

Interim Report Third Quarter 2007

Highlights

- Rental income NOK 83.5 mill (YTD: NOK 244.5 mill)
- Earnings before income taxes NOK 38.9 mill (YTD: NOK 265.9 mill)
- Earnings per share year to date was NOK 8,54
- Agreement signed with DSV A/S to acquire their property in Brøndby, 47,500 sq.m., price DKK 395 millions
- The average interest rate & margin per 30.09.07 was 5.13 percent
- The board will propose dividend for 2007 in line with stated long term target



Operating performance

	3 months ended Sept. 30	3 months ended June 30	3 months ended March 31	9 months ended Sept. 30	15.03 - 31.12
(in NOK millions, except otherwise indicated)	2007	2007	2007	2007	2006
Total revenue	83.5	76.3	84.7	244.5	75.4
Operating expenses	10.5	6.8	13.9	31.2	17.6
Operating income before FVA	73.0	69.5	70.8	213.3	57.8
Fair value adjustment properties (FVA)	21.0	21.8	49.8	92.7	22.5
Operating income (EBIT)	94.0	91.3	120.6	305.9	80.2
Net financial items	(55.1)	68.6	(53.5)	(40.0)	(34.9)
Net earnings	28.4	115.6	48.2	192.2	32.6
Cash flow from operating activities	18.2	41.6	14.8	74.6	90.0
Investment property fair value	4,807.9	4,748.9	4,776.1	4,807.9	4,542.4
Total assets	5,650.7	5,585.8	5,105.9	5,650.7	4,823.1
Shareholders' equity	1,512.4	1,522.2	1,044.8	1,512.4	899.2
Net interest-bearing debt, net of cash	3,255.9	3,209.5	3,642.2	3,255.9	3,503.2
Period end shares outstanding (millions)	27.1	27.1	20.1	27.1	18.0
Weighted average shares outstanding (millions)	27.1	20.9	19.6	22.5	18.0
Basic earnings per share, NOK	1.05	5.54	2.46	8.54	1.81
Cash flow from operations per share, NOK	0.67	1.99	0.76	3.31	5.00
Shareholders equity per share, NOK	56	56	52	56	50
Equity ratio	27%	27%	20%	27%	19%

Results

Financials for the third quarter includes the operation of 18 properties for the full quarter. Lillsjövågen 52 AB was acquired in July 5 and is with related financing included for the quarter.

Third quarter revenues were at NOK 83.5m as compared to second quarter reported NOK 76.3m and second quarter run rate (adjusted for one-off items) of NOK 81.1m. The increase compared to second quarter run rate of 3.0% was driven by inclusion of Lillsjövågen 52 AB as well as higher charges of property tax in the quarter, to some extent offset by negative currency impact. Year to date revenues were at NOK 244.5m.

The company had at the end of the quarter yearly contractual rents of NOK 322m, based on currency rates as of September 30 and excluding the DSV property acquired in November.

Total operating expenses for the quarter were NOK 10.5m (Q2 NOK reported NOK 6.8m and run rate NOK 11.6m). Maintenance and other property expenses were year to date at 7.2% of revenue, increasing from second quarter and in line with expectations. General and administrative expenses were NOK 13.5m year to date, also in line with expectations. Operating income before fair value adjustments was NOK 73.0m for the quarter compared to second quarter NOK 69.5m driven by revenue increases. Year to date operating income before fair value adjustments was NOK 213.3m.

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 September 30 by CB Richard Ellis. Based on this assessment and valuation the value of the company's investment properties at September 30 was NOK 4,808m. The related fair value adjustment was NOK 21.0m for the quarter and NOK 92.7m year to date. This reflects an increase in property value in the third quarter of approximately 0.4% and year to date 1.9%. Operating income (EBIT) after fair value adjustment was NOK 94.0m for the third quarter (Q2: NOK 91.3m) and NOK 305.9m year to date.

Net financial items were for the third quarter negative NOK 55.1m (Q2 positive NOK 68.6m). Included in net financial items for the quarter was a negative fair value adjustment on interest rate swaps of NOK 11.4m. Other items, including fair value adjustment on FX forward contracts, were negative NOK 43.7m for the quarter. The company has entered into five interest derivatives contracts and one currency derivative contract to reduce the interest and

currency risk. At the end of the quarter remaining average duration for the interest derivatives contracts was 9.2 years, while the currency derivative contract is renewed on a quarterly basis.

Earnings before income taxes were NOK 38.9m for the quarter and NOK 265.9m year to date. Net earnings for the quarter was NOK 28.4m and year to date NOK 192.2m. This reflects year to date earnings per share of NOK 8.54.

The board will propose to the general assembly a dividend for 2007 in line with stated long term target, which is to distribute 50 per cent or more of annual net profit (excl. non-cash items) as dividend.

Balance Sheet

Fair value of financial derivatives was as of September 30 NOK 148.9m (end of second quarter at NOK 165.1m); of which interest rate swaps were 137.6m. Cash and cash equivalents at the end of the third quarter were at NOK 640.5m, at level with second quarter (NOK 640.4m). 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 374.8m net of costs. The proceeds will fund future acquisitions.

Total equity at the end of the third quarter was at NOK 1,512m (Q2 NOK 1,522m). Equity ratio was 26.8%, compared to end of second quarter 27.3%. Expected acquisitions and related borrowings will over time drive the equity ratio down towards Q1 level (20.5%).

Net asset value (NAV) per share was NOK 56 at the end of the third quarter, at level with second quarter.

Cash-flow

Net cash generated from operating activities was for the quarter NOK 18.2m, down from second quarter NOK 41.6m, driven by working capital changes. Year to date net cash generated from operating activities was NOK 74.6m, per share NOK 3.31. Net cash from investing and financing activities was year to date an inflow of NOK 346.1m, driven by private placements in first and second quarter partly offset by acquisitions in the period.

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 6.3 years.

On November 1, 2007 Northern Logistic Property acquired the headquarter and main logistic hub of the Danish global transport and logistics company DSV A/S. The purchase price was DKK 395 millions which gives a price per sq.m. of DKK 8,300.

The property, Kornmarksvej 1, has a lettable space of approximately 47,500 sq. m, of which offices constitute 9,600 sq.m. DSV Road AS will let the entire property. The lease term is six years, with a termination period of 18 months; the gross rent is DKK 26.7 millions, which will be 100 percent indexed, minimum 2.5 percent per annum. The property is located with direct access to motorway junctions; close to the Copenhagen city centre, airport and the bridge to Sweden. The buildings are of high standard and the area is attractive to business by offering a well developed logistic cluster.

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 September 30 the property portfolio comprised 18 logistic properties with lettable area of approx. 646,000 square meters and a fair value of NOK 4.807m. This includes value adjustments for the first nine months of NOK 92.7m.

After the acquisition of Kornmarksvej 1 the lettable area of the portfolio is 694,000 square meters. Annual estimated contractual rents are NOK 354m (exchange rates as per November 1) with an average remaining duration of current rental contracts of 8.6 years.

Financing

At the end of September the company had total interest bearing debt of NOK 3,896m. The increase from year-end 2006 is driven by the funding of acquisitions in the period, partly offset by currency impact. Interest bearing debt was 81% of total value of investment property. Net debt, adjusted for cash and cash equivalents was NOK 3,256m at the end of the third quarter.

The company has entered into interest rate swaps relating to the credit facilities with duration to between 2010 and 2022. Average remaining duration at the end of the quarter was 9.2 years and average interest was 4.14%. Ratio of loans hedged or with fixed interest was at the end of the quarter 75%.

The acquisition of the logistic property in Haninge, Stockholm was funded with a loan facility 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.

To fund the acquisition of Kornmarksvej 1 the company entered in November a financing commitment totalling DKK 316m at margins in line with the company's current loans.

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.

The company now has a staffing of 5 employees, and expect to increase to 6 employees early next year, whereby it will be fully staffed.

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 Matrisen AB and First Business Services.

The market development and outlook

NLP's short term growth will be focused mainly on the Nordic countries and Germany, but opportunistic acquisitions in the Baltics and Russia will be made.

Decisive for NLP's growth is the trend that occupiers to a further extent prefer to lease premises rather than own. Furthermore, the underlying structural changes in Northern Europe

away from manufacturing products to importing them, means that there will be a steady growth in demand for large, well equipped, and well situated logistic properties close to harbours, railways, motorways and big city centres.

The economic growth is looking stable in Denmark, but expected to fall somewhat in the other Nordic countries and Germany in 2008. The rent is expected to grow for high grade logistic properties in this area.

Denmark

The logistic sector will continue to grow in the short term. Third party logistics is expected to gain further marked share. Copenhagen Airport is developing a multi-mode transport centre that will combine air, port, rail and road distributions. The Odense-region is starting to develop as a logistic hub, centrally located between the two main cities of Copenhagen and Aarhus. Rents have been stable up to the end of 2006 when there was an upturn and there is potential for further growth in the medium term.

Finland

There is a rapid expansion of logistic properties in Finland. There is a risk that the large volume of new logistic developments coming to the market over the next couple of years could stifle rental growth. Occupiers will have the opportunity to upgrade to new premises with good locations and services available. Vacancy in old stock could increase as a result. Growth in prime rent is expected in the short term at least.

Sweden

The trend for larger centralized logistic hubs is strong which increases the risk that less modern properties in some areas will become uncompetitive in the future. There is an increasing trend where occupiers sell and lease back their properties. There is a very limited volume of modern facilities available for short term rent, which gives a potential for rent increases.

Germany

The slow economic growth in Germany over the recent years has led to a slow development in the logistic sector. The German economic growth is expected to stay at a moderate pace the next year as well, with an economic growth of approximately two percent in 2008. Hamburg and Bremen are the two most interesting areas in Northern Germany. In South both Frankfurt and Munich will develop strongly as new high quality property is under development. Rent levels vary significantly from area to area. High quality, well located properties are expected to see growing rents.

Norway

In Norway owner occupation dominates the market, but with international logistic operators this is expected to change. There has been a significant rent increase over the past year and we expect this to continue in the short term.

Baltics

The Baltic region is still less developed than the rest of Northern Europe, however with significant new development coming on the market within the next 1-3 years. Even though there has been a large yield compression over the last years, the yields are still higher in the Baltics than in the Nordic region.

Subsequent events

On the General Meeting held October 11, the Board was given the authority to acquire the Company's own shares up to a total nominal value corresponding to 10 % of the Company's share capital. Shares acquired by the Company can be used in a later reduction of the share capital with the General Meeting's approval or as consideration in relation to acquisition of businesses. The authorisation is valid until the Company's next ordinary general meeting in 2008, though no longer than until 30 June 2008

The company entered an agreement on November 1, 2007 to acquire Kornmarksvej 1, the headquarter and main logistic hub of the Danish global transport and logistics company DSV A/S.

To fund the acquisition of Kornmarksvej 1 the company entered in November a financing commitment totalling DKK 316m at margins in line with the company's current loans.

Oslo, November 14, 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.

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Financial performance

Condensed consolidated income statements

	3 months ended Sept. 30	9 months ended Sept. 30	15.03 - 31.12
(NOK '000, except for earnings per share)	2007	2007	2006
Total revenue	83,459	244,500	75,407
Maintenance and other property expenses	7,722	17,683	5,505
General and administrative expenses	2,709	13,503	12,141
Dereciation & Amortization	42	42	-
Operating income before FVA	72,986	213,271	57,761
Fair value adjustment of properties (FVA)	21,029	92,658	22,451
Operating income	94,015	305,930	80,212
Interest income	8,463	10,862	4,904
Interest expenses	(52,607)	(151,702)	(41,189)
Other financial items	(11,001)	100,806	1,382
Earnings before income taxes	38,870	265,896	45,309
Income taxes	(10,448)	(73,650)	(12,686)
Net earnings	28,422	192,246	32,622
Weighted average shares outstanding ('000)	27,092	22,512	18,000
Basic earnings per share, NOK	1.05	8.54	1.81
Diluted earnings per share, NOK	1.05	8.54	1.81

Weighted average rate converting SEK to NOK for the first nine months is 87.30.
Northern Logistic Property made its first acquisition of properties on September 28, 2006

Condensed consolidated balance sheets

(NOK '000)	at Sept. 30	at Dec. 31
	2007	2006
Assets		
<i>Non-current assets</i>		
Investment property	4,807,859	4,542,370
Other tangible assets	388	-
Derivatives	138,227	6,233
Deferred income tax assets	33,856	21,721
Total non-current assets	4,980,331	4,570,324
<i>Current assets</i>		
Current receivables	18,587	17,210
Derivatives	11,315	-
Cash and cash equivalents	640,513	235,556
Total current assets	670,415	252,766
Total assets	5,650,746	4,823,090
Shareholders' equity and liabilities		
<i>Shareholders' equity</i>		
Total shareholders' equity	1,512,390	899,226
<i>Non-current liabilities</i>		
Bonds	355,200	353,400
Credit facilities	3,541,182	3,385,345
Derivatives	636	-
Deferred income tax liabilities	85,672	10,549
Total non-current liabilities	3,982,691	3,749,294
<i>Current liabilities</i>		
Trade payables	8,487	11,904
Derivatives	-	8,482
Provisions	131,740	154,184
Other current liabilities	15,437	-
Total current liabilities	155,665	174,570
Total shareholders' equity and liabilities	5,650,746	4,823,090

Currency exchange rate applied at September 30 converting SEK to NOK is 83.76.

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 July 3, 2007	16,838	17				17
Share issuance costs net of tax			(18,673)			(18,673)
Net earnings				192,246		192,246
Derivatives net of tax					19,255	19,255
Translation adjustments					(85,180)	(85,180)
Balance as of September 30, 2007	<u>27,092,308</u>	<u>27,092</u>	<u>1,301,129</u>	<u>224,868</u>	<u>(40,698)</u>	<u>1,512,390</u>

Condensed consolidated statements of cash flows

(NOK '000)	3 months ended Sept. 30	9 months ended Sept. 30	15.03 - 31.12
	2007	2007	2006
Cash flows from operating activities			
Net cash generated from operating activities	18,170	74,581	89,992
Cash flows from investing activities			
Purchase of investment property	(157,574)	(566,608)	(4,383,281)
Capital expenditure on investment property	(5,420)	(15,116)	-
Financial items received	2,200	4,598	4,904
Net cash used in investing activities	(160,794)	(577,126)	(4,378,377)
Cash flows from financing activities			
Proceeds from borrowings	147,523	443,576	3,657,913
Share issue, net of costs	(1,907)	479,582	818,577
Net cash generated in financing activities	145,616	923,158	4,476,490
Net change in cash and cash equivalents	2,992	420,613	188,105
Cash and cash equivalents at beginning of the period	640,376	235,556	-
Cash and cash equivalents in acquired companies	4,951	4,951	43,827
Exchange gain / (losses) on cash and cash equivalents	(7,806)	(20,607)	3,621
Cash and cash equivalents at the end of the period	640,513	640,513	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 nine months ended September 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's registered office at Karl Johans gate 16B, 0154 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 November 14, 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 nine months ended September 30, 2007, the Group acquired four subsidiaries. NLP Klippan 1 AB, NLP Klippan 2 AB and NLP Trelleborg AB were acquired from Brinova Fastigheter AB based on an agreed property value of SEK 445m. Lillsjövägen 52 AB was acquired from Lillsjövägen 52 AS based on an agreed property value of SEK 214m.

6. Loans and borrowings

During the nine months ended September 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. In addition the Group secured SEK 171m of debt financing with a loan margin of 75bps above STIBOR. The Group has entered into a fixed interest rate swap agreement corresponding to 73% of the loan amount, at a term of 2.9 years, at a fixed interest rate of 4.78% before loan margin

No repayments have been done during the nine months ended September 30, 2007.

7. Subsequent events

On the General Meeting held October 11, the Board was given the authority to acquire the Company's own shares up to a total nominal value corresponding to 10 % of the Company's share capital. Shares acquired by the Company can be used in a later reduction of the share capital with the General Meeting's approval or as consideration in relation to acquisition of businesses. The authorisation is valid until the Company's next ordinary general meeting in 2008, though no longer than until 30 June 2008

The Group entered an agreement on November 1, 2007 to acquire Kornmarksvej 1, the headquarter and main logistic hub of the Danish global transport and logistics company DSV A/S.

To fund the acquisition of Kornmarksvej 1 the company entered in November a financing commitment totalling DKK 316m at margins in line with the company's current loans.

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 listed Nordic real estate company with a pure logistic focus.

NOK 5.2 bn. This corresponds to a total lettable space of 694 thousands square meters.

Today the portfolio consists of 19 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 2008 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.