



Interim report First quarter 2009



Northern
Logistic Property ASA

Highlights

NLP achieved satisfactory results in the first quarter of 2009, with an increase in revenue of 14% and an increase of 18% in operating income before fair value adjustments. Measured in local currency, the fair value of the investment properties was on a par with year-end 2008.

- Rental income for the quarter was NOK 104m (NOK 91m). Operating income before fair value adjustment was NOK 88m (NOK 74m). Q1 2009 includes the operations of 24 properties vs. 19 properties in Q1 2008.
- Annualized contractual rent level was NOK 408m, based on currency rates at March 31, 2009, with an average remaining duration of 7.3 years and 2.1% vacancy.
- Fair value adjustments of properties were a negative NOK 32m for the quarter. Total value of the investment properties was NOK 5,142m at March 31, 2009. Net yield was 7.2%, unchanged from year-end 2008.
- In Sweden, the fair value of the portfolio in local currency was unchanged, reflecting increases in both contractual duration and additional rents due to investments.
- Net cash generated from operating activities was NOK 32m (NOK 1.21 per share) for the first quarter, compared to NOK 22m (NOK 0.82 per share) in the first quarter last year.
- At the end of the first quarter 2009 the company had total borrowings of NOK 4,228 m. Average interest and margin paid was 4.69% at the end of the quarter, down from 5.00% at year-end 2008. NOK 79m of the outstanding borrowings were repaid during the first quarter 2009. Scheduled repayments for the next twelve months are NOK 73m.
- Cash and cash equivalents stood at NOK 143m at March 31, 2009.
- Total equity was NOK 861m at the end of the quarter and the equity ratio was unchanged from year-end 2008 at 16%. Net asset value per share was NOK 32 at the end of the quarter.



Operating performance

The results for the first quarter of 2009 include the operations of 24 properties compared to 19 properties the first quarter of 2008. Five new properties were included in the fourth quarter of 2008.

Key figures

(in NOK millions, except otherwise indicated)	3 months ended March 31	3 months ended March 31	12 months ended Dec. 31
	2009	2008	2008
Total revenue	103.7	91.0	378.8
Operating expenses	16.1	16.7	63.5
Operating income before FVA	87.7	74.3	315.3
Fair value adjustment properties (FVA)	(31.7)	(39.5)	(541.8)
Operating income (EBIT)	55.9	34.8	(226.5)
Net financial items	(109.8)	(73.2)	(434.1)
Net earnings	(39.9)	(27.7)	(481.5)
Cash flow from operating activities	32.1	21.8	81.2
Investment property fair value	5 142.3	5 347.4	5 748.4
Total assets	5 503.4	6 103.5	6 177.2
Shareholders' equity	861.3	1 506.6	967.0
Net interest-bearing debt, net of cash	4 085.2	3 739.9	4 559.5
Period end shares outstanding (millions)	26.6	26.7	26.6
Weighted average shares outstanding (millions)	26.6	26.7	26.6
Basic earnings per share, NOK	(1.50)	(1.04)	(18.10)
Cash flow from operations per share, NOK	1.21	0.82	3.05
Shareholders equity per share, NOK	32	57	36
Equity ratio	15.6 %	24.7 %	15.7 %

The figures below describe developments in the first quarter 2009 (first quarter 2008 in brackets).

Results

Revenue for the first quarter 2009 amounted to NOK 103.7m, which was an increase of 14.0% from NOK 91.0m in the first quarter 2008. The increase was mainly driven by acquisitions in the fourth quarter of 2008, and CPI adjustments of rents.

At the end of the quarter the company had an annual contractual rent level of NOK 408m, based on currency rates at March 31, 2009.

Total operating expenses for the quarter were NOK 16.1m (NOK 16.7m). Maintenance and other property expenses amounted to 9.4% of revenue, compared to 7.4% in the first quarter 2008. General and administrative expenses were NOK 6.3m, which was a decrease from NOK 10.0m in the first quarter 2008. Adjusted for one-off costs of NOK 4.5m related to acquisition costs and severance pay to the former CEO in the first quarter of 2008, the general and

administrative expenses increased by NOK 0.8m.

Operating income was NOK 87.7m before fair value adjustments (NOK 74.3m). Excluding one-off costs, operating income before fair value adjustments increased by 11.2% from the first quarter 2008.

Fair value adjustments of investment properties were a negative NOK 31.7m in the first quarter 2009. This adjustment is based on the company's assessment of the core parameters impacting on the value of the investment properties, and is mainly driven by marginal increase in yield levels.

Based on the company's assessment and valuation, the value of the NLP's investment properties was NOK 5,142.3m at March 31, 2009. The value decreased by NOK 606.1m from year-end 2008, mainly due to foreign exchange effects of NOK 578.2m and the fair value adjustments.

Operating income (EBIT) after fair value adjustments was NOK 55.9m, compared to NOK 34.8m for the first quarter 2008.

Net financial loss was NOK 109.8m in the first quarter (NOK 73.2m). The net financial loss includes a negative fair value adjustment on interest derivative contracts of NOK 39.8m, driven by a decline in interest rate levels. Foreign exchange loss (included in other financial items) amounted to NOK 45.0m for the quarter, partly offset by a NOK 26.7m gain on a currency derivative contract (included in fair value adjustment derivatives). Interest expense amounted to NOK 51.5m, and other financial expenses to NOK 0.2m.

At the end of the quarter the company had nine interest derivative contracts and one currency derivative contract to mitigate interest and currency risks. Average interest and margin paid on the loan portfolio was 4.69% at the end of the quarter, compared to 5.00% at the end of 2008. All derivatives are nominal interest rate swaps.

During the quarter NLP entered into a forward start interest rate swap agreement with a notional value of SEK 750m, a term of 5 years, and fixed interest of 3.8317%. Effective date for the agreement is October 17, 2011. This interest rate swap agreement hedges long term operational cash flow.

Loss before income taxes was NOK 53.9m for the first quarter 2009, compared to a loss of NOK 38.4m in the first quarter last year. The higher loss is explained by the impact of fair value adjustments on financial derivatives and foreign exchange losses, which were only partly offset by improvements in the underlying operations.

Income taxes amounted to NOK 14.0m (income) for the quarter. Net loss after taxes thus increased to NOK 39.9m in the first quarter, from a loss of NOK 27.7m in the first quarter last year. This corresponds to negative earnings per share of NOK 1.50 (NOK 1.04).

Balance Sheet

As a result of adjustments in fair value, financial derivatives were accounted for as net liabilities of NOK 208.6m as at March 31, 2009, whereof interest rate swaps made up a liability of NOK 223.0m and currency forward contracts an asset of NOK 14.4m.

At the end of 2008, financial derivatives were included as net liabilities of NOK 178.1m.

Cash and cash equivalents stood at NOK 142.5m at the end of the first quarter, down from NOK 208.7m at the end of 2008. The decline is explained by final repayment of the outstanding seller notes from GE Real Estate AB (SEK 70m) and prepayment of SEK 20m to Kungsleden AB in addition to negative impact of weakening SEK to NOK.

Total equity was NOK 861m at the end of the first quarter, down from NOK 967m at the end of 2008. The equity ratio remained unchanged at 16%. On March 31, 2009 the company held 522,697 of its own shares.

Net asset value (NAV) was NOK 32 per share at the end of the quarter, compared to NOK 36 at the end of 2008.

Cash flow

Net cash generated from operating activities was NOK 32.1m for the first quarter 2009, or NOK 1.21 per share, up from NOK 21.8m, or NOK 0.82 per share, in the same quarter last year.

Compared to the first quarter 2008, cash flow from operating activities in 2009 was positively affected by a decrease in working capital, which was partly offset by cash outflow on foreign exchange forward contracts and an increase in interest payments.

Cash outflow from investing and financing activities was NOK 83.1m during the first quarter of 2009, mainly driven by repayment of borrowings with NOK 79.0m.

The property portfolio

As of March 31, 2009 the property portfolio comprised 24 logistic properties with a lettable area of approximately 804,000 square meters and a fair value of NOK 5,142.3m.

The valuation implies an estimated net yield of 7.2%, assuming maintenance and other operating costs of 8% of revenue. In the property valuation NLP has incorporated the uncertainty in the market with respect to valuation of properties and increased average cost of capital.

Annual estimated contractual rents at the end of the quarter are NOK 408m, based on exchange rates as at March 31, 2009, with an average remaining duration of current rental contracts of 7.3 years, and 2.1% vacancy.

During the first quarter, the contract duration for the property Slammertorp 3:3 was increased by 5 years.

Financing

At the end of March 2009 the company had total borrowings of NOK 4,227.8m. Scheduled repayments for these loans for the next twelve months are NOK 73.2m.

Net debt, adjusted for cash and cash equivalents was NOK 4,085.3m at the end of the quarter.

Net debt corresponded to 79.4% of the total value of the investment properties at the end of first quarter 2009, compared to 79.3% at the end of 2008.

The company has entered into interest rate swaps relating to the credit facilities. Average remaining duration of the swaps was 4.4 years at the end of first quarter 2009, and the average fixed interest 3.7% (excluding loan margin). The ratio of loans hedged was 90%.

Organization

NLP strengthened its operational management with one additional employee in Sweden. NLP has currently 4 employees and consider further strengthening of its operational organization.

Subsequent events

On the Annual General Meeting held May 6, 2009, David Mindus was elected new Board Member and Merete Myhrstad was re-elected. After the election, the Board of Directors consists of the following persons; Per Kumle (Chairman), Merete Myhrstad, Unni Tenold, Pål Hvammen, and David Mindus.

Market Development and Outlook

The first quarter of 2009 did not see significant changes from the last quarter of 2008. There are still few transactions being done, and significant uncertainty thus remains as to what true market values are.

At the end of Q1 and into Q2 financing seems to have become somewhat more available. This will probably mean that more transactions could take place over the next months.

NLP's main market is Sweden, where the export industry has been severely hit by the current financial turmoil. NLP is, to a large degree, exposed to the domestic consumer market, as a significant part of its properties are being leased by companies in the food industry. This market seems to have been only marginally affected so far.

There has been very limited speculative building in the logistic market. With the current uncertainty, we expect no speculative new building and that long and secure contracts will be needed to build new properties. This will, in our view, mean that existing high-quality properties will continue to attract interest as potential customers would rather have shorter leases and thus higher degree of flexibility than new builds can offer.

We have seen a significant interest in the rental market, although there seems to be some reluctance to actually commit to contracts. If the current more positive market sentiment continues to strengthen we would expect this reluctance to subside.

We still expect to see medium term rental pressure in secondary locations, accompanied by continued strong rental levels in prime locations.

During the first quarter the duration of the leasing contract in Slammertorp 3:1 was expanded with 5 years at the same terms as before.

NLP continues to focus on cash flow and development of existing properties and customer relations.

Oslo, May 11, 2009

Board of Directors
Northern Logistic Property AS

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

The financial calendar including next reporting dates is published at www.nlpasa.com.

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Condensed consolidated income statement

(NOK '000, except for earnings per share)	3 months ended March 31		12 months ended Dec. 31
	2009	2008	2008
Total revenue	103 748	91 037	378 786
Maintenance and other property expenses	9 751	6 721	32 136
General and administrative expenses	6 301	9 979	31 167
Depreciation & Amortization	38	39	156
Operating income before FVA	87 658	74 297	315 327
Fair value adjustment of properties (FVA)	(31 711)	(39 487)	(541 802)
Operating income	55 947	34 810	(226 476)
Interest income	357	6 328	22 107
Interest expenses	(51 476)	(54 807)	(229 004)
Fair value adjustment derivatives	(13 076)	(30 276)	(227 170)
Other financial items	(45 637)	5 594	16
Earnings before income taxes	(53 886)	(38 351)	(660 527)
Income taxes	14 004	10 668	179 054
Net earnings	(39 882)	(27 683)	(481 473)
Weighted average shares outstanding ('000)	26 570	26 706	26 598
Basic and diluted earnings per share, NOK	(1,50)	(1,04)	(18,10)

Weighted average rate converting SEK to NOK for the first quarter was 81.87 (84.68) and DKK to NOK 120.06 (106.74).
Weighted average rate converting SEK to NOK for the full year 2008 was 85.47 and DKK to NOK 110.29.

Condensed consolidated statement of comprehensive income

(NOK '000)	3 months ended March 31		12 months ended Dec. 31
	2009	2008	2008
Net earnings	(39 882)	(27 683)	(481 473)
Derivatives, net of tax	(6 697)	(6 254)	(54 807)
Currency translation differences	(59 115)	13 031	59 508
Other comprehensive income (loss)	(65 812)	6 777	4 701
Total comprehensive income (loss)	(105 695)	(20 906)	(476 772)

Condensed consolidated balance sheet

(NOK '000)	at March 31	at December 31
	2009	2008
Assets		
<i>Non-current assets</i>		
Investment property	5 142 274	5 748 355
Other tangible assets	498	566
Deferred income tax assets	156 701	135 429
Total non-current assets	5 299 473	5 884 351
<i>Current assets</i>		
Trade and other receivables	47 011	68 924
Derivatives	14 418	15 271
Cash and cash equivalents	142 540	208 663
Total current assets	203 969	292 857
Total assets	5 503 442	6 177 208
Shareholders' equity and liabilities		
<i>Shareholders' equity</i>		
Total shareholders' equity	861 267	966 962
<i>Non-current liabilities</i>		
Borrowings	4 154 576	4 654 035
Tenant deposits	15 946	17 685
Derivatives	213 591	180 947
Deferred income tax liabilities	0	565
Total non-current liabilities	4 384 112	4 853 232
<i>Current liabilities</i>		
Trade and other current liabilities	175 427	230 520
Borrowings	73 185	114 081
Derivatives	9 451	12 413
Total current liabilities	258 063	357 014
Total shareholders' equity and liabilities	5 503 442	6 177 208

Currency exchange rate applied at March 31, 2009 converting SEK to NOK was 81.26 and DKK to NOK 119.36.
 Currency exchange rates applied at December 31, 2008 converting SEK to NOK was 90.42 and DKK to NOK 132.38.

Condensed consolidated statement of changes in shareholders' equity

(in NOK '000, except for number of shares)	Number of Shares	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance as of January 1, 2009	<u>26 569 611</u>	<u>27 092</u>	<u>1 223 102</u>	<u>(19 547)</u>	<u>(263 685)</u>	<u>966 962</u>
Total comprehensive income (loss) for the period				(65 812)	(39 882)	(105 695)
Balance as of March 31, 2009	<u>26 569 611</u>	<u>27 092</u>	<u>1 223 102</u>	<u>(85 360)</u>	<u>(303 568)</u>	<u>861 267</u>
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Balance as of January 1, 2008	<u>26 877 908</u>	<u>27 092</u>	<u>1 301 976</u>	<u>(24 248)</u>	<u>231 608</u>	<u>1 536 428</u>
Sale/buy back of own shares	(308 297)		750		(13 820)	(13 070)
Dividends distributed			(79 624)			(79 624)
Total comprehensive income (loss) for the year				4 701	(481 473)	(476 772)
Balance as of December 31, 2008	<u>26 569 611</u>	<u>27 092</u>	<u>1 223 102</u>	<u>(19 547)</u>	<u>(263 685)</u>	<u>966 962</u>

Condensed consolidated statement of cash flows

(NOK '000)	3 months ended March 31		12 months ended
	2009	2008	Dec. 31
			2008
Cash flow from operating activities			
Cash flow from operations	119 799	75 078	309 771
Financial items paid (net)	(85 851)	(48 479)	(219 808)
Income tax paid	(1 842)	(4 802)	(8 743)
Net cash generated from operating activities	32 107	21 797	81 221
Cash flow from investing activities			
Purchase of investment property	-	-	(518 721)
Capital expenditure on investment property	(4 464)	(9 159)	(23 289)
Interest received	361	459	25 730
Net cash used in investing activities	(4 103)	(8 700)	(516 280)
Cash flow from financing activities			
Proceeds from borrowings	-	-	356 664
Repayment of borrowings	(78 958)	(25 704)	(211 156)
Dividends paid to company's shareholders	-	-	(79 624)
Purchase of treasury shares	-	(18 699)	(23 588)
Net cash generated in financing activities	(78 958)	(44 403)	42 296
Net change in cash and cash equivalents	(50 954)	(31 306)	(392 764)
Cash and cash equivalents at beginning of the period	208 663	581 892	581 892
Exchange gain / (losses) on cash and cash equivalents	(15 168)	3 175	19 110
Cash and cash equivalents in acquired companies	-	-	425
Cash and cash equivalents at the end of the period	142 540	553 762	208 663

Selected explanatory notes

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 three months ended March 31, 2009 comprised the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year ended December 31, 2008 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, 2008.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 11, 2009.

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, 2008.

The Group has applied the revised IAS 1 with effect from 1 January 2009. The implementation has resulted in changes in the Group's statement of changes in equity and income statement. According to the revised standard, the statement of changes in equity shall only show details on

transactions with owners. Other transactions recognized directly in equity should be presented on a separate line in the statement of changes in equity. These transactions should be shown in a separate statement of comprehensive income according to IAS1.

4. Estimates

The preparation of interim financial statements requires management to make judgments, 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 judgments 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, 2008.

5. Investment properties

During the three months ended March 31, 2009, the Group did not acquire nor divest any subsidiaries or properties. Compared to December 31, 2008 the portfolio value has decreased with NOK 606.1m, driven by negative currency impact totaling NOK 578m.

6. Loans and borrowings

During the three months ended March 31, 2009, the Group did not enter into new loans.

In February 2009 NLP entered into a forward start interest rate swap agreement with notional value of SEK 750m, a term of 5 years and fixed interest of 3.8317%. Effective date for the agreement is October 17, 2011. Subsequent to the changes, the average duration of NLP's interest rate swaps is 4.4 years (as per March 31, 2009) and average interest rate is 3.7% (excluding the margin of the borrowings). The ration of loans hedged or with fixed interest is 89.7%.

During the three months ending March 31, 2009 NLP repaid NOK 79m of the

outstanding borrowings, whereas SEK 20m was a prepayment. All other payments were according to agreed loan amortization schedule.

Definitions

Total revenue

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

Operating income (EBIT)

Operating income is the net result before interest, other financial items 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.

Shareholders

Name	Country	No of shares	% stake
1 T KLAVENESS EIENDOM AS	NOR	2 680 634	9.9%
2 LIVSFORSIKRINGSSKAPET NORDEA STRATEGISK	NOR	2 186 750	8.1%
3 SATRAP KAPITALFORVALTNING	SWE	1 261 600	4.7%
4 TRONDHEIM KOMMUNE NORSKE AKSJER	NOR	1 000 300	3.7%
5 VERDIPAPIRFONDET NORDEA NORGE VERDI	NOR	954 370	3.5%
6 SKAGEN VEKST	NOR	850 000	3.1%
7 SKIPS AS TUDOR	NOR	669 200	2.5%
8 CANICA AS	NOR	562 900	2.1%
9 NRP SECURITIES ASA MEGLERKONTO	MEG	539 900	2.0%
10 NORTHERN LOGISTIC PROPERTY ASA (*)	NOR	522 697	1.9%
11 TOLUMA INVEST AS	NOR	465 800	1.7%
12 FIRST SECURITIES AS	NOR	408 300	1.5%
13 VERDIPAPIRFONDET NORDEA KAPITAL	NOR	399 600	1.5%
14 VERDIPAPIRFONDET NORDEA AVKASTNING	NOR	325 700	1.2%
15 BANAN AS	NOR	281 100	1.0%
16 BANK OF NEW YORK MELLON SA/NV S/A BNY GCM CLIENT ACC	BEL	252 293	0.9%
17 OPPLYSNINGSVESENETS FOND JILL NORDAHL	NOR	235 910	0.9%
18 MP PENSJON	NOR	223 000	0.8%
19 JPMORGAN CHASE BANK SPECIAL TREATY LENDING ACC	NOM	215 500	0.8%
20 BRAGE INVEST AS	NOR	213 000	0.8%
Total 20 largest		14 248 554	52.6%
All others		12 843 754	47.4%
Grand total		27 092 308	100.0%

Total number of shareholders: 982

Status as of 04.05.2009

(*)Treasury shares

About Northern Logistic Property (NLP)

NLP was founded in March 2006 and was listed on the Oslo Børs (Stock Exchange) in June 2007.

Today the portfolio consists of 24 logistic properties. This corresponds to a total lettable space of 804,000 square meters.

Business concept

NLP's business concept is to invest, manage and develop logistics and warehouse properties. Geographically the focus will be the Nordic area.

NLP will mainly invest in existing properties but may invest in development projects at acceptable risk levels.

Goals

NLP aims to become a leading property company in the Nordic area within logistics and warehouse properties. The short term target is to increase the portfolio to approx. 1 million square meters.

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

Strategy

NLP will achieve its goals by being the distributors' or developers' preferred property owner with a long-term investment horizon and outstanding competence in financing solutions and technical standards. 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.

NLP will focus on investments in the Nordic countries. Important investment criteria are solid tenants, lease periods of 8 to 10 years, properties of > 10,000 sqm, and a pre-tax internal rate of return (IRR) above 13 per cent, based on 80% project financing. NLP strives to have a diversified tenant structure and properties with high technical standards.

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