding currency impact). Operating income (EBIT) after fair value adjustment was NOK 91.3m for the second quarter and NOK 211.9m year to date.

Net financial items were for the second quarter positive NOK 68.6m (Q1 negative NOK 53.5m). The second quarter net financial income was mainly driven by fair value adjustments on financial derivatives, given the overall increase in interest rates in the quarter. The company has entered into four interest derivatives contracts and one currency derivative contract to reduce the exposure of interest and currency risk.

Earnings before income taxes were NOK 159.9m for the quarter (Q1 NOK 67.1m). Net earnings for the quarter was NOK 115.6m (Q1 NOK 48.2m) after income taxes of NOK 44.3m, mostly related to deferred tax.

Balance Sheet

Fair value of financial derivatives was as of June 30, 2007 at NOK 165.1m (end of first quarter at NOK 60.4m). Cash and cash equivalents at the end of the second quarter was at NOK 640.4m compared to NOK 234.9m at the end of the first quarter. Given current activities related to acquisitions, the cash balance is expected to decline over time.

The company completed a private placement on June 20, 2007 totalling NOK 376.7m net of costs. The proceeds will fund future acquisitions.

Total equity at the end of the second quarter was at NOK 1,522m (Q1 NOK 1,044m). Equity ratio was 27.3%, compared to end of first quarter 20.5%. Expected acquisitions and related borrowings will over time drive the equity ratio down towards Q1 level.

Equity per share was NOK 56.22 at the end of the second quarter, up from NOK 52.05 at the end of the first quarter.

Cash-flow

Net cash generated from operating activities was for the quarter NOK 41.6m, compared to first quarter NOK 14.8m. Net cash from investing and financing activities was for the quarter an inflow of NOK 373.3m, driven by private placement completed in the quarter.

Acquisitions

On July 5, 2007 Northern Logistic Property acquired Lillsjövägen 52 in Haninge, Stockholm for SEK 214m. The property has a lettable space of approximately 22,900 square meters with Green Cargo as the sole tenant. Remaining contract term is 6.5 years.

This property fits well into the current portfolio of the company and further strengthens our position as a leading pure-play logistic property company in Northern Europe.

The property portfolio

As of June 30, 2007 the property portfolio comprised 17 logistic properties with lettable area of approx. 624,000 square meters and a book value of NOK 4.749m. This includes value adjustments for the first six months of NOK 71.6m.

After the acquisition of Lillsjövägen 52 the lettable area of the portfolio is 646,000 square meters. Annual estimated contractual rents are NOK 338m (exchange rate SEK/NOK 88.23) with an average remaining duration of current rental contracts of 8.9 years.

Financing

At the end of June the company had total interest bearing debt of NOK 3,850m. The increase from year-end 2006 was driven by the funding of acquisitions in the period, partly offset by currency impact.

The company has entered into interest rate swaps relating to the credit facilities with duration to between 2013 and 2022.

To fund the acquisition of the logistic property in Haninge, Stockholm the company entered in July a loan facility with Sveriges Bostadsfinansieringsaktiebolag (SBAB) totalling SEK 171.2m with a loan margin of 75bps above STIBOR. Related to this the company has also entered into a fixed interest rate swap agreement totalling SEK 125m, at a term of 3 years and with a fixed interest rate of 4,7825% before loan margin.

Organization

Northern Logistic Property will optimize its organization by limiting its personnel to strategic managers focusing on initiation and execution of investments. Services benefiting from larger scale will be outsourced to professional organizations.

Erik Dahl joined as CFO in the first quarter and furthermore the company has recruited two asset managers and an analyst that will join the company in the third quarter.

The company has entered into agreements with Coor Service Management and Synerco for technical property management unless performed by the tenants themselves. Financial and administrative property management is performed by Coor Service Management and First Business Services.

The market development and outlook

Northern Logistic Property's business concept is to invest in warehouses and other logistic properties in Northern Europe. The company's focus will be investments in the Nordic countries including investment opportunities in northern Germany, Poland, the Baltic States and western Russia.

The optimal distribution center is located close to an extensive consumer base and in an area with good infrastructure. The Nordic countries each have 10-20 logistics hubs, the main hubs being the capitals and others are growing regional cities. Northern Logistic Property's portfolio is today concentrated to Sweden but the company is actively seeking to expand into the other Nordic key hubs and expect to be a pan-Nordic company by the end of 2007.

Today at least 10 million square meters are used for logistic purposes in Sweden only, and the demand is increasing. The demand is driven by growing international trade, improved technical equipment to control the supply chain, improved infrastructure etc. Global distribution operators find Nordic increasingly attractive and many prime locations are under scrutiny. According to the expected growth of goods transported in Sweden the market will grow by approx. 5 per cent annually. Approximately 300,000 square meters of logistic space is expected to be built in Sweden during 2007. This development is similar in the other Nordic countries, for example in Helsinki where another 600,000-700,000 square meters of logistic space is being planned 2007-2008.

The size of the distribution centers is also getting larger. Today an efficient logistic center requires the size of at least 10,000 to 40,000 square meters. The average size of Northern Logistic Property's logistic properties is 36,000 square meters.

Due to generally longer leasehold terms than contracts for e.g. office space the rental prices are more stable. There is often only one tenant per property, which implies a close relation with the tenant and a high level of maintenance responsibility from the tenant. The company's tenant agreements have a weighted average leasehold of 8.9 years.

The general investment appetite in the Nordic property market has been significant over the last two years, both from domestic and foreign investors. For logistic properties however, the main investors have been domestic or Nordic real estate companies. Northern Logistic Property, as the only pure Nordic logistic player, is one of the larger owners of logistic property in Sweden today with the ambition to get this position in all Nordic countries.

The large demand for property investments in the Nordic countries has increased the yield compression although during Q2 the compression has slowed down. Later this year we expect the yield gap between prime and secondary assets to widen. The prime yields on logistic properties are similar in the Nordic countries and the rapid yield compression in the Baltic States has almost closed the gap to Nordic. In Russia higher yields are seen, but at a higher risk.

Subsequent events

The Group signed an agreement on June 29, 2007 to acquire Lillsjövägen 52 AB (Haninge, Stockholm). The acquisition was closed on July 5, 2007.

To fund the acquisition of the logistic property in Haninge, Stockholm the company entered a loan facility with Sveriges Bostadsfinansieringsaktiebolag (SBAB) totalling SEK 171.2m with a loan margin of 75bps above STIBOR. Related to this the company has also entered into a fixed interest rate swap agreement totalling SEK 125m, at a term of 3 years and with a fixed interest rate of 4,7825% before loan margin. Both transactions took place in July 2007.

The Board of Directors has resolved to increase the share capital of the company with NOK 16,838 by issuing 16,838 new shares subscribed by the CEO and CFO of the company pursuant to their employment contracts. Following the completion of the share capital increase, the company's share capital will be NOK 27,092,308 consisting of 27,092,308 shares each with a par value of NOK 1.

Oslo, August 23, 2007

Board of Directors
Northern Logistic Property ASA

This interim report has not been reviewed by the company's auditor.

Financial calendar including next reporting dates will be published at www.nlpasa.com.

For more information please contact:

Göran Bengtsson, CEO Phone +46 42129140
Erik Dahl, CFO Phone +47 45055000

www.nlpasa.com

Financial performance

Condensed consolidated income statements

(NOK '000, except for earnings per share)	3 months ended	6 months ended	15.03 - 31.12
	June 30	June 30	2006
	2007	2007	2006
Total revenue	76,330	161,041	75,407
Maintenance and other property expenses	5,158	9,961	5,505
General and administrative expenses	1,681	10,794	12,141
Operating income before FVA	69,491	140,286	57,761
Fair value adjustment of properties (FVA)	21,834	71,629	22,451
Operating income	91,326	211,915	80,212
Interest income	2,139	2,398	4,904
Interest expenses	(49,556)	(99,095)	(41,189)
Other financial items	116,040	111,808	1,382
Earnings before income taxes	159,949	227,026	45,309
Income taxes	(44,328)	(63,202)	(12,686)
Net earnings	115,621	163,824	32,622
Weighted average shares outstanding ('000)	20,853	20,222	18,000
Basic earnings per share, NOK	5.54	8.10	1.81
Diluted earnings per share, NOK	5.54	8.10	1.81

Weighted average rate converting SEK to NOK for the first 6 months is 88.23.

Condensed consolidated balance sheets

(NOK '000)	at June 30	at Dec. 31
	2007	2006
Assets		
<i>Non-current assets</i>		
Investment property	4,748,865	4,542,370
Other tangible assets	391	-
Derivatives	158,820	6,233
Deferred income tax assets	19,236	21,721
Total non-current assets	4,927,312	4,570,324
<i>Current assets</i>		
Current receivables	11,910	17,210
Derivatives	6,249	-
Cash and cash equivalents	640,376	235,556
Total current assets	658,535	252,766
Total assets	5,585,847	4,823,090
Shareholders' equity and liabilities		
<i>Shareholders' equity</i>		
Total shareholders' equity	1,522,158	899,226
<i>Non-current liabilities</i>		
Bonds	354,600	353,400
Credit facilities	3,495,317	3,385,345
Deferred income tax liabilities	72,810	10,549
Total non-current liabilities	3,922,728	3,749,294
<i>Current liabilities</i>		
Trade payables	8,007	11,904
Derivatives	-	8,482
Provisions	126,547	154,184
Other current liabilities	6,407	-
Total current liabilities	140,961	174,570
Total shareholders' equity and liabilities	5,585,847	4,823,090

Currency exchange rate applied at June 30 converting SEK to NOK is 86.17.

Changes in consolidated shareholder's equity

(in NOK '000, except otherwise indicated)	Number of Shares	Share Capital	Additional paid in capital	Retained Earnings	Other equity	Total
Balance at incorporation March 15, 2006	100,000	100				100
Share issuance August 3, 2006	900,000	900	5			905
Capital reduction September 25, 2006	(1,000,000)	(1,000)				(1,000)
Share issuance September 25, 2006	18,000,000	18,000	882,000			900,000
Share issuance costs net of tax			(58,628)			(58,628)
Net earnings				32,622		32,622
Derivatives net of tax					5,759	5,759
Translation adjustments					19,468	19,468
Balance as of December 31, 2006	<u>18,000,000</u>	<u>18,000</u>	<u>823,377</u>	<u>32,622</u>	<u>25,227</u>	<u>899,226</u>
Share issuance January 21, 2007	2,075,470	2,075	107,924			110,000
Share issuance June 20, 2007	7,000,000	7,000	388,500			395,500
Share issuance costs net of tax			(17,288)			(17,288)
Net earnings				163,824		163,824
Derivatives net of tax					24,604	24,604
Translation adjustments					(53,707)	(53,707)
Balance as of June 30, 2007	<u>27,075,470</u>	<u>27,075</u>	<u>1,302,514</u>	<u>196,446</u>	<u>(3,877)</u>	<u>1,522,158</u>

Condensed consolidated statements of cash flows

(NOK '000)	3 months ended June 30	6 months ended June 30	15.03 - 31.12
	2007	2007	2006
Cash flows from operating activities			
Net cash generated from operating activities	41,570	56,411	89,992
Cash flows from investing activities			
Purchase of investment property	15,207	(388,631)	(4,383,281)
Capital expenditure on investment property	(21,057)	(30,100)	
Financial items received	2,398	2,398	4,904
Net cash used in investing activities	(3,452)	(416,332)	(4,378,377)
Cash flows from financing activities			
Proceeds from borrowings	-	296,053	3,657,913
Share issue, net of costs	376,714	481,489	818,577
Net cash generated in financing activities	376,714	777,542	4,476,490
Net change in cash and cash equivalents	414,832	417,621	188,105
Cash and cash equivalents at beginning of the period	234,885	235,556	-
Cash and cash equivalents in acquired companies	-	-	43,827
Exchange gain / (losses) on cash and cash equivalents	(9,341)	(12,801)	3,621
Cash and cash equivalents at the end of the period	640,376	640,376	235,556

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Northern Logistic Property ("NLP" or the "Company") is a company domiciled in Norway. The condensed consolidated interim financial statements of the Company as at and for the six months ended June 30, 2007 comprised the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended December 31, 2006 are available upon request from the Company' registered office at post box 1441 Vika, 0115 Oslo, or at www.nlpasa.com.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2006.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 23, 2007.

3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2006.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2006.

5. Property, plant and equipment

During the six months ended June 30, 2007, the Group acquired three subsidiaries (NLP Klippan 1 AB, NLP Klippan 2 AB and NLP Trelleborg AB) from Brinova Fastigheter AB based on an agreed property value of SEK 445m.

6. Loans and borrowings

During the six months ended June 30, 2007 the Group secured SEK 340m of debt financing with a loan margin of 95bps above STIBOR. The Group has entered into fixed interest rate swap agreements corresponding to 75% of the loan amount, at a weighted average term of 9,8 years, at a fixed interest rate of 4,49% before loan margin.

No repayments have been done during the six months ended June 30, 2007.

7. Subsequent events

The Group signed an agreement on June 29, 2007 to acquire Lillsjövägen 52 AB (Haninge, Stockholm). The acquisition was closed on July 5, 2007.

To fund the acquisition of the logistic property in Haninge, Stockholm the company entered a loan facility with Sveriges Bostadsfinansieringsaktiebolag (SSAB) totalling SEK 171.2m with a loan margin of 75bps above STIBOR. Related to this the company has also entered into a fixed interest rate swap agreement totalling SEK 125m, at a term of 3 years and with a fixed interest rate of 4,7825% before loan margin. Both transactions took place in July 2007.

The Board of Directors has resolved to increase the share capital of the company with NOK 16,838 by issuing 16,838 new shares subscribed by the CEO and CFO of the company pursuant to their employment contracts. Following the completion of the share capital increase, the company's share capital will be NOK 27,092,308 consisting of 27,092,308 shares each with a par value of NOK 1.

Definitions

Total revenue

Total revenue includes rental revenues and rent supplements such as tax, electricity etc.

Operating income (EBIT)

Operating income is net result before interest and tax.

Basic earnings per share

Net earnings divided by the weighted average number of outstanding shares in the period.

Cash flow from operations per share

Net cash generated from operating activities divided by the weighted average number of outstanding shares in the period.

Equity ratio

Shareholders' equity on the closing date in relation to total assets on the closing date.

Shareholders' equity per share

Shareholders' equity on the closing date in relation to the number of shares at the end of the period.

About Northern Logistic Properties (NLP)

NLP is the only Nordic real estate company with a pure logistic focus.

NOK 5 bn. This corresponds to a total lettable space of 650 thousands square meters.

Today the portfolio consists of 18 logistic properties with a market value of approx.

NLP was founded in March 2006 and was listed on Oslo Børs in June 2007.

Business concept

NLP's business concept is to invest, manage and develop logistics and warehouse properties in Northern Europe.

NLP shall mainly invest in existing properties but can invest in development projects at acceptable risk levels.

Goals

NLP aims to become a leading pure logistic property company in Northern Europe.

NLP's target is to distribute 50 per cent or more of annual net profit (excl. non-cash items) as dividend.

During the following twelve months the current portfolio shall be increased to a portfolio of approx. 1 million square meters.

Strategy

The position as the largest pure logistic property owners in Northern Europe shall be achieved by being the distributors or developers preferred property owner with a long-term investment horizon and outstanding competence in financing solutions and technical standards.

medium-term NLP will expand to include investments opportunities in northern Germany, Poland, the Baltic States and western Russia.

The organization shall be cost-efficient through an in-house core competence of strategic management while outsourcing services benefiting from scale such as property management to cooperation partners.

The investments will predominately be situated in recognized strategic locations for distribution.

Other important investment criteria are solid tenants, leasehold terms of 8 to 10 years, distribution centres of > 10,000 sqm, and a pre-tax internal rate of return (IRR) of 13-15 per cent.

Investment strategy:
In the short-term NLP will focus on investments in the Nordic countries. In

NLP strives to have a diversified tenant structure and properties with high technical standards.

NLP ASA
Fjordalléen 16, Aker Brygge
C/O First Securities ASA
N - 0250 OSLO
www.nlpasa.com