TVETEN PARK AS

Financial Report
Q2 2017

TVETEN PARK

Description of Tveten Park AS

Tveten Park AS (the "Company") is a real estate holding company. Through its fully owned subsidiaries (together with the Company the "Group"), the Company owns the Tveten Park office properties, centrally located within the well-established Bryn/Helsfyr office cluster in Oslo. Søylen Næringseiendom AS is the main shareholder of the Company and also has the role as manager for all the Tveten Park properties.

Material events during the financial quarter

There has been a high level of activity in Tveten Park AS in the first half of 2017. We completed the first quarter by signing a contract with Tradesolution AS for approximately 2,200 sqm in Ole Deviks vei 6 b/c. We then started the second quarter by signing another new and significant contract in Ole Deviks vei 6 b/c with Rossignol Norway AS, for approximately 1,100 sqm. Tenant adaption of both these premises were made in the second quarter, and both tenants moved in in August 2017. Total tenant adaption costs for the two contracts amounted to approximately NOK 4,000 per sqm, and the yearly rent contribution is approximately NOK 3.0 million. In addition, the Company's share of yearly common costs will be reduced by approximately NOK 0.5 million.

As at 30 June 2017, the weighted average contract length is 5.6 years. The vacancy rate in the park is 27% in total, with the highest vacancy rates in Ole Deviks vei 2 and 4.

On 27 April 2017, the Company completed a Senior Secured Bond Issue, ISIN: NO 0010790579. The bonds had a total issue amount of NOK 350 million, floating rate and a tenor of 3 years. The bonds are guaranteed by all of the Company's subsidiaries. Subsequent to the bond issue, the owners of the Company carried out a rights issue, raising an additional NOK 70 million. The proceeds of the bonds and issue have been used to repay existing debt, and for general business purposes.

Pursuant to the bond issue, the Company is obligated to report on its loan-to-value and liquidity. As at 30 June 2017 the Company's loan-to-value and liquidity (as calculated according to the financial covenants of the company's outstanding bond issue) was 64.9% and NOK 20.2 million respectively, well within the covenants of below 80% and above 3.5 million respectively.

Material events after the end of the financial quarter

In compliance with the bond agreement, the Company will list its outstanding bonds (ISIN: NO 0010790579) on the Oslo Stock Exchange prior to 27 October 2017.

Financial highlights

Both rental income and total operating expenses for the first half of 2017 were generally in line with the same period in 2016. The effect from newly signed contracts will first become evident in the second half of 2017. After adjusting for the unrealised value change in investment property of NOK 2.1 million, the Group had an operating profit of NOK 13.5 million and a net profit of 3.2 million in the interim period from 1 January to 30 June 2017.

The consolidated balance sheet is largely affected by the refinancing described above. Total non-current liabilities have been reduced from NOK 395.8 million at 31 December 2016 to NOK 345.2 million at 30 June 2017. Total non-current liabilities are presented net of fees (outstanding bond amount is NOK 350 million), in compliance with IFRS. In addition, the Company now has a significant cash "buffer" of NOK 20.2 million.

In terms of cash flow, the positive contribution from operations of 5.3 million is largely offset by the significant investments made in the properties in the same period. The cash increase from 4.1 million at 31 December 2016 to NOK 20.2 million at 2017 is therefore mainly attributable to financing activities.

Accounting principles

The consolidated financial statements have been drawn up in accordance with International Standards for Financial Reporting (IFRS). The consolidated accounts for the quarter have been compiled in accordance with IAS 34 - Interim Financial Reporting.

Tveten Park has not previously reported a consolidated financial statement according to IFRS. Because of this, the adoption of IFRS has not led to changes in previously reported figures. The consolidated financial statements have been prepared on the basis of the historical cost principle, with the exception of investment properties, which are measured at fair value.

The Group has in 2017 changed its principle regarding presentation of common costs. Common costs were until 31 December 2016 capitalised alongside payments on account from tenants and therefore had no impact on the income statement. Common costs from 1 January 2017 are presented gross in the income statement. As per 30 June 2017, common costs are approximately NOK 3.8m (included in both "Other income" and "Other operational expenses").

Responsibility Statement of the Board of Directors

We confirm, to the best of our knowledge, that the set of financial statements for the period ending 30 June 2017 have been prepared in accordance with IFRS, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the financial period and their impact on the set of financial statements.

Oslo, 28.08.2017

Carl Erik Krefting Chariman of the Board	**Erich A. S. Holte** Board Member	**Bård Arnstein Haga** Board Member
Runar Vatne Board Member	**Peder Nergaard** Board Member	**Pål Hvammen** Board Member

Consolidated Income Statement

INCOME STATEMENT	Notes	1 January - 30 June 2017	1 January - 30 June 2016	Year 2016
Rental income	2	17,678	17,184	33,938
Other revenue	2	2,801	-817	277
Total operating income		**20,479**	**16,367**	**34,215**
Maintenance		785	456	414
Other operating expenses		8,288	5,293	7,822
Total operating expenses		**9,073**	**5,749**	**8,236**
Unrealised value change investment property		2,098	-41,314	-85,480
Operating profit		**13,504**	**-30,696**	**-59,501**
Financial posts				
Interest income		12	18	11
Interest expense		-9,144	-7,816	-16,963
Other financial items		-113	-1	-152
Net financial items		**-9,246**	**-7,799**	**-17,104**
Profit before income tax		**4,258**	**-38,495**	**-76,606**
Income tax expense		-1,022	9,239	17,476
Profit for the year		**3,236**	**-29,256**	**-59,130**

Consolidated Balance Sheet Statement

OVERVIEW FINANCIAL POSITION	Notes	30.06.2017	30.06.2016	31.12.2016	01.01.2016
ASSETS					
Deferred tax asset		4,542	-	5,564	-
Investment property	3	508,411	542,000	501,178	582,700
Total non-current assets		**512,953**	**542,000**	**506,742**	**582,700**
Other receivables		-	298	304	432
Total financial receivables		**-**	**298**	**304**	**432**
Trade and other receivables		25,606	34,238	28,697	22,764
Cash and bank deposits		20,218	412	4,065	425
Total current assets		**45,824**	**34,649**	**32,762**	**23,189**
TOTAL ASSETS		**558,777**	**576,947**	**539,807**	**606,321**
EQUITY AND LIABILITIES					
Ordinary shares and share premium		238,388	168,388	168,388	168,388
Retained earnings		-39,181	-12,543	-42,417	16,713
Total equity		**199,207**	**155,846**	**125,971**	**185,101**
Deferred tax liability		-	2,673	-	11,912
Interest bearing debt	6	343,570	392,000	391,965	395,432
Other long term debt		1,595	3,792	3,792	3,792
Total non-current liabilities		**345,165**	**398,466**	**395,758**	**411,136**
Trade and other payables		4,811	3,077	2,306	1,719
Other short term debt		9,594	19,559	15,772	8,365
Total short term liabilities		**14,405**	**22,636**	**18,078**	**10,084**
TOTAL EQUITY AND LIABILITIES		**558,777**	**576,947**	**539,807**	**606,321**

Consolidated Statement of Cash Flows

CASH FLOW STATEMENT FOR THE GROUP	1 January - 30 June 2017	1 January - 30 June 2016	Year 2016
Profit for the period before income tax expense	**4,258**	**-38,495**	**-76,606**
Change in value of investment property	-2,098	41,314	85,480
Change in accounts receivables	-	-10,300	-390
Change in accounts payables	3,851	1,358	587
Changes to working capital	-752	10,156	-1,007
Net cash flow from operating activities	**5,259**	**4,031**	**8,066**
Purchase of PPE and investment property	-5,135	-614	-3,959
Net cash flow from investment activities	**-5,135**	**-614**	**-3,959**
Proceeds from borrowings	343,192	-	2,999
Repayment of borrowings	-397,162	-3,432	-3,467
Equity increase	70,000	-	-
Net cash flow from financial activities	**16,030**	**-3,432**	**-467**
Net change in cash and bank deposits for the period	**16,154**	**-14**	**3,639**
Cash and bank deposits as at the beginning of the period	4,065	425	425
Cash and bank deposits as at the end of the period	**20,218**	**411**	**4,065**

Development in Equity

1 January - 30 June 2017	Share capital	Share premium	Retained earnings	TOTAL
Equity 1 January 2017	2,319	166,069	-42,417	**125,971**
Profit for the interim period	-	-	3,236	**3,236**
Equity increase	14,000	56,000	-	**70,000**
Equity 30 June 2017	**16,319**	**222,069**	**-39,181**	**199,207**

1 January - 30 June 2016	Share capital	Share premium	Retained earnings	TOTAL
Equity 1 January 2016	2,319	166,069	16,713	**185,101**
Profit for the interim period	-	-	-29,256	**-29,256**
Equity 30 June 2016	**2,319**	**166,069**	**-12,543**	**155,845**

2016	Share capital	Share premium	Retained earnings	TOTAL
Equity 1 January 2016	2,319	166,069	16,713	**185,101**
Profit for the interim period	-	-	-59,130	**-59,130**
Equity 31 December 2016	**2,319**	**166,069**	**-42,417**	**125,971**

Notes to the financial statements

TVETEN PARK - GROUP
NOTES 1st half 2017

1 General information

Tveten Park AS (the "Company") is a real estate holding company. Through its fully owned subsidiaries (together with the Company the "Group"), the Company owns the Tveten Park office properties, centrally located within the well-established Bryn/Helsfyr office cluster in Oslo. As of 30 June 2017 the real estate portfolio had a market value of around NOK 508 million. Tveten Park has its head office in Oslo.

2 Accounting policies

The financial statements for the interim period has been prepared according to IAS 34 Interim Financial Reporting.

The consolidated financial statements have been prepared on the basis of the historical cost principle, with the following modifications: Investment properties measured at fair value.

The consolidated financial statements have been presented on the assumption of the business being a going concern.

The Group has in 2017 changes its principle regarding presentation of common costs. Common costs were until 31 December 2016 capitalised alongside payments on account from tenants and therefore had no impact on the income statement. Common costs from 1 January 2016 are presented gross in the income statement. Common costs are settled after the balance sheet date.

The financial reporting covers Tveten Park AS and its subsidiaries. The interim financial statements have not been audited.

Currency

The Group's presentation currency is NOK. This is also the functional currency of the parent company and all of its subsidiaries.

Consolidation principles

Subsidiaries are all entities over which the Group exercises control of financial and operating policies, normally through ownership of more than half the capital with voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated when control ceases.

Identifiable purchased assets, assumed liabilities and contingent liabilities are recognised at fair value on the date of acquisition. The costs associated with the business combination are expensed when they are incurred.

Intra-group transactions, balances and unrealised gains are eliminated.

Estimates and assumptions

Presenting the accounts in accordance with IFRS requires the management to make certain assessments and assumptions. The application of the Group's accounting principles also requires management to exercise judgement. Estimates and subjective judgements are based on past experience and other factors that are considered appropriate. Actual results may deviate from these estimates.

Estimates and underlying assumptions are continuously reassessed. Changes in accounting estimates are recognised in the period in which the changes occur if they apply only to that period. Note 3 details items in the accounts that are based on a significant amount of subjective judgement.

Segment information

The Group ow ns investment property in Ole Deviks vei in Oslo w hich is considered to be one reporting segment.

Borrowing costs

Borrow ing costs are recognises in the financial statement w hen they occur. Borrow ing costs for capital used to finance buildings under construction are capitalised under the asset in question. When calculating the capitalised borrow ing costs, the average interest rate on the company's debt portfolio over the course of the year is used, unless there is separate financing for the specific project. In such cases the specific borrow ing cost for the loan in question is used. When calculating the average interest rate to be used for the capitalisation of borrow ing costs, loans taken out for specific projects are not included.

Investment property

Investment property is ow ned w ith the aim of achieving a long-term return from rental income and increase in value. Investment property is recognised at fair value, based on marked values identified by an independent values. Gains and losses as a result of changes in the marked value of investment properties are recognised in profit or loss as they arise, and are presented on a separate line after total operating expenses.

Initial measurement also takes into consideration the property's cost price, w hich includes direct transaction costs such as document duty, and other public duties, legal fees and due diligence costs. Transaction costs associated w ith properties acquires through business combinations (as defined in IFRS 3) are expensed.

Subsequent expenditure is added to the investment property's carrying amount, if it is probable that future financial benefits associated w ith the expenditure w ill flow to the Group and the expense can be measured reliably. Other maintenance costs are recorded through the income statement in the period in w hich they are incurred. When investment properties are disposed of, the difference betw een the net sales proceeds and carrying amount is recognised as change in value from investment properties.

Investment properties are valued at 30.06 and at 31.12. The values are estimated by independent valuers. The valuation is based on the individual property's assumed future cash flow s, and property values are arrived at by discounting cash flow s w ith an individual risk-adjusted required rate of return.

The required rate of return for each property is defined as being a long-term risk-free interest rate plus a property-specific risk supplement. The latter is defined on the basis of the property segment to w hich the property belongs, its location, standard, occupancy rate, tenants' financial reliability and remaining lease term. Know n market transactions w ith similar properties in the same geographical area are also taken into consideration.

Changes in fair value are recognised as "changes in value from investment property".

Trade receivables and other financial assets

Trade receivables and other financial assets are classified as loans and receivables and are measured at fair value upon initial recognition, and thereafter at amortised cost. Interest is ignored if it is insignificant. A provision for bad debts is recognised if there is objective evidence that the Group w ill not receive payment in accordance w ith the original conditions. Any subsequent payments received against accounts for w hich a provision has previously been made are recognised in the income statement. Trade receivables and other financial assets are classified as current assets, unless they are due more than tw elve months after the balance sheet date. If so, they are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and other short-term, highly liquid investments with an original term to maturity of no more than three months.

Trade payables and other non-interest-bearing financial liabilities

Trade payables and other non-interest-bearing liabilities are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method. Interest is ignored if it is insignificant.

Interest-bearing liabilities

Interest-bearing liabilities with variable interest rates are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method.

Interest-bearing liabilities are classified as current liabilities where the debt is due for repayment less than 12 months from the balance sheet date.

Tax

The tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognised directly in equity. In such cases, the tax is either recognised in comprehensive income or directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and consolidated accounting values of assets and liabilities. Any deferred tax arising from the initial reporting of a liability or asset in a transaction which is not a business combination and which on the transaction date does not affect accounting or tax results is not recognised on the balance sheet. Deferred tax is defined using tax rates and laws which are enacted or likely to be enacted on the balance sheet date, and which are expected to be used when the deferred tax asset is realised or when the deferred tax is utilised.

Deferred tax is calculated and provided or reduced in the event of adjustments to the value of investment properties at a nominal tax rate of 24 per cent from 31 December 2016. For investment properties acquired through the purchase of shares in property companies or not acquired through a business combination, in the event of an adjustment in value, deferred tax is calculated on the property's fiscal value.

A deferred tax asset is recognised to the extent that it is likely that future taxable profit will be available against which the temporary differences can be offset.

Provisions

The Group recognises provisions for lease agreements and legal claims when a legal or self-imposed obligation exists as a result of past events, it is likely on a balance of probabilities that an outflow of resources will be required to settle the obligation and its amount can be estimated with a sufficient degree of reliability. There is no provision for future bad debts.

Revenue Recognition

Operating revenue consists of rental income and other operating revenue. Gains on the sale of property are presented as part of the change in value. Rental income encompasses the fair value of the payments received for services that fall within the ordinary activities of the company. Rental income is presented net of VAT, rebates and discounts. Common costs were until 31 December 2016 capitalised alongside payments on account from tenants and therefore had no impact on the income statement. Common costs from 1 January 2016 are presented gross in the income statement. Common costs are settled after the balance sheet date.

Rental income is recognised over the duration of the lease. If a rent exemption is agreed, or if the tenant receives an incentive in conjunction with the signing of the lease, the cost or loss of rent is spread over the duration of the lease, and the resulting net rent is recognised in equal instalments. The accrued loss of rent or costs is presented under other receivables.

Statement of cash flows

The statement of cash flows is prepared using the indirect method. This means that the statement is based on the Group's profit before tax in order to present cash flows from operating, investing and financing activities respectively.

3 Critical accounting estimates and subjective judgments

Fair value of investment properties
Investment properties are measured at their fair value based on external, independent valuations.

Biannually, all the properties are valued by one independent, external valuer. The valuation at 30 June 2017 was obtained from Malling & Co Forvaltning AS. The valuation is mainly based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenants' financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk relating to letting and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

When carrying out the valuation, the valuer receives comprehensive details of the leases for the properties, floor space and details of any vacant premises, and up-to-date information about all ongoing projects. Any uncertainties relating to the properties/projects and leases are also clarified verbally and in writing as and when required. The Group performs internal controls to ensure that all relevant information is included in the valuations.

The valuer performs its valuation on the basis of the information it has received, and estimate future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc.)

4 Segment information

The Group consists of investment properties in Ole Deviksvei 2-6 in Oslo and is considered to be one reporting segment.

5 Investment property

Summary of investment property valued at fair value

Date	30-Jun-17	31-Dec-16	30-Jun-16	31-Dec-15
Value (NOK 1000)	508,411	501,178	542,000	582,700

	1st interim period		Year
Overview of value changes to investment property	**2017**	**2016**	**2016**
Balance sheet value 1st of January	501,178	582,700	582,700
Additions /investments	5,135	614	3,959
Value changes due to change in market value	2,098	-41,314	-85,480
Balance sheet value at the end of the period	**508,411**	**542,000**	**501,178**

6 Interest bearing liabilities

Figures in NOK '000	Due date	Nominal value	Book value
Bond loan	Apri 2020	350,000	343,570
Balance sheet value at the end of the period		**350,000**	**343,570**

The bond loan has no repayment until the due date. The bond loand is recognised at amortised cost by using the effective interest method.

7 First time adoption of IFRS

The Group has not previously reported a consolidated financial statement since it has been exempt, based on the fact that the Group is considered to be a small entity according to the Accounting Act. Because of this, the adoption of IFRS has not led to changes in previously reported figures.

8 Related parties

The biggest shareholder of Tveten Park, Søylen Næringseiendom AS, is the manager of the properties and is responsible for maintenance, letting and accounting related services.

Intercompany balances and transactions w ith subsidiaries (w hich are related parties of Tveten Park AS) are eliminated in the consolidated financial statements and are not covered by the information given in this note.

9 Events after the balance sheet date

In compliance w ith the bond agreement, the Group w ill list its bond loan on the Oslo Stock Exchange before 27 October 2017.