



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 914 813 905
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORWEGIAN LIGHTS AS
Forretningsadresse: c/o Union Eiendomskapital AS
Bolette brygge 1
0252 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Lars Even Moe
Dato for fastsettelse av årsregnskapet: 31.03.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.09.2019



Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		229 402	
Sum inntekter		229 402	0
Kostnader			
Avskrivning på varige driftsmidler		394 737	
Annen driftskostnad		63 308 152	41 179 860
Sum kostnader		63 702 889	41 179 860
Driftsresultat		-63 473 487	-41 179 860
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		56 648 388	
Innt. på inv. annet foretak i samme konsern		8 000 000	
Renteinntekt fra foretak i samme konsern		24 487 593	25 595 932
Annen renteinntekt		262 461	1 432 189
Annen finansinntekt		34 666 392	
Sum finansinntekter		124 064 835	27 028 122
Verdired. av andre finansielle omløpsmidler		-370 532 697	-325 855 000
Rentekostnad til foretak i samme konsern			4 308 680
Annen rentekostnad		82 973 336	88 310 944
Annen finanskostnad		110 646	5 480 132
Sum finanskostnader		-287 448 715	-227 755 244
Netto finans		411 513 549	254 783 365
Ordinært resultat før skattekostnad		348 040 063	213 603 505
Skattekostnad på ordinært resultat		-6 855 805	-12 618 800
Ordinært resultat etter skattekostnad		354 895 868	226 222 305
Årsresultat		354 895 868	226 222 305
Årsresultat etter minoritetsinteresser		354 895 868	226 222 305



Resultatregnskap

Beløp i: NOK	Note	2016	2015
Totalresultat		354 895 868	226 222 305
Overføringer og disponeringer			
Overføringer annen egenkapital		354 895 868	226 222 305
Sum overføringer og disponeringer		354 895 868	226 222 305



Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		23 698 491	12 618 800
Sum immaterielle eiendeler		23 698 491	12 618 800
Finansielle anleggsmidler			
Investering i datterselskap		2 669 937 883	2 771 539 904
Lån til foretak i samme konsern		629 418 341	774 846 656
Sum finansielle anleggsmidler		3 299 356 224	3 546 386 560
Sum anleggsmidler		3 323 054 715	3 559 005 360
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		4 781 482	11 381
Andre kortsiktige fordringer		8 075 032	10 629 521
Konsernfordringer		40 563 820	15 595 586
Sum fordringer		53 420 334	26 236 488
Investeringer			
Markedsbaserte obligasjoner		690 533 828	325 855 000
Sum investeringer		690 533 828	325 855 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.		30 028 484	55 914 543
Sum bankinnskudd, kontanter og lignende		30 028 484	55 914 543
Sum omløpsmidler		773 982 646	408 006 031
SUM EIENDELER		4 097 037 361	3 967 011 391

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2016	2015
Egenkapital			
Innskutt egenkapital			
Selskapskapital		10 000 000	10 000 000
Overkurs		752 659 647	752 659 647
Annen innskutt egenkapital		-15 000	-15 000
Sum innskutt egenkapital		762 644 647	762 644 647
Opptjent egenkapital			
Annen egenkapital		580 271 942	226 222 305
Sum opptjent egenkapital		580 271 942	226 222 305
Sum egenkapital		1 342 916 589	988 866 952
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		2 409 260 369	2 625 753 961
Langsiktig konserngjeld		208 238 044	270 063 674
Øvrig langsiktig gjeld		8 909 760	8 909 760
Sum annen langsiktig gjeld		2 626 408 174	2 904 727 395
Sum langsiktig gjeld		2 626 408 174	2 904 727 395
Kortsiktig gjeld			
Leverandørgjeld		-1 359 327	61 469
Betalbar skatt		3 221 377	
Skyldig offentlige avgifter		-1 857 615	-88 781
Kortsiktig konserngjeld		7 309 686	
Annen kortsiktig gjeld		120 398 477	73 444 355
Sum kortsiktig gjeld		127 712 598	73 417 043
Sum gjeld		2 754 120 772	2 978 144 438
SUM EGENKAPITAL OG GJELD		4 097 037 360	3 967 011 391



Konsernets resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Gross rental incom		259 617 000	209 635 000
Property opertating expenses		-18 803 000	-14 832 000
Sum inntekter		240 814 000	194 803 000
Kostnader			
Adjustment to value of investment property		-272 548 000	-138 922 000
General and administrative expenses		101 369 000	69 227 000
Sum kostnader		-171 179 000	-69 695 000
Driftsresultat		411 993 000	264 498 000
Finansinntekter og finanskostnader			
Annen renteinntekt		9 993 000	826 000
Gain on sales of subsidiaries/property		35 538 000	
Sum finansinntekter		45 531 000	826 000
Annen rentekostnad		94 782 000	91 674 000
Sum finanskostnader		94 782 000	91 674 000
Netto finans		-49 251 000	-90 848 000
Ordinært resultat før skattekostnad			
Income tax expense		71 806 000	22 711 000
Ordinært resultat etter skattekostnad		290 935 000	150 939 000
Årsresultat		290 935 000	150 939 000
Årsresultat etter minoritetsinteresser		290 935 000	150 939 000
Net other comprehensive icome			100 381 000
Tax relatet to other comprehensive income			-25 095 000
Totalresultat		290 935 000	226 223 000
Overføringer og disponeringer			



Konsernets resultatregnskap

Beløp i: NOK	Note	2016	2015
Retained earnings		290 935 000	226 223 000
Sum overføringer og disponeringer		290 935 000	226 223 000



Konsernets balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Investment property		2 101 260 000	3 912 396 000
Sum varige driftsmidler		2 101 260 000	3 912 396 000
Finansielle anleggsmidler			
Other long term receivables		8 075 000	10 630 000
Sum finansielle anleggsmidler		8 075 000	10 630 000
Sum anleggsmidler		2 109 335 000	3 923 026 000
Omløpsmidler			
Varer			
Investment Property		2 089 783 000	
Sum varer		2 089 783 000	
Fordringer			
Account receivable		889 000	1 643 000
Other receivables		14 612 000	1 416 000
Sum fordringer		15 501 000	3 059 000
Bankinnskudd, kontanter og lignende			
Cash and cash epuivalents		83 901 000	106 802 000
Sum bankinnskudd, kontanter og lignende		83 901 000	106 802 000
Sum omløpsmidler		2 189 185 000	109 861 000
SUM EIENDELER		4 298 520 000	4 032 887 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Konsernets balanse

Beløp i: NOK	Note	2016	2015
Innskutt egenkapital			
Issued capital		10 000 000	10 000 000
Overkurs		752 645 000	752 645 000
Sum innskutt egenkapital		762 645 000	762 645 000
Opptjent egenkapital			
Retained earnings		517 159 000	226 223 000
Sum opptjent egenkapital		517 159 000	226 223 000
Sum egenkapital		1 279 804 000	988 868 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt		114 193 000	47 157 000
Sum avsetninger for forpliktelser		114 193 000	47 157 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		1 109 370 000	2 745 818 000
Langsiktig konserngjeld		42 607 000	150 000 000
Other long term liabilities		9 828 000	8 880 000
Sum annen langsiktig gjeld		1 161 805 000	2 904 698 000
Sum langsiktig gjeld		1 275 998 000	2 951 855 000
Kortsiktig gjeld			
Interest bearing loans and borrowing		1 572 810 000	
Leverandørgjeld		43 602 000	4 310 000
tax payable		3 221 000	
Other current liabilities		123 085 000	87 853 000
Sum kortsiktig gjeld		1 742 718 000	92 163 000
Sum gjeld		3 018 716 000	3 044 018 000
SUM EGENKAPITAL OG GJELD		4 298 520 000	4 032 886 000



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 31.03.2016	Vår dato 11.05.2016
Telefon 22078139	Deres referanse Jannecke Vinjum	Vår referanse 2016/298945

NORWEGIAN LIGHTS AS
Postboks 1715 Vika
0121 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Norwegian Lights AS, org. nr. 914 813 905

Vi viser til deres brev av 31. mars 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Norwegian Lights AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Norwegian Lights AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Norwegian Lights AS er eiet med 98 % av Partners Group som er hjemmehørende i Luxembourg og 2 % av ansatte. Selskapet er et eiendomsfond. Eiendommene som det investeres i organiseres som egne aksjeselskap. All kommunikasjon og intern rapportering til morselskapet skjer på dette språket. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en

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Postboks 9200 Grønland
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Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eiet med 98 % av et utenlandsk selskap. Eierkretsen er begrenset. All kommunikasjon med morselskapet skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Norwegian Lights AS

**Annual accounts
Parent & Group**

2016

**Auditors report
Director's report**

**Statement of comprehensive income
Statement of financial position at 31 December
Statement of changes in equity
Cash flow statement
Notes**



RSM Norge AS

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To the Annual Shareholders' Meeting of Norwegian Lights AS

Independent Auditor's Report

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Norwegian Lights AS. The financial statements comprise:

- The financial statements of the parent company showing a profit of NOK 354 896 000, which comprise the balance sheet as at 31 December 2016, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group showing a profit of NOK 290 935 000, which comprise the balance sheet as at 31 December 2016, the income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Medlem av Den Norske Revisorforening

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



Auditor's Report 2016 for Norwegian Lights AS



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Auditor's Report 2016 for Norwegian Lights AS



- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 31 March 2017
RSM Norge AS

Per-Henning Lie
State Authorised Public Accountant (Norway)



The board of director's report 2016 for Norwegian Lights AS

Norwegian Lights AS

Operational review

Norwegian Lights AS ("the Company") was established 16th of January.2015 and acquired 4th of March a portfolio of commercial real estate properties in Norway with the potential for asset management through re-leasing, repositioning, refurbishment or expansion. The Company will seek to manage the real estate portfolio in order to optimize the return on investment, based on a five year business plan. The company will be managed by UNION Eiendomskapital Lux AS.

Norwegian Lights AS has invested in 28 office and retail properties in Norway. During 2016 the Company divested seven properties, and entered into LOIs for additionally two properties. Including properties under LOIs for divestment, the Company has divested properties representing apr. 50 % of the initial property value.

The companies headquarter is in Oslo.

Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. The Group's economic and financial position is sound.

Comments related to the financial statements

The valuations of the owned properties as of December implied an increase in values of 9,7 % during 2016 and 17,6 % since acquisition.

The portfolio as of 31.12.2016 had a rental occupancy of approx. 89 %, and the average duration of the lease contracts were 4.4 years.

Norwegian Lights AS had an operating loss of MNOK 28,8. The Group had an operating profit of MNOK 447,5. Profit before tax was positive with MNOK 348,0 for the parent company and positive with MNOK 362,7 for the Group. The Group net rental income was MNOK 240,8 for the year 2016.

The Board of Norwegian Lights AS proposes that the positive total comprehensive income for the year of the parent company of MNOK 354,9 is allocated as follows:

Transfer to Fund for unrealized gains:	MNOK 364,7
Transfer from Share premium	(MNOK 9,8)
Total allocated profit	MNOK 354,9

The company's liquid assets are invested in bank and considered to be low risk.

As per 31.12.2016 the parent company had a bank balance of MNOK 30,0 and for the Group MNOK 83,9.



The total capital pr. 31.12.2016 was MNOK 4 298,5 for the Group. Long-term debt equals 29,8% and short-term debt equals 40,5 %. The equity ratio for the Group was 29,8 %.

Environment

The parent company and the Group do not pollute the environment beyond what is normal for the operations of the Group. Waste and emissions arising from operations are treated under applicable laws and regulations.

Financial risk

Market risk

The company is exposed to effects related to macro economic conditions and local market conditions. This could lead to changes in rent levels, occupancy rate and value of the properties.

Norwegian Lights AS is exposed to changes in interest rates. Total liabilities to credit institutions in Norwegian Lights AS are per 31.12.2016 MNOK 2 682,2 (grossed amount). Of the total debt to credit institutions 42,2% were hedged per 31.12.2016. Average interest rate on the loan portfolio was per 31.12.2016 3.24 % (including margin).

Norwegian Lights AS complies with all covenants per 31.12.2016.

Credit risk

The company has risks associated with its tenants on the properties. The tenants economy and financial strength, and thus their ability to serve the rent, has great significance for the risk associated with the loss of rent/income. The risk of vacancy depends to a large extent on the economic conditions. Vacancy in a property will lead to loss of rental income, and cause the company to cover the missing common costs. The company strives to achieve a bank guarantee or rent deposit upon signing or renegotiating lease contracts.

Risk of liquidity

The Board assesses the company's liquidity as satisfactory and it strives to have a liquidity buffer in case unforeseen events arise through daily operation of the properties.

Research and development

Norwegian Lights AS is not affected by conditions that can be defined as research and development activities.

Future development

The trough in the Norwegian economy seems to have passed, and macroeconomic indicators are pointing to an upswing. The upswing is expected to be somewhat sluggish, but strong enough to lead to increased absorption of office space. At the same time, the net supply of new office space will be very low due to a combination of low office construction activity and a strong trend of converting office buildings to residential units. This leads to expectations of lower office vacancy and increasing rental prices. In addition, Norway still stands out as an attractive long-term investment opportunity due to factors such as strong public finances and a favorable demographic development.



Oslo, 31 of March 2017

Øystein A. Landvik
Chairman

Håkon Sundby
Board member

Geoffrey Bonnefoy Cudraz
Board member

Stefan Lerpen
Board member



Norwegian Lights AS
Statement of comprehensive income

Parent company				Consolidated group	
2015	2016	All amounts in NOK 1 000	Note	2016	2015
-	229	Gross rental income		259 617	209 635
-	(257)	Property operating expenses		(18 803)	(14 832)
-	(28)	Net rental and related income	4 10	240 813	194 803
(5 002)	34 666	Gain / (loss) on sales of subsidiaries / property	2	35 538	-
-	-	Adjustment to value of investment property	3 10	272 548	138 922
(41 180)	(63 446)	General and administrative expenses	5 6 14	(101 369)	(69 227)
(46 182)	(28 807)	Operating profit		447 530	264 497
25 301	98 359	Financial income	7 12	9 993	826
225 474	370 533	Change in fair value shares in subsidiaries	3	-	-
(91 371)	(92 044)	Financial costs	7	(94 782)	(91 674)
159 405	376 847	Net financial items		(84 789)	(90 848)
113 223	348 040	Profit before tax		362 741	173 649
12 619	6 856	Income tax expense	8	(71 806)	(22 711)
125 842	354 896	Profit for the year		290 935	150 938
		Other comprehensive income			
100 381	-	Net other comprehensive income	10	-	100 381
-	-	Tax related to other comprehensive income	8	-	(25 095)
226 223	354 896	Total comprehensive income for the year		290 935	226 223



Norwegian Lights AS

Statement of financial position at 31 December

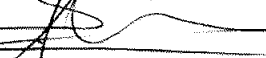
Parent company		All amounts in NOK 1 000	Note	Consolidated group	
2015	2016			2016	2015
ASSETS					
Non-current assets					
-	-	Investment property	3 4 10 13 15	2 101 260	3 912 396
3 097 395	3 360 472	Investments in subsidiaries	2 15	-	-
774 847	629 418	Intercompany loan	9	-	-
10 630	8 075	Other long term receivables	9	8 075	10 630
12 619	23 698	Deferred tax assets	8	-	-
3 895 490	4 021 664	Total non-current assets		2 109 335	3 923 025
Current assets					
-	-	Investment property held for sale	10 15	2 089 783	-
5 502	2 992	Accounts receivable	9 11 12	889	1 643
10 105	45 570	Other receivables	9 11 12	14 612	1 416
55 915	30 028	Cash and cash equivalents	9 12	83 901	106 802
71 522	78 591	Total current assets		2 189 185	109 860
3 967 012	4 100 254	TOTAL ASSETS		4 298 521	4 032 886
EQUITY AND LIABILITIES					
Equity					
Paid in capital					
10 000	10 000	Issued capital		10 000	10 000
653 012	642 382	Share premium		752 645	752 645
663 012	652 382	Total paid in capital		762 645	762 645
Accumulated profits					
325 855	690 534	Fund for unrealised gains	16	-	-
-	-	Retained earnings		517 159	226 223
325 855	690 534	Total accumulated profits		517 159	226 223
Non-controlling interests					
988 867	1 342 915	Total equity		1 279 803	988 868
Non-current liabilities					
2 745 818	1 109 370	Interest-bearing loans and borrowings	9 11 13 15	1 109 370	2 745 818
150 000	42 607	Shareholders loan	9	42 607	150 000
-	-	Deferred tax liabilities	8	114 193	47 157
8 880	17 880	Other long term liabilities	9	9 828	8 880
2 904 697	1 169 857	Total non-current liabilities		1 275 998	2 951 855
Current liabilities					
-	1 456 522	Interest-bearing loans and borrowings	9 11 13 15	1 572 810	-
61	400	Accounts payable	9 12	43 602	4 310
-	3 221	Tax payable	8	3 221	-
73 385	127 338	Other current liabilities	9 12	123 084	87 852
73 446	1 587 481	Total current liabilities		1 742 717	92 161
2 978 143	2 757 338	Total liabilities		3 018 715	3 044 016
3 967 012	4 100 254	TOTAL EQUITY AND LIABILITIES		4 298 521	4 032 886


Øystein Landvik
Chairman


Geoffrey Bonnefoy-Cudraz
Board member

The Board of Norwegian Lights AS
Oslo, 31. March 2017


Håkon Sundby
Board member


Stefan Lempen
Board member



Norwegian Lights AS

Statement of changes in equity

All amounts in NOK 1 000	Note	Attributable to parent company equity holders			Total equity	
		Share capital	Share premium	Retained earnings		
Consolidated group						
Issue of share capital		30	-	-	30	
Establishment cost		-	(15)	-	(15)	
Share redemption		(30)	-	-	(30)	
Issue of share capital		10 000	752 660	-	762 660	
Total comprehensive income		-	-	226 223	226 223	
Equity as at 31.12 2015		10 000	752 645	226 223	988 868	
Total comprehensive income		-	-	290 935	290 935	
Equity as at 31.12 2016		10 000	752 645	517 159	1 279 803	
Parent company						
		Share capital	Share premium	Fund for unrealised gains	Retained earnings	Total equity
Issue of share capital		30	-	-	-	30
Share redemption		(30)	-	-	-	(30)
Establishment cost		-	(15)	-	-	(15)
Issue of share capital		10 000	752 660	-	-	762 660
Total comprehensive income		-	-	-	226 223	226 223
Equity as at 31.12 2015		10 000	752 645	-	226 223	988 867
Reclassification to fund for unrealised gains	16	-	(99 632)	325 855	(226 223)	-
Restated total equity as at 1.1.2016		10 000	653 012	325 855	-	988 867
Total comprehensive income		-	(9 783)	364 679	-	354 896
Effect on equity from merger		-	(848)	-	-	(848)
Equity as at 31.12 2016		10 000	642 382	690 534	-	1 342 915



Norwegian Lights AS

Statement of cash flows

Parent company		All amounts in NOK 1 000	Consolidated group	
2015	2016		2016	2015
		Cash flow from operating activities		
213 604	348 040	Profit before tax for the year from comprehensive income	362 741	274 030
-	-	Deferred tax assets acquired	-	(649)
-	-	Income taxes paid	-	-
(325 855)	(370 533)	Adjustment to value of investment i subsidiaries	-	-
-	-	Adjustment to value of investment property	(272 548)	(241 866)
-	(34 666)	Gain / (loss) on sales of subsidiaries / property	(35 538)	-
(5 502)	2 510	(Increase)/decrease in accounts receivable	754	(1 643)
(20 735)	(32 911)	(Increase)/decrease in other receivables	(10 642)	(12 046)
61	339	Increase/(decrease) in accounts payable	39 292	4 310
84 016	53 953	Increase/(decrease) in other current liabilities	35 233	98 483
(10 630)	-	Payment of loan fees	-	(10 630)
(65 041)	(33 268)	Net cash flow from operating activities	119 292	109 989
		Cash flows from investing activities		
-	-	Purchase of investment property	-	(3 581 919)
-	-	Additions on investment property	(197 884)	(142 111)
-	-	Proceeds from sale of investment property	227 323	53 500
-	142 122	Proceeds from sale of investments in subsidiaries	-	-
(774 847)	145 428	(Increase)/decrease in intercompany loan	-	-
(2 771 540)	-	Acquisition of subsidiary, net of cash acquired	-	-
(3 546 387)	287 550	Net cash flow used in investing activities	29 439	(3 670 530)
		Cash flows from financing activities		
762 660	-	Proceeds from issue of share capital	-	762 660
(15)	-	Share issue expenses	-	(15)
2 973 944	-	Proceeds from borrowings	-	2 973 944
(69 246)	(280 169)	Repayment of borrowings	(171 630)	(69 246)
-	-	Dividend paid to equity holders of the parent	-	-
3 667 343	(280 169)	Net cash flow from financing activities	(171 630)	3 667 343
55 915	(25 886)	Net increase/(decrease) in cash and cash equivalents	(22 900)	106 802
-	55 915	Cash and cash equivalents at beginning of period	106 802	-
55 915	30 028	Cash and cash equivalents at end of period	83 901	106 802



Norwegian Lights AS

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All amounts in NOK 1 000 unless otherwise stated

2 List of subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Business Office	Shareholding / voting rights	Acquisition date	Ownership interest	Ownership
AIF Bjerckes vei 14 AS	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Bilittveien 6 AS	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Brobekkveien 80 AS	Oslo	100,0 %	04.03.2015	100,0 %	Directly
B80 Bygg 18 AS *	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Dagligvare Otta Eiendom ANS	Otta	100,0 %	04.03.2015	100,0 %	Directly
Dcliveien 10 AS	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Dronningens Gate 3 AS *	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Gidsken Jacobsens Vei 12 AS	Bodø	100,0 %	04.03.2015	100,0 %	Directly
Gidsken Jacobsens Vei 14 AS	Bodø	100,0 %	04.03.2015	100,0 %	Directly
Gidsken Jacobsens Vei 22 AS	Bodø	100,0 %	04.03.2015	100,0 %	Directly
Hans Nilsen Hauges vei 1 AS	Fredrikstad	100,0 %	04.03.2015	100,0 %	Directly
Hans Nilsen Hauges vei 1 Hjemmel AS	Fredrikstad	100,0 %	04.03.2015	100,0 %	Indirectly
Industriveien 7 Eiendom AS	Trondheim	100,0 %	04.03.2015	100,0 %	Directly
Karl Johans Gate 12 AS *	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Kirkegaten 32 *	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Luramyrveien 65 AS	Stavanger	100,0 %	04.03.2015	100,0 %	Directly
Mørkveien 35 AS *	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Mjøvannsvegen 28 AS *	Kristiansund	100,0 %	04.03.2015	100,0 %	Directly
Moveien 53/55 Eiendom AS	Sandefjord	100,0 %	04.03.2015	100,0 %	Directly
Moveien 53/55 Hjemmel AS	Sandefjord	100,0 %	04.03.2015	100,0 %	Indirectly
Orkdalsvegen 100 AS	Orkdal	100,0 %	04.03.2015	100,0 %	Directly
Parkeringshuset Sandgata 28 AS	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Revierstrødet 2 AS *	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Storgata 22 Otta AS	Otta	100,0 %	04.03.2015	100,0 %	Directly
Sverdrupsgate 27 Eiendom AS	Stavanger	100,0 %	04.03.2015	100,0 %	Directly
Sverdrupsgate 27 Hjemmel AS	Stavanger	100,0 %	04.03.2015	100,0 %	Indirectly
Trollåsveien 6 AS	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Trollåsveien Hjemmel ANS	Oslo	100,0 %	04.03.2015	100,0 %	Directly
Vestre Rosten 79 AS *	Trondheim	100,0 %	04.03.2015	100,0 %	Directly

* Subsidiaries that are classified as Held for sale. See note 15 for more information.

Subsidiaries sold 2016 (consolidated in the ownership period):

Gidsken Jacobsens Vei 28-30-32 AS **	Bodø	100,0 %	04.03.2015	100,0 %	Directly
Hotvedtveien 6 AS ***	Sandefjord	100,0 %	04.03.2015	100,0 %	Directly
Hotvedtveien 6 Hjemmel AS ***	Sandefjord	100,0 %	04.03.2015	100,0 %	Indirectly
Storvegen 6 Trysil AS ****	Trysil	100,0 %	04.03.2015	100,0 %	Directly
Dagligvare Trysil Eiendom ANS *****	Trysil	100,0 %	04.03.2015	100,0 %	Indirectly

** Sold 1 April 2016

*** Sold 6 July 2016

**** Sold 30 June 2016

***** Sold 1 July 2016

Subsidiaries liquidated/merged 2016

Storvegen 6 Trysil ANS	Trysil	100,0 %	04.03.2015	100,0 %	Directly
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There are no particular significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances.



Norwegian Lights AS

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All amounts in NOK 1 000 unless otherwise stated

3 Critical accounting estimates and subjective judgements

In accordance with IFRS 13, disclosure is required for financial instruments that are measured in the consolidated statement of financial position at fair value.

This requires disclosure of fair value measurements by level for the following fair value measurement hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

There were no transfers between levels in the period.

Fair value of investment properties

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

Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, the Group have classified the valuations of the investment property portfolio as Level 3 as defined by IFRS 13.

All the properties are valued by independent, external valuer two times a year. The valuations at 31 December 2016 were obtained from Newsec AS (www.newsec.no). The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flow 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 tenant's 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 their valuations, the valuers receive 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 management performs internal controls to ensure that all relevant information is included in the valuations.

The valuers perform their valuations on the basis of the information they have 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 cost, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of 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.)

The table below shows to what extent the value of the property portfolio is affected by inflation, market rents, discount rates (interest rates) and exit yields (market yields), assuming that all other factors are equal.

Change variable (The Group)	Change in % (plus)	Value change
Inflation	1,0 %	165 462 208
Market rent	10 %	197 976 630
Discount rates	0,25 %	(51 548 370)
Exit yield	0,25 %	(15 504 187)

Fair value of subsidiaries

The sole purpose of the subsidiaries of the Group is to own the investment properties described above. Any other assets or liabilities that the subsidiaries may have will for the most part consist of cash and cash equivalents and short-term payables and receivables, and the fair value of these items is expected to approximate the nominal and carrying amounts.

As the main assets of the subsidiaries, i.e. the investment properties, are classified as level 3 financial instruments, the subsidiaries are also classified as level 3 instruments.



Norwegian Lights AS

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3 Critical accounting estimates and subjective judgements - continues

The valuation technique for measuring the fair value of the subsidiaries is an adjusted net asset value method, where the fair value of the main assets are measured by an income approach, and the fair value of the subsidiaries is then estimated by adjusting for any other assets and liabilities.

Consequently the inputs and the relationship of unobservable inputs to fair value for the subsidiaries will correspond with those for the investment properties.

Reconciliation of Level 3 fair value measurements of subsidiaries:	Parent company 2016	Parent company 2015
Balance as of 1 January	3 097 395	-
Additions	-	2 871 921
Disposals	(107 456)	-
Change in fair value	370 533	225 474
Balance as of 31 December	3 360 472	3 097 395

Fair value of derivatives

The interest rate swaps used by the Group are not traded in an active market. As a result, their fair value is based on valuation techniques that are consistent with generally accepted valuation methodologies for pricing financial instruments and they incorporate all factors and assumptions that market participants would consider in setting the price.

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The valuations are market observable, internally calculated and verified to externally sourced data and are therefore included within level 2.

The derivatives have been valued by the Group's banks, and these valuations have been tested for reasonableness by the Group's Management.

4 Operating leases

The Group mainly enters into contracts with a fixed rent for the lease of property.

The Group's future accumulated rent from non-terminable operational lease contracts at 31.12.	Consolidated group 2016	Consolidated group 2015
Within 1 year	221 829	248 478
Between 1 and 5 years	461 708	643 611
Later than 5 years	416 128	220 847
Total	1 099 665	1 112 936

The numbers above includes properties held for sale

5 Remuneration to senior executives, auditors etc. and number of employees

Number of employees

The parent company and the group companies have no employees.

Remuneration to members of the Board

The Board has not received any remuneration for their work.

	Parent company ¹ 2016	Parent company ¹ 2015	Consolidated group 2016	Consolidated group 2015
Expensed audit fee (excl. VAT)				
Statutory audit	330	81	1 007	618
Other assurance services	9	108	33	184
Other non-assurance services	179	-	403	-
Tax consultant services	12	-	31	-
Total expensed audit fee	529	189	1 474	802

¹ Fees to RSM Norge and affiliated companies. In addition, fees of NOK 232 for 2016 are charged, but not expensed as they are part of transaction costs.

Shares held by Board members

Shares are owned indirectly by Øystein A. Landvik in the form of ownership in UNION Eiendomskapital Lux AS through UNION Gruppen and their private holding companies. UNION Eiendomskapital Lux AS owns directly shares in Norwegian Lights AS. The Holding companies owns 26,67% of the UNION Gruppen. IIBkon Sundbye owns shares in Union Investeringselskap AS, which has 0,27 % ownership in Norwegian Lights AS.



Norwegian Lights AS

Notes 2016

All amounts in NOK 1 000 unless otherwise stated

6 General and administrative expenses	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
General and administrative expenses				
Auditor's fee	529	189	1 474	802
Management fee	1 443	854	19 679	12 366
Provision for performance fee to manager	60 245	39 073	60 245	39 073
Other fees	220	597	14 430	13 546
Other general and administrative expenses	1 009	466	5 541	3 441
Total general and administrative expenses	63 446	41 180	101 369	69 227
7 Financial income and costs				
Financial income				
Interest income on cash and cash equivalents	262	571	1 033	826
Interest income intercompanies	24 488	24 731	-	-
Dividends and Group contribution	64 648	-	-	-
Other financial income	8 961	-	8 961	-
Total financial income	98 359	25 301	9 993	826
Financial costs				
Interest expense on financial liabilities	87 993	87 351	81 881	87 654
Interest expense loan from owners	3 941	4 020	3 941	4 020
Other financial costs	111	-	8 961	-
Total financial costs	92 044	91 371	94 782	91 674
8 Income tax				
Income tax expense				
<i>Current tax:</i>				
Tax payable	3 221	-	3 221	-
<i>Deferred tax:</i>				
Changes in deferred tax/ (deferred tax asset)	(10 077)	(12 619)	68 585	47 806
Total income tax expense	(6 856)	(12 619)	71 806	47 806
Reconciliation of the effective rate of tax				
Income taxes calculated at 25% of profit before tax	87 010	57 673	90 685	73 988
Other	-	-	-	-
Tax group contribution	7 388	15 295	-	-
Tax related to change in value of shares	(92 633)	(87 981)	-	-
Tax effect on non deductible expenses	(8 621)	2 394	(18 879)	(26 182)
Total income tax expense	(6 856)	(12 619)	71 806	47 806
Deferred tax and deferred tax assets:				
<i>Deferred tax assets</i>				
Tax losses carried forward	-	6 844	-	7 577
Deferred tax asset performance fee	99 318	39 073	99 318	39 073
Deferred tax asset SWAP	3 767	12 727	3 767	12 727
Other deferred tax assets	3 734	2 461	8 058	4 488
Deferred tax assets - gross	106 819	61 105	111 142	63 865
<i>Deferred tax liabilities</i>				
Deferred tax change in value of properties	-	-	(576 615)	(241 865)
Deferred tax establishment cost loan	(8 075)	(10 630)	(8 075)	(10 630)
Other deferred tax liabilities	-	-	(2 257)	-
Deferred tax liabilities - gross	(8 075)	(10 630)	(586 947)	(252 495)
Net deferred tax asset/(liabilities)	98 744	50 475	(475 805)	(188 629)
Net recognised deferred tax asset/(liabilities)	98 744	50 475	(475 805)	(188 629)
Book value at 31.12 (24 % / 25 %)	23 698	12 619	(114 193)	(47 157)



Norwegian Lights AS

Notes 2016

All amounts in NOK 1 000 unless otherwise stated

9 Carrying amounts and fair value of financial instruments

The following table provides information about the carrying amounts and the fair value of all classes of financial instruments:

	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
Financial assets - non current				
<i>Financial assets designated as FVTPL</i>				
Investments in subsidiaries	3 360 472	3 097 395		
<i>Loans and receivables held at amortised cost</i>				
Intercompany loan	629 418	774 847	-	-
Other long term receivables	8 075	10 629	8 075	10 630
Total non current financial assets	3 997 965	3 882 871	8 075	10 630
Financial assets - current				
<i>Loans and receivables held at amortised cost</i>				
Accounts receivables	6 141	5 502	889	1 643
Other receivables from group companies	40 564	-	-	-
Other receivables	1 858	10 105	14 612	1 416
<i>Cash and cash equivalents</i>	30 028	55 915	83 901	106 802
Total current financial assets	78 591	71 522	99 403	109 861
Financial liabilities - non current				
<i>Financial liabilities held at amortised cost</i>				
Secured bank debt	1 109 370	2 745 818	1 109 370	2 745 818
Owners loan	42 607	150 000	42 607	150 000
Intercompany loan	9 000	-	-	-
Other non current liabilities	8 880	8 879	9 828	8 879
Total non current liabilities	1 169 857	2 904 697	1 161 805	2 904 697
Financial liabilities - current				
<i>Financial liabilities at FVTPL</i>				
Interest rate swap	3 767	12 727	3 767	12 727
<i>Financial liabilities held at amortised cost</i>				
Secured bank debt	1 456 522	-	1 572 810	-
Accounts payables	-	61	43 602	4 310
Accounts payables to group companies	400	-	-	-
Other payables to group companies	6 910	-	-	-
Interest debt to owner	354	4 020	354	4 020
Current debt to owner	30	30	30	30
Performance fee	99 318	39 073	99 318	39 073
Other current liabilities	20 182	17 535	22 837	32 002
Total current liabilities	1 587 481	73 446	1 742 717	92 161

These figures are including any assets or liabilities classified as held for sale. See note 15 for information about assets and liabilities classified as held for sale.

The fair values for all "Loans and receivables held at amortised cost", "Cash and cash equivalents", and all current "Financial liabilities held at amortised cost" are expected to approximate their carrying amounts given the short-term nature of these financial instruments.

The total carrying value of non current "Financial liabilities measured at amortised cost" is a reasonable approximation of their fair value at the year end date.



Norwegian Lights AS

Notes 2016

All amounts in NOK 1 000 unless otherwise stated

10 Investment property	Consolidated group 2016	Consolidated group 2015
Investment property		
Opening balance as at 1 January	3 912 396	-
Additions from acquisitions	-	3 576 940
First day gain change in fair value	-	105 361
Additions during the year	197 884	142 111
Disposals (at book value)	(191 785)	(53 500)
Fair value adjustments of investment properties	272 548	141 484
Transfer to investment properties held for sale	(2 089 783)	-
Balance at 31 December	2 101 260	3 912 396

The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and seller in an arm's length transaction at the date of valuation. The following main inputs have been used for the fund:

	2016	2015
Yields (%)	5,67 %	6,13 %
Inflation rate (%)	3,60 %	2,50 %
Current vacancy rate (%)	11,00 %	7,00 %
Long term growth rate in real rental terms (%)	2,50 %	2,50 %

Income and expenditure relating to investment properties	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
Rental income	229	-	259 617	209 635
Direct operating expenses of properties that generated income	(257)	-	(11 568)	(8 072)
Direct operating expenses of properties that generated no income	-	-	(7 235)	(6 760)
Balance at 31 December	(28)	-	240 813	194 803

11 Pledged assets	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
Secured long-term debt	1 109 370	2 745 818	1 109 370	2 745 818
Secured short-term debt	1 456 522	-	1 572 810	-
Fair value of investment property (land, building and fixtures) less tax	4 191 042	3 912 396	4 191 042	3 912 396



Norwegian Lights AS

Notes 2016

All amounts in NOK 1 000 unless otherwise stated

12 Related parties

12.1 Identification of related parties

Amongst the identified related parties there have been transactions with the Group's subsidiaries, the Group's management and UNION Eiendomskapital Lux AS. Subsidiaries are listed in Note 2. Apart from the transactions described below, there are no significant transactions with related parties

Information about the parent company is provided in note 14.

12.2 Group related transactions

Interests on internal long-term loans is equal to the groups interest rate + 0,25 % per annum. Transactions with group companies have been eliminated in the Consolidated Group.

The parent company recharge the group companies management fee based on an distribution model. The distribution model is based on work carried out for group companies.

12.3 Board, management and owners

UNION Eiendomskapital Lux AS have entered into a management agreement with Norwegian Lights AS. The management fee for the investment period amounts to 1,5% of Net asset value.

Managers performance fee:

Distributions after payment of the Fund's fees, costs, expenses and liabilities;

- First, return to investors of drawn down commitments equal to 12% IRR
- Second, if the IRR is at least 12% and until the IRR is 15%, 85% to the A-shares and 15% to the B-shares
- Third, if the IRR is over 15%, 100% to the B- shares until the B-shares have received an amount equal to 20% of the total distribution
- Remaining distributable proceeds shall thereafter be distributed 80% to the A-shares and 20% to the B-shares

Other fees:

When UNION Eiendomskapital Lux AS negotiate lease contracts on behalf of group companies, the manager receives a letting fee of 10% fo the first year's rent for a new lease and for the following percentages of the first year' s rent upon renewal of an existing lease depending on the period of renewal as follows in the range of 0%-6%

When UNION Eiendomskapital Lux AS work on a development project the manager receives a project fee which equal to 0-2,5% of the value of the investments.

Transactions with the manager (UNION Eiendomskapital Lux AS)

	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
Amount of transactions				
Management fee	1 443	854	19 679	12 366
Rental fee/ development	-	-	(6 165)	2 382
Performance fee	60 245	39 073	60 245	39 073
Other fees and expenses	-	-	-	-

	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
Outstanding balances				
Accounts payable	(4 968)	-	(1 466)	(1 045)
Other current liabilities	(60 245)	(39 073)	(60 245)	(39 073)

Transactions with the subsidiaries

	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
Amount of transactions				
Interest received from subsidiaries	24 488	25 227	-	-
Dividends and Group contributions received from subsidiaries	64 648	-	-	-
Management fee paid by subsidiaries	18 236	11 686	-	-

In the parent company's separate financial statement the management fees paid by subsidiaries are presented net of management fee that the parent has paid to the manager.

	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
Outstanding balances				
Non current loans to subsidiaries	629 418	774 847	-	-
Accounts receivable from subsidiaries	41 923	15 596	-	-
Accounts payable to subsidiaries	7 310	-	-	-
Other current liabilities payable to subsidiaries	9 000	361	-	-



Norwegian Lights AS

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All amounts in NOK 1 000 unless otherwise stated

13 Information on financial risks

Norwegian Lights AS will through recognised financial instruments be exposed to various forms of risk. The main types of risk will be liquidity risk, credit risk and market risk. It is the responsibility the fund's manager to determine the strategies for managing risk associated with financial instruments and to operationalize and implement the chosen strategy. Selected strategies, fixed limits and actual exposure in relation to established limits are reported periodically to the Board of Norwegian Lights AS. Norwegian Lights AS has adopted a moderate risk profile, and this consideration is also governing the determination of the strategy for risk management in financial instruments.

13.1 Liquidity risk

Norwegian Lights AS are exposed to liquidity risk in the form of repayment of loans from credit institutions, current interest on such obligations, and the use of interest rate swaps result in payment obligations when paid interest exceeds interest received. The manager prepares liquidity forecasts, which include maturity overviews of debt. The cash flow projection are reported to the group board and form the basis for future financing plans.

The maturity plan below shows how commitments are payable in nominal amounts in accordance with the agreed installments plans and expected payments under financial interest rate swaps based on current market rates. Commitments are here presented in nominal amounts.

	2017	2018	2019	2020	2021 and later
Maturity plan - Parent company					
Interest-bearing loans and borrowings	1 505 637	49 115	49 115	962 024	-
Other non-current financial liabilities	-	-	-	-	42 607
Other long term liabilities	9 828	-	-	-	8 052
Maturity plan - Consolidated group					
Interest-bearing loans and borrowings	1 621 925	49 115	49 115	962 024	-
Other non-current financial liabilities	-	-	-	-	42 607
Other long term liabilities	9 828	-	-	-	-

13.2 Credit risk

For the financial assets in the balance sheet, financial derivatives and receivables, the maximum credit risk may be best expressed by the recognised value of the assets. No security have been established for financial assets. The risk connected with the financial derivatives and bank deposits are perceived in practice limited due to the counterparts being major Norwegian commercial banks. In terms of exposure to other counterparties than banks are at any given time is relatively limited compared to the total balance. For most rental agreements security in the form of cash or bank guarantees equivalent to half the annual rent including share of common costs have been established.

The parent company have different types of swaps in 2016.

13.3. Interest rate risk

The Group's exposure to interest rate risk mainly concerns financial liabilities which are floating rate.

The Group uses interest rate swaps to hedge exposure to the variability in cash flows on floating rate debt, such as bank facilities, caused by movements in market rates of interest.

Due to a combination of factors, principally the high level of certainty required under IAS 39 'Financial Instruments: Recognition and Measurement', hedging instruments used in this context do not qualify for hedge accounting.

At 31 December 2016, the Group had pay-fixed interest-rate swaps in place with a nominal value of TNOK 1 130 938 , and its net debt was 42,16 % fixed. Based on the Group's debt balances at 31 December 2016, a 1% increase in interest rates would increase the annual net interest payable in the income statement and reduce equity by TNOK 15 512. The fair value of the interest rate swaps would increase by TNOK 19 159. The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest-rate swaps and cash and cash equivalents.

The expected maturity profiles of the Group's interest rate swaps are as follows (based on nominal values):

	Parent company 2016	Parent company 2015	Consolidated group 2016	Consolidated group 2015
One year or less, or on demand	341 688	172 813	341 688	172 813
More than one year but not more than two years	389 813	350 563	389 813	350 563
More than two years but not more than five years	399 438	809 750	399 438	809 750
More than five years	-	-	-	-

13.4. Foreign exchange risk

The Group is not exposed to currency risk in relation to the translation of net assets, currency transactions or the translation of net assets and income statement of foreign subsidiaries.



Norwegian Lights AS

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All amounts in NOK 1 000 unless otherwise stated

14 Share capital, shareholder information and dividend

(Number of shares are in whole numbers)

	2016
14.1 Share capital	
Ordinary A-shares, nominal amount NOK 1	9 800 000
Ordinary B-shares, nominal amount NOK 1	200 000
Total number of shares	10 000 000

Both A- and B-shares have one voting right each.

	A shares	B shares	Ownership interest	Voting interest
14.2 Shareholders at 31 December 2016				
Partners Group Futurum S.A.R.L.	9 800 000	-	98,000 %	98,000 %
UNION Eiendomskapital Lux AS	-	173 448	1,734 %	1,734 %
Union Investeringselskap AS	-	26 552	0,266 %	0,266 %
Total number of shares	9 800 000	200 000	100,00 %	100,00 %

Reconciliation of total number of shares in issue:

	Ordinary A-shares	Ordinary B-shares	Total
As at December 31 2015	9 800 000	200 000	10 000 000
Issued during the period	-	-	-
Issued as of 31 December 2016 - fully paid in	9 800 000	200 000	10 000 000
As at December 31 2014	-	-	-
Issued during the period	9 800 000	200 000	10 000 000
Issued as of 31 December 2015 - fully paid in	9 800 000	200 000	10 000 000

There has not been paid out any dividends in 2015 or 2016.

15 Investment property held for sale

As of 31 December 2016, the Group had accepted bids for the sale of the subsidiaries set out below. The risks and returns of ownership had not fully transferred to the buyer as of this date, and as a result the investment properties for these subsidiaries are classified as assets held for sale.

B80 Bygg 18 AS
Dronningens Gate 3 AS
Karl Johans Gate 12 AS
Markveien 35 AS
Kirkegaten 32 AS
Mjåvannsvegen 28 AS
Revierstredet 2 AS
Vestre Rosten 79 AS

The transaction is expected to close in the first quarter of 2017 (except for B80 Bygg 18 AS, where the transaction is expected to close in the second quarter of 2017), and it is currently estimated that the disposal group will realise its carrying amount (net of disposal costs).

Gross rental income from these investment properties was TNOK 107 404 in 2016 and TNOK 92 400 in 2015.

The subsidiaries that have been sold in 2016 (see note 2) are not considered to represent a separate major line of business, and consequently the requirements for discontinued operations in IFRS 5 does not apply.

16 Correction of error in the statement of changes in equity

The parent company did not make any transfer to Fund for unrealised gains in the separate financial statements for 2015, as required in the Norwegian Private Limited Liability Companies Act section § 3-2.

The error has been corrected by restating the equity funds for the prior periods as described in the statement of changes in equity.



Note 5 revisjonshonorar

2016

Fra konsolideringen		mor	Konsem	
6700	Revisjonshonorar	369 792	1 150 726	
6701	Revisjonsbistand	159 594	323 306	
	Sum	529 386	1 474 033	
Fra revisors system, fordelt på notegruppene				
	Statutory audit	329 597	1 006 584	
	Other assurance services	8 569	33 325	
	Other non-assurance services	154 310	263 791	
	Tax consultant services	11 875	30 775	
	TS	19 825	129 504	
	Advokat	18 450	228 988	
	Sum	542 626	1 692 967	
	Avvik mot kostnadsført	13 240	218 934	Dette må da

2015

<u>Expensed audit fee (excl. VAT)</u>	F.82719	F.85510	F.87284
<u>Statutory audit</u>		19 500	
Statutory audit, akto	5 000 -	10 000	7 500
Other services, akto	65 000 -	107 100	10 500
Other assurance services		20 500	
Other non-assurance services		135 300	
Law			
Tax consultant services			
<u>Total expensed audit fee</u>	70 000	68 200	18 000