

markveien³⁵



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Investment summary

- Located at Grünerløkka - an urban hot spot with an abundance of cafés, bars and specialty boutiques – often referred to as Oslo's equivalent to Soho
- International retailers have launched successful concepts in the area such as H&M's COS and Weekday
- Optimal micro location in the prime retail street of Grünerløkka
- Unique retail property with 105 meters of street facing retail facade. Moderate/low average retail rent levels of NOK 2 400/sqm - potential for rental-uplift
- Value add potential through transforming retail profile, expand / develop new retail space, and increase rent levels

KEY FACTS	
Address	Markveien 35
Land registry	GNR 228 BNR 179 in Oslo municipality
Plot	Freehold, 2 197 sqm
Sales object	Markveien 35 AS
Annual rent 2017e	MNOK 17.05
WAULT	3.8 years
Gross lettable area	Retail 4 617 sqm
	Office 2 196 sqm
	Bar/Restaurant 921 sqm
	Warehouse 35 sqm
	Total GLA 7 770 sqm
Parking	21, of which 12 leased permanently
Year of construction/rebuild	1980/1989/2009-2013
Key tenants	KIWI, Lindex, Posten Norge AS, Colosseumsklinken
Value add potential	- Increase lettable area - Transform retail profile - Increase rent level

Location

Location



Olaf Ryes Square



Schous bryggeri



Akerselva



Oslo Opera House



City Hall

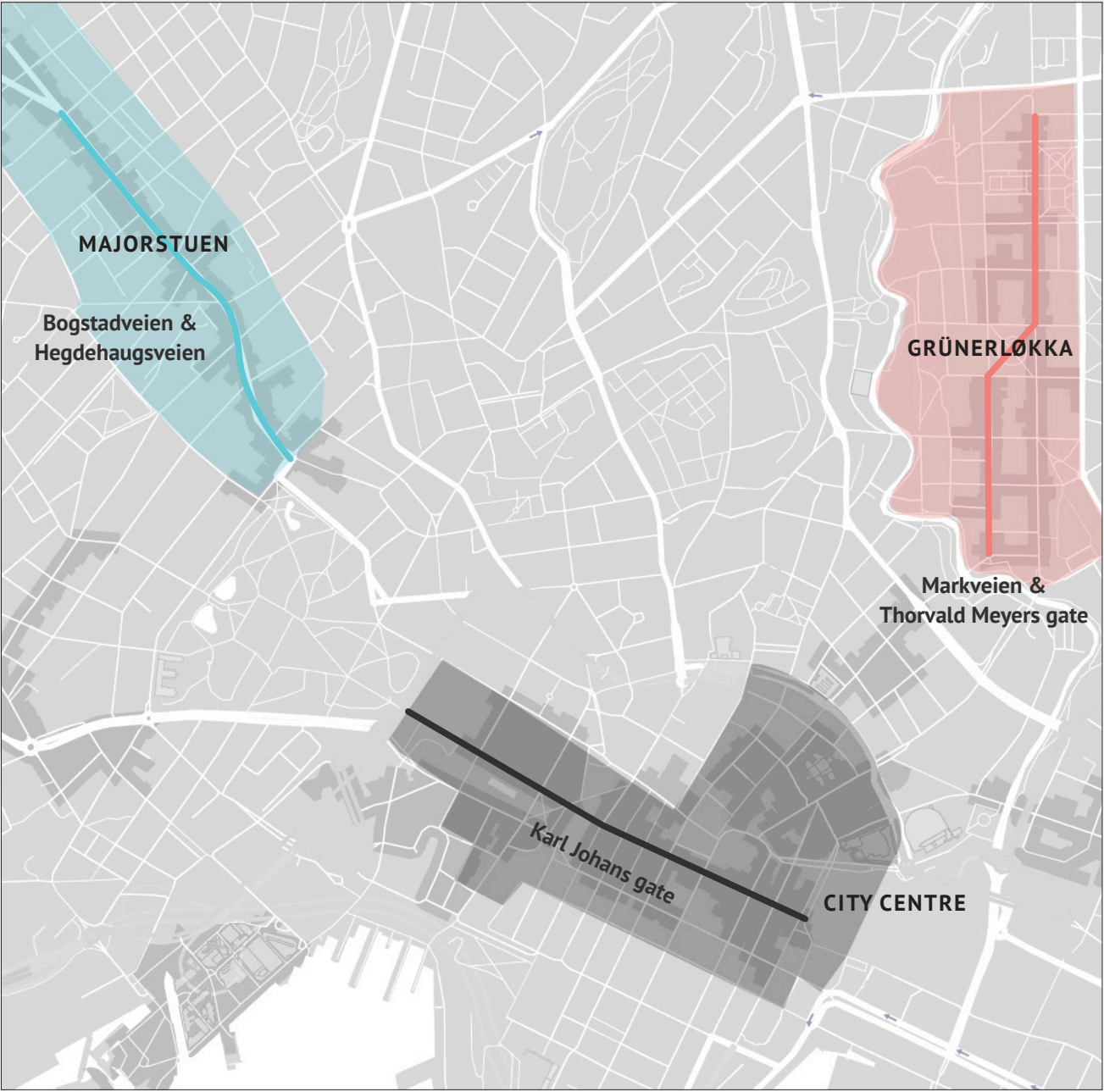


Akershus Fortress



High street retail in Oslo

Three high street areas in Oslo – at different stages of maturity

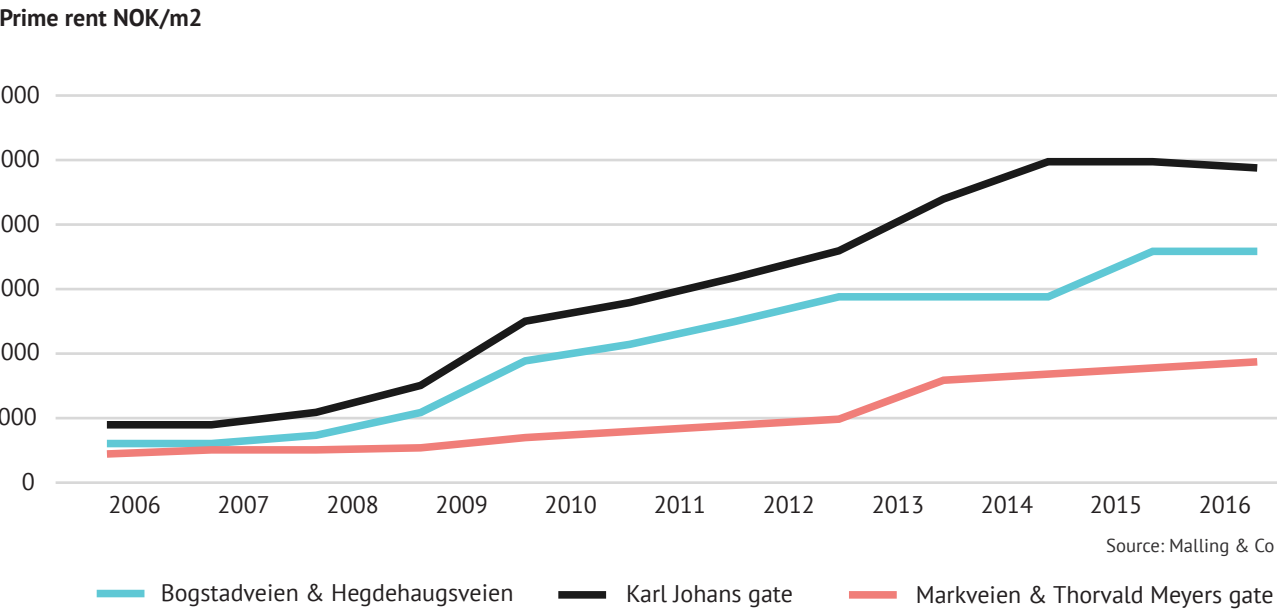


Bogstadveien & Hegdehaugsveien	Karl Johans gate	Markveien & Thorvald Meyers gate
Prime rent NOK/m ² 18 000 →	Prime rent NOK/m ² 25 000 ↘	Prime rent NOK/m ² 9 000 ↗
Prime Yield 4.25% →	Prime Yield < 4.00% →	Prime Yield 5.00 % ↘

Retail in Oslo

Development of prime rents in the high streets of Oslo

Traditionally, Oslo has had a more prominent east/west divide of its population. As the city is expanding, former working class neighbourhoods are transformed as the prosperity increases the purchasing power of the urban population and diminishing the east/west divide.



Grünerløkka is the anticipated growth winner the years to come

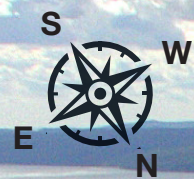
The prime rents of Grünerløkka have traditionally lagged behind the two other major shopping areas of Oslo, but forecasts indicate that Grunerløkka will experience significant higher rental growth, narrowing the gap compared to Bogstadveien and Karl Johans gate. The main driver will be higher retail turnover volumes from an increased concentration of international retailers.

Turnover and growth of Retail and Restaurant & Service (Oslo 2015)

Segment	Turnover MNOK	Growth (Norway)
Retail	70 338	5.90 % (4.70 %)
Restaurant & service	10 815	10.50 % (8.00 %)

Oslo has more than twice the restaurant and café coverage compared to national average.

Oslo - North to South



«Grünerløkka has undergone a transformation from rundown industrial district to a vibrant arty neighbourhood...»

- The Guardian

Oslo Central Station

Barcode

City Hall

Royal Palace

MARKVEIEN 35

Olaf Ryes Square



Vulkan Food Court



Several specialty boutiques

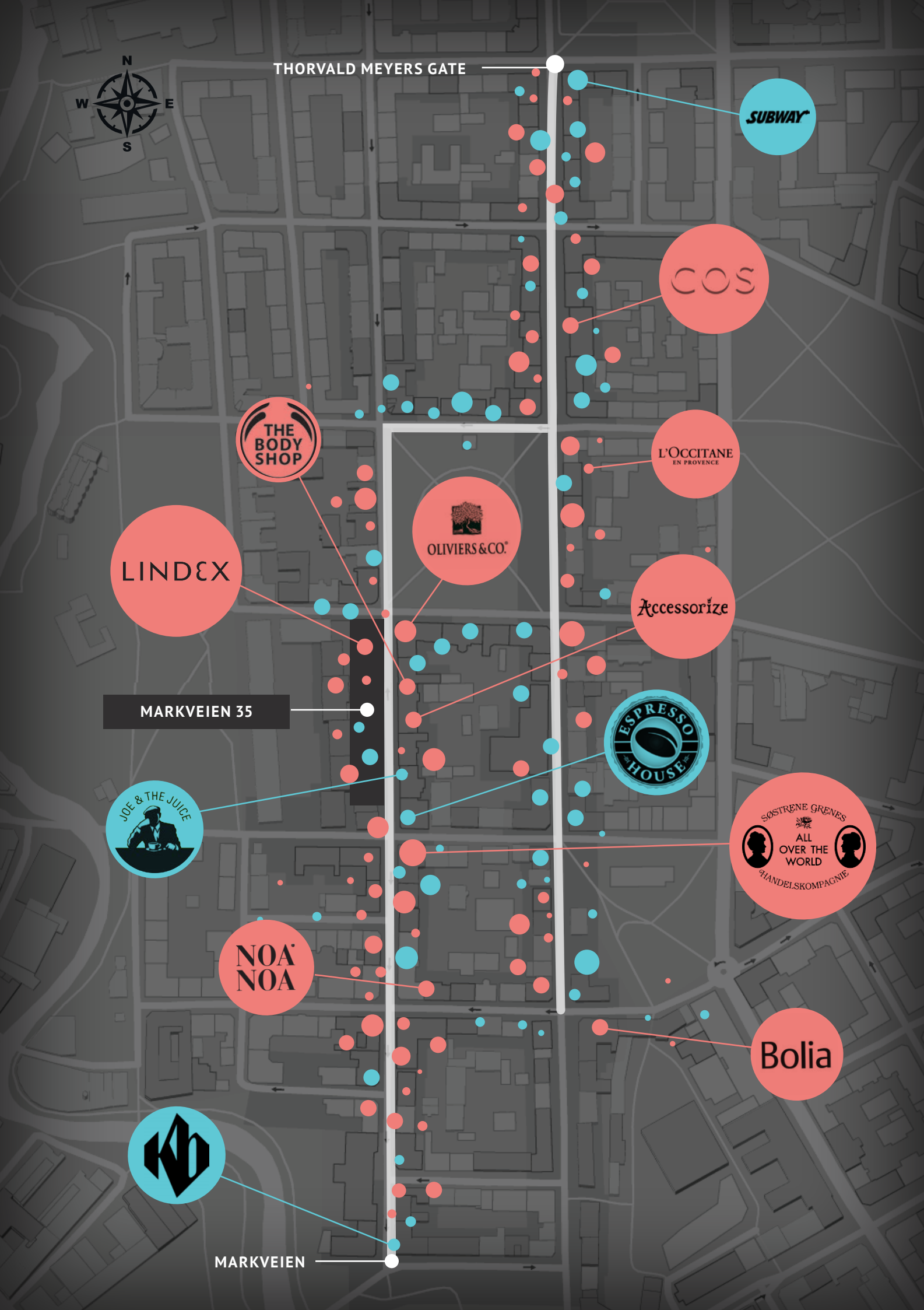


Bars and nightlife



Multiple restaurants & cafés

Grünerløkka prime retail streets: ● ● ●



Prime retail

Grünerløkka is the number one urban hot spot of Oslo. The area has gone through a transformation from an industrial area to an arty and vibrant neighbourhood, similar to the transformation of comparable areas in other larger international cities. The area is now populated with a young and affluent crowd, and scores of visitors seeking to enjoy the atmosphere.

MARKVEIEN 35



Cafe, Restaurant, Bars



Fashion, Beauty, Groceries, Home

Commercial conditions

- Our mapping shows roughly 260 retail and café/restaurant establishments in the immediate area
- The highest rents per sqm are obtained on retail space of moderate sizes between 100 – 200 sqm with high sales per sqm
- Relevant rental comparables show rent levels between NOK 5 000 – 9 000 per sqm
- The highest rents are obtained in the upper parts of Markveien towards Olaf Ryes Square and Thorvald Meyers gate
- In comparison, the other two main shopping streets of Oslo: NOK 15 000 – 18 000 per sqm for the best premises in Bogstadveien NOK 20 000 – 25 000 per sqm at Karl Johans gate
- Grünerløkka does not have the same density of established international retail brands as the other two shopping streets, but several well known brands has now entered the area and are very pleased with the turnover so far
- Several established retailers are expected to launch their concepts at Grünerløkka

Key property facts

Building description

MARKVEIEN 35	GNR / BNR / 228 / 179
Size measured	7 675.7 sqm (616 sqm not measurable in basement)
Size contract	7 770 sqm
Plot Size	Freehold, 2 197 sqm
Floors	3 floors + basement
Type	Retail, restaurant, office, grocery
Construcion/Refurbishment	1980/1989/2010/2013
Parking	21*
Energy labelling	«D» - Yellow
Construction	On site concrete
Facade	Aluminum/glass
Elevators/Escelators	2/1
Heating	Electric
Cooling	Yes
Ventilation	5 units

*(12 leased in from Grünerhagen Borettslag)



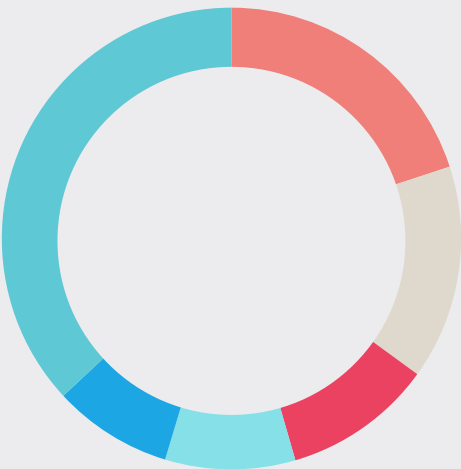
Rent roll

Tenants	Type	Floor	Area, GLA SQM	Annual Rent 2016, NOK	Annual Rent 2017e, NOK ¹	Rent Pr. SQMe 2017 ¹	% of total rent	# of Parking Spots	Annual Parking Rent	CPI REG, %	WAULT From 03.10.2016	Contract End	Option, YRS
Lindex AS Invoice	Retail	1	1 373										
Norgesgruppen Øst AS	Retail	U	944										
Colosseumklinikken AS	Office	2	810										
Fitness24Seven AS	Retail	1/2	793										
Posten Norge AS	Retail	1	477										
Lille Asia Lu	Service	1	329										
O'Reilly's AS	Service	U	448										
Kolonial.no AS	Office	3	426										
Artinorway AS	Office	3	443										
Vefto Solsenterdrift AS	Retail	U	369										
Kulturstudier AS	Office	3	324										
Nille AS	Retail	1	176										
Rafens Eftf. AS	Retail	1	177										
Norwegian Beauty AS	Retail	1	135										
Retrolykke AS ²	Retail	1	144										
Markveien Naturmedisinske Senter AS	Office	2	193										
Nikita Hair Norway AS	Retail	1	66										
Ifix mobile Shazia Batool	Retail	1	60										
Chick's Out AS	Retail	1	47										
Skiinfo AS	Warehouse	U	35										
External parking agreements	Parking	P											
Total			7 770										

1. Rent 2016 adjusted for CPI estimate of 3.25%
2. Rent starts at the beginning of 2017 (New tenant with zero rent throughout 2016)
3. This number includes total parking rent

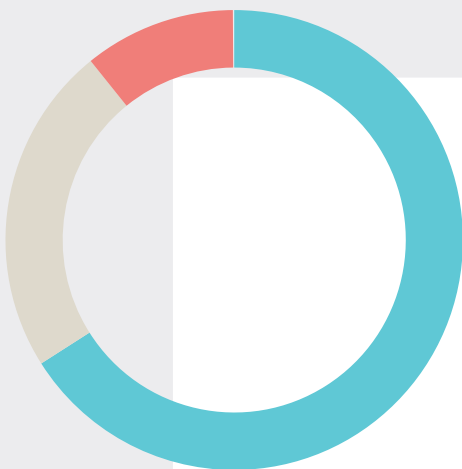
Current tenants

Tenant Mix



Lindex AS invoice	20.0%
Norgesgruppen Øst AS	15.5%
Colosseumklinikken AS	10.5%
Fitness24Seven AS	9.2%
Posten Norge AS	8.4%
Other	36.9%

Rental Composition



Retail	65.8%
Office	23.2%
Service	10.7%
Warehouse	0.1%

LINDEX

Lindex is one of the leading fashion chains in Europe with over 480 stores in the Nordic countries, the Baltic States, Central Europe and the Middle East. Owned by the Helsinki stock listed Stockmann Group with revenues of EURm 1 435 in 2015.

Lindex	
Contract area	
Expiry	
Rent 2017	
Rent sqm	
% of total rent	



Norgesgruppen

Norgesgruppen is the largest Norwegian grocery wholesaling group. The group has over 38.5% market share and had a turnover of approximately NOK 76 billion, an EBITDA of NOK 4.73 billion and a profit of NOK 2.36 billion in 2015.

Norgesgruppen Øst AS	
Contract area	
Expiry	
Rent 2017	
Rent sqm	
% of total rent	



Colosseumklinikken consist of 45 dental clinics and approximately 850 employees. The company had a turnover in 2015 of NOK 402 million with earnings before tax of NOK 22.3 million.

Colosseumklinikken	
Contract area	
Expiry	
Rent 2017	
Rent sqm	
% of total rent	



Fitness24Seven is one of the fastest growing fitness centres in the Nordics. In just over 10 years they have grown to more than 150 centres across four countries. The group had SEK 421 million in turnover and an EBIT of SEK 61 million in 2015.

Fitness24Seven	
Contract area	
Expiry	
Rent 2017	
Rent sqm	
% of total rent	



Posten Norge is a Norwegian government owned Nordic mail and logistics group that develops and delivers complete solutions within postal service. The group has over 20 000 employees and has over 1 400 points of sale in Norway. Posten had a turnover of NOK 13.4 billion in 2015.

Posten Norge	
Contract area	
Expiry	
Rent 2017	
Rent sqm	
% of total rent	

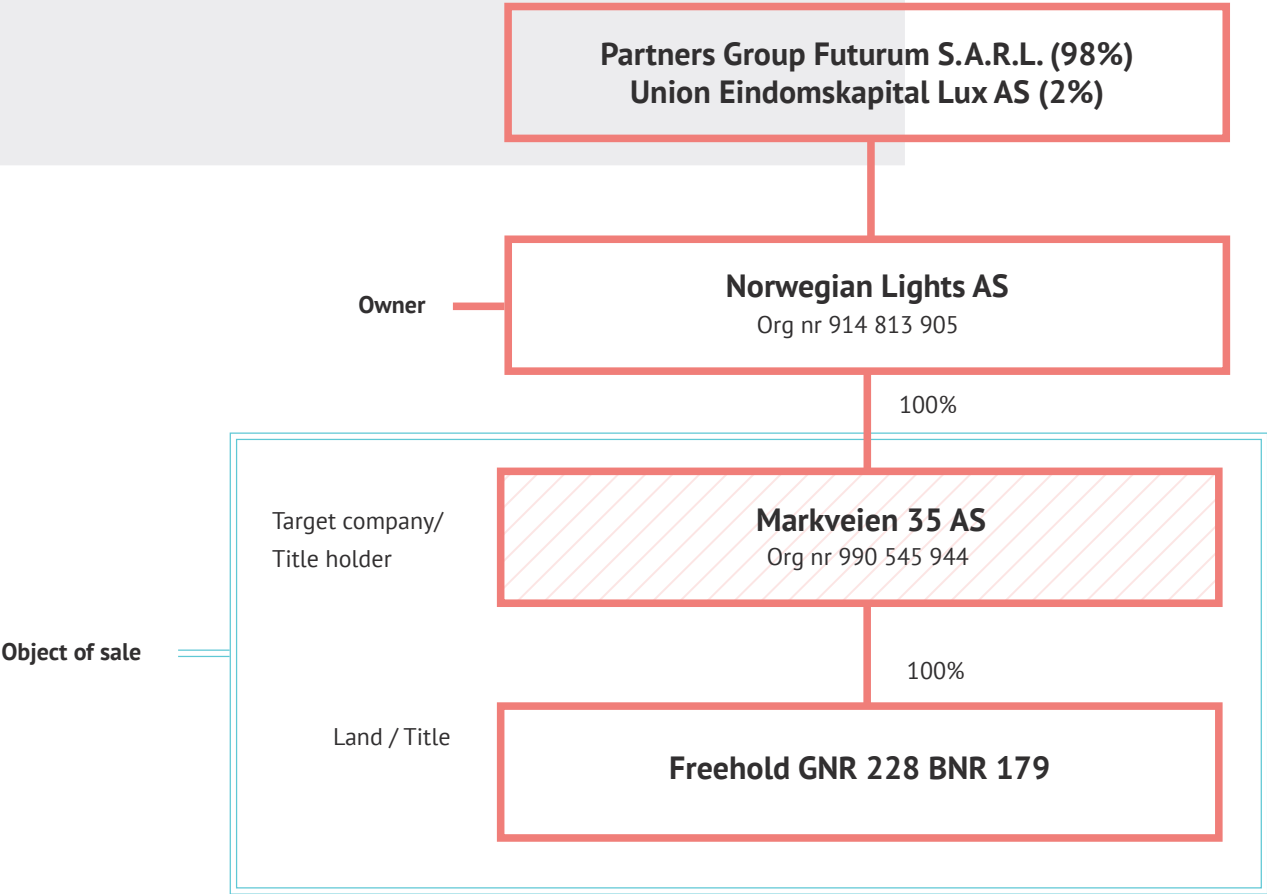
Financials

OWNERS COST 2017E	
Insurance	75 000
Operational cost	26 000
Maintenance	120 000
Owners share of common cost	7 000
Lease cost parking (12 spaces)	250 000
Property tax*	307 000
Total owners cost	785 000

* Property tax assessment value

TAX VALUES AS OF 31.12.2015	
Building (2%)	45 398 060
Technical (10%)	9 103 268
Plot (0%)	7 029 387
Total	61 775 226

Target company is the company - Markveien 35 AS





Bicicletta

SNEAKER.

A+

Development potential

Value add potential

The property has qualities that are unique for the Grünerløkka area. The control over almost an entire block of prime street facing retail façade stretching 105 meters in Markveien makes the property a superb canvas for redevelopment into the premier retail location of the area. The property is not listed on the preservation list ("Gul liste"). There are several triggers to increase the value potential of the property:

Increase lettable area:

- The property has a potential to be more effective by utilizing more of the common areas
- Expanding the lower floor
- Maximize ceiling heights

Transform retail profile

- New façade
- Transform the property to maximize the full 105 meter street facing store front potential

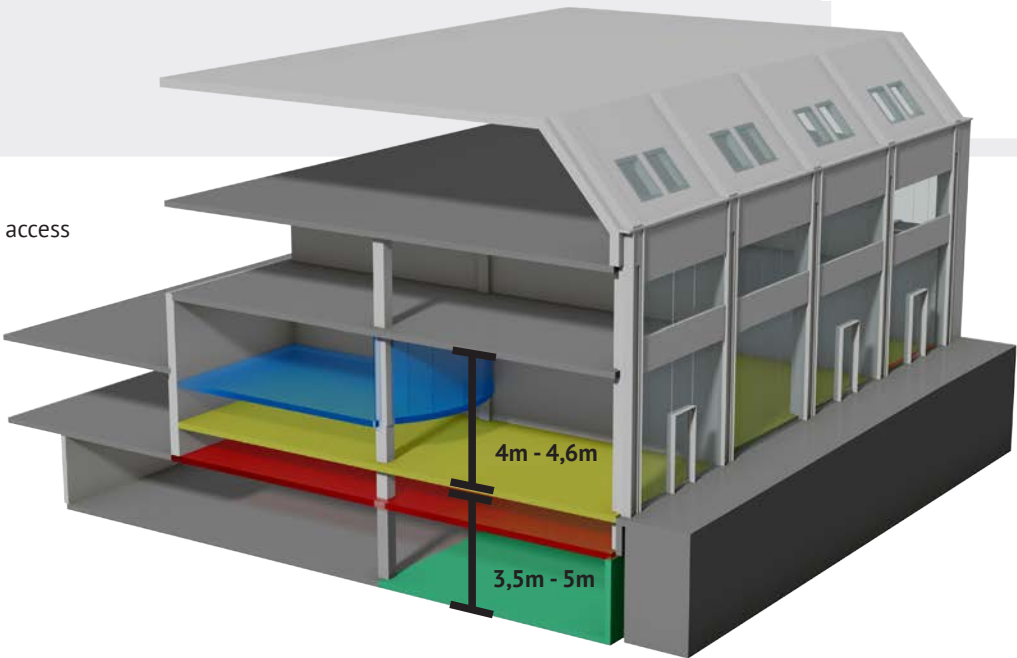
Increase rent level

- Today's rental levels are moderate and well below prime retail levels in the area



Cross section

- Existing mezzanine
- Existing U floor
- Basement extension
- New floor with street access



Area table

Existing Retail setup			
1st floor		Lower level	
Lindex	480 sqm	Kiwi	847 sqm
1.01	314 sqm	0.03	305 sqm
1.02A	42 sqm	0.05	317 sqm
1.02B	34 sqm		
1.03	52 sqm		
1.04	167 sqm		
1.05	128 sqm		
1.06	80 sqm		
1.07	98 sqm		
1.08	105 sqm		
1.09	103 sqm		
Sum	1 604 sqm		1 468 sqm
Total retail		3 072 sqm	

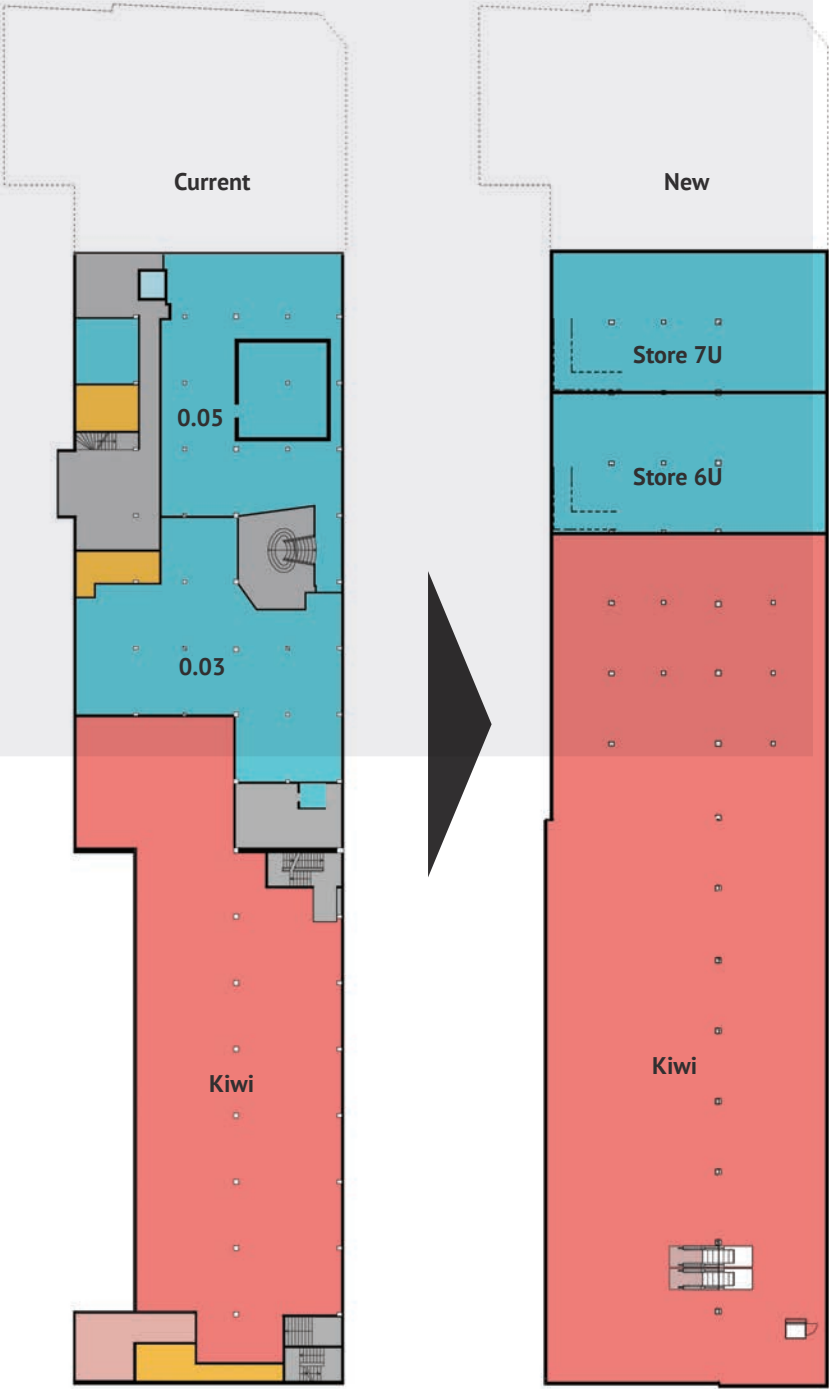
New retail setup (approximate numbers)*			
1st floor		Lower level	
Lindex	480 sqm	Kiwi	1 400 sqm
Kiwi	20 sqm	Store 6	230 sqm
Store 1	180 sqm	Store 7	230 sqm
Store 2	180 sqm		
Store 3	160 sqm		
Store 4	200 sqm		
Store 5	240 sqm		
Store 6	210 sqm		
Store 7	240 sqm		
Sum	1 910 sqm		1 860 sqm
Total new retail		3 770 sqm	

Total increased
lettable area approx:
700 sqm

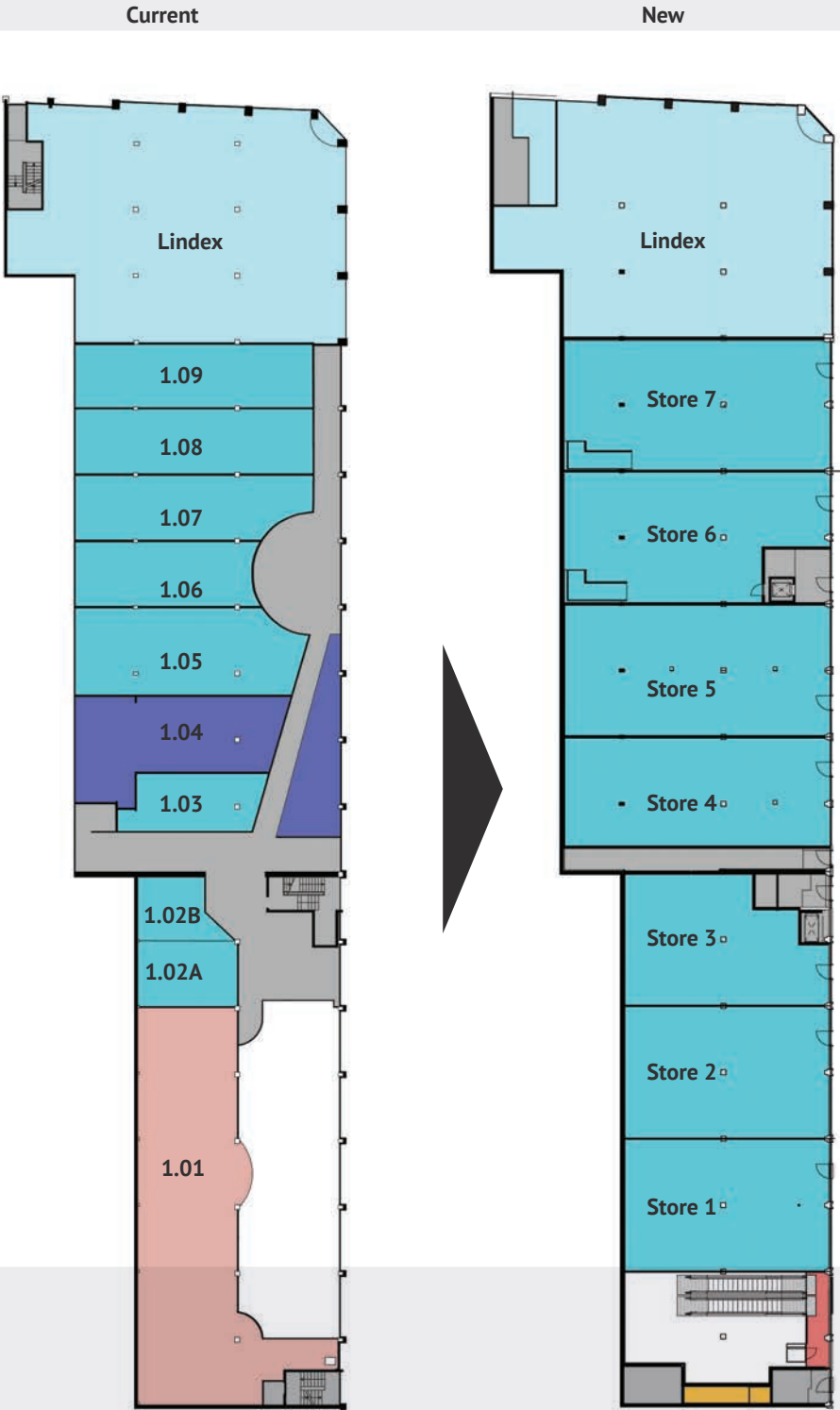
*Development opportunity. Buyers are advised to make their own assessment

Development potential

LOWER LEVEL



FIRST FLOOR



Grünerløkka



Christiania sailmaking factory, 1896 - 1897



1937, Vestre Elvebakke

Photo by: Fritz Holland



Artists, galleries and independent shops take over in the '90s



Cafés and bars at Grünerløkka



Today, a SoHo area in Oslo

From industry to urban hotspot

Markveien is the high street of Grünerløkka, originally a working class neighborhood surrounded by heavy industry powered by the nearby river 'Åkerselva'. The area went through years of decay before it was rediscovered by young people looking for affordable housing. Over the past 20 years, more and more people and businesses were attracted to the area

which transformed it to the trendiest part of Oslo. Grünerløkka is one of the areas with the highest density of restaurants, bars and cafés in Oslo, which has attracted the young adults to settle in this urban hot spot. No other area in Oslo enjoys such a vibrant and lively atmosphere as Grünerløkka, serving as a 24/7 destination for everyone from single

young students and professionals to families and tourists. This has affected housing prices, which now enjoys the highest growth rate of all of Oslo, and also attracted brand stores and major retail chains. The area is still developing with respect to retail establishments, and statistics show that retail on Grünerløkka is growing faster than any other area in Oslo.



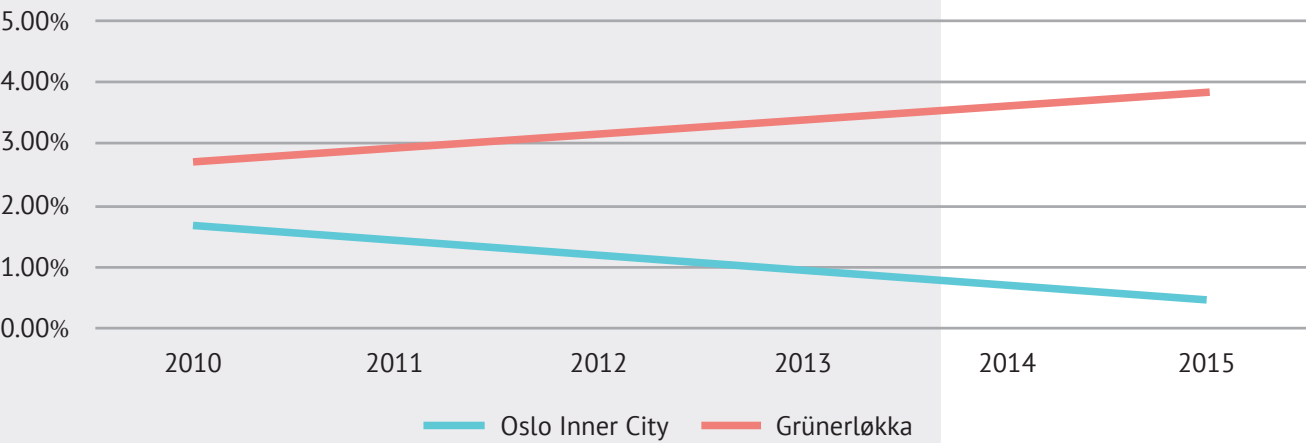
A part of the old history of Grünerløkka can be found just a stone's throw away from Markveien 35, at the old Kristiania Kunst-og Metalstøberi by the quaint Akerselv riverbank

Grünerløkka and Oslo

Grünerløkka is developing considerably faster than the rest of Oslo when it comes to retail establishments. Until recent years, Grünerløkka was a vibrant café and restaurant destination, with only a limited presence of established retailers. This urban hot spot of Oslo

is now developing into a very popular shopping destination where speciality shops are mixed with international retailers, some which have already launched successful concepts such as H&M's COS and Weekday, Oliviers & Co, Bolia, Lindex, TGR and Accessorize.

Growth trend in retail establishments Oslo vs Grünerløkka



Grünerløkka vs Oslo Inner City turnover and growth

Grünerløkka has a higher turnover growth than Oslo Inner City in both Café/Restaurants and Retail segment, and both have a higher growth rate than Norway as a whole. Going forward, Grünerløkka is expected to have a double digit growth rate in the retail segment.

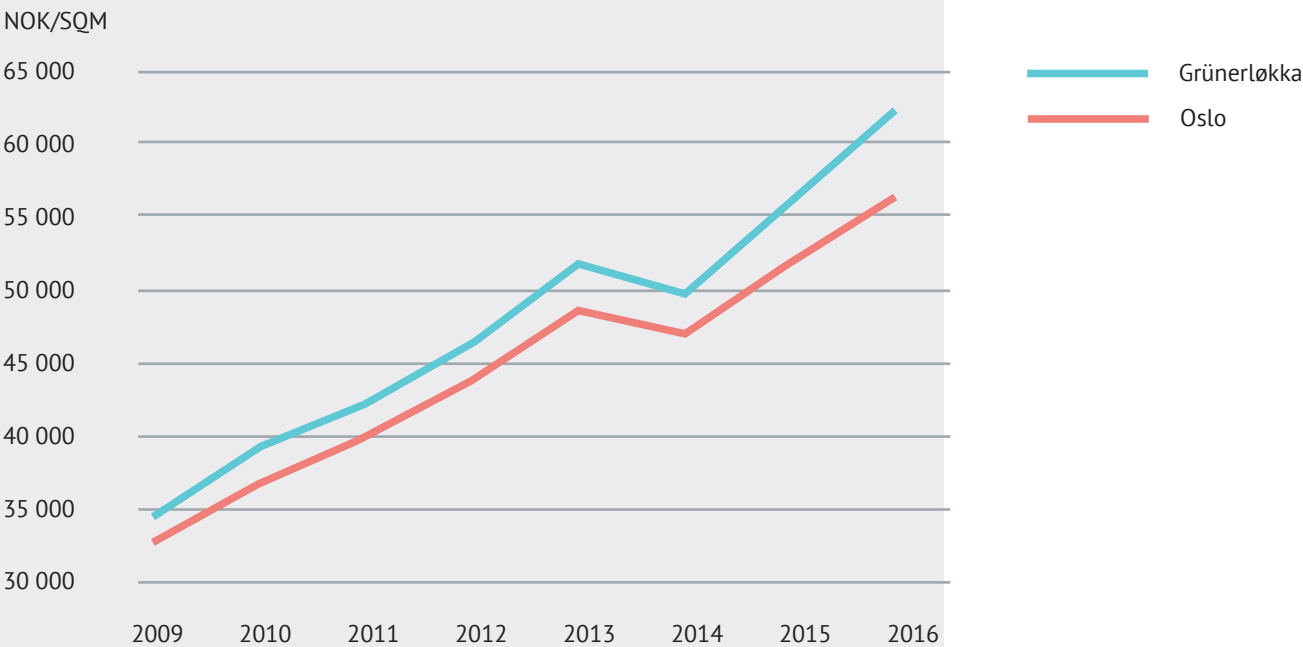
Area	Turnover growth		Turnover MNOK	
	Retail	Café/Restaurant	Retail	Café/Restaurant
Grünerløkka	7.9 %	17.5 %	4 140	1 969
Oslo Inner City	5.9 %	11.5%	54 322	9 446



Grünerløkka is one of the fastest growing areas of Oslo

– And the developers are catering to the urban and young demographic

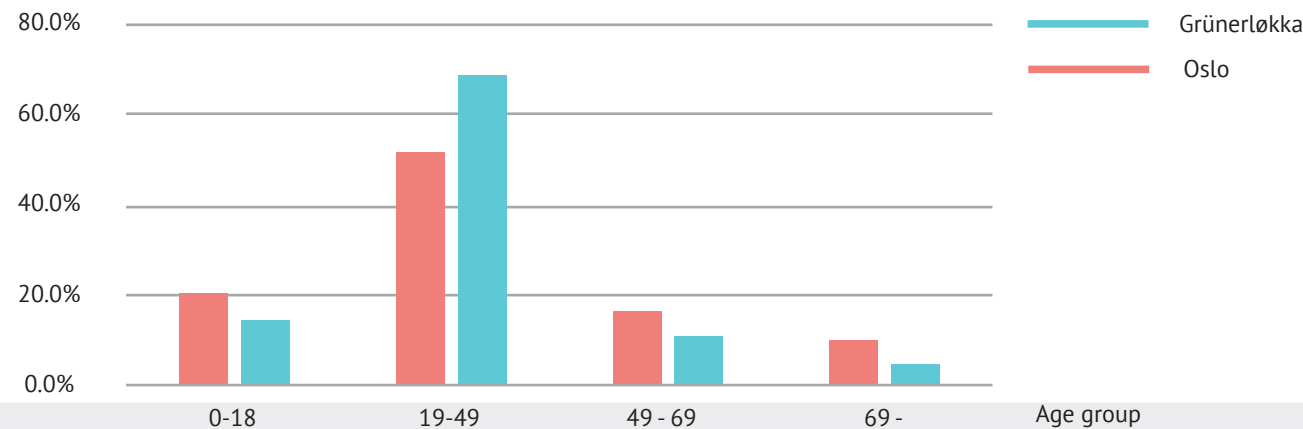
Housing market - Grünerløkka at peak



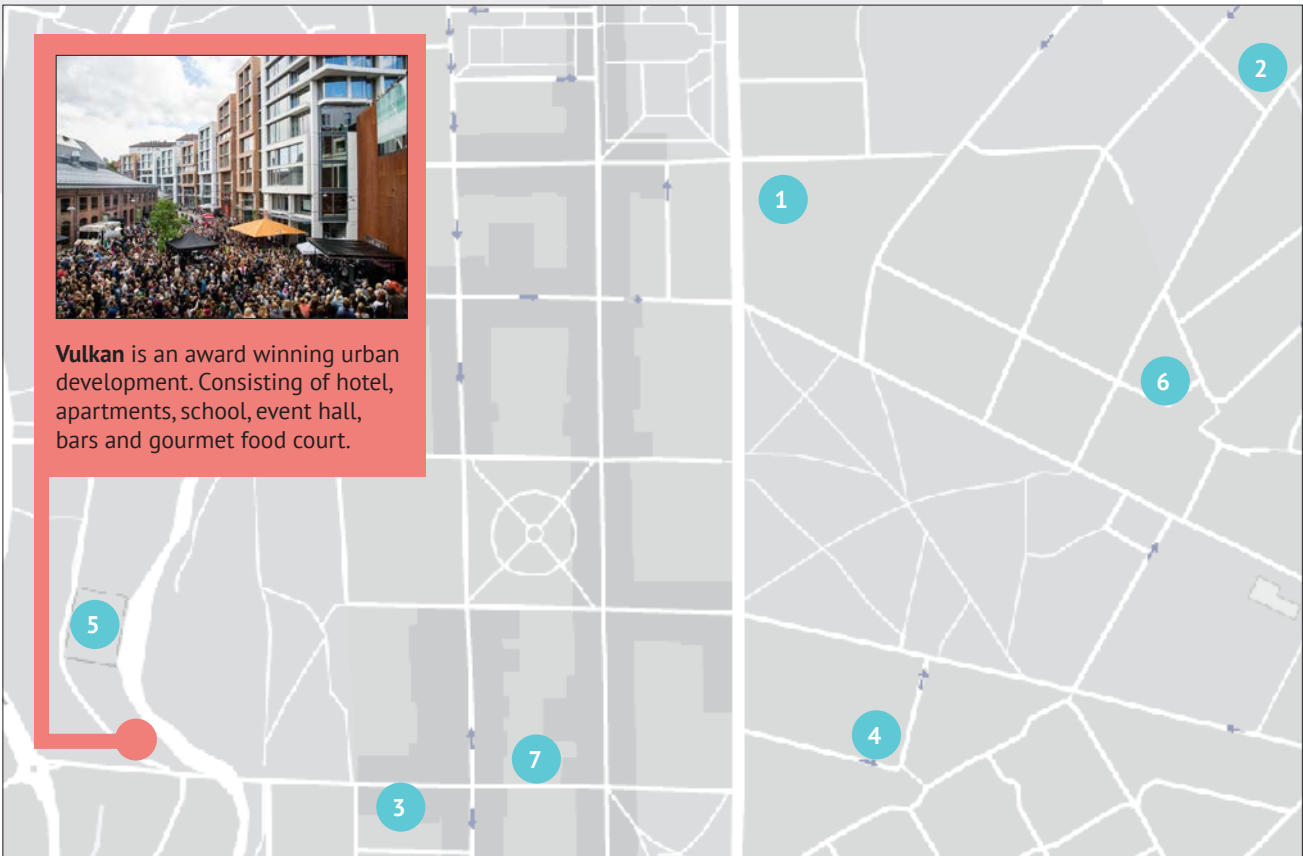
In addition to be one of the fastest growing areas in Oslo, the Grünerløkka population is skewed towards the young adults in the age between 19-49 years old. Grünerløkka is in fact the area of Oslo with the average youngest population. The area is still growing fast and the real estate developers are catering to meet the demand.

The young adults are dominating the neighborhood

Demographics - A lot of young adults in Grünerløkka



Building projects



1. Grüner Village
Units 75, Completion 2017



2. Gamborgs plass
Units 52, Completion 2016



3. Nordregate 9
Units 5, Completion N/A



4. Millskvartalet
Units 160, Completion N/A



5. Nordre kvartal
Units 110, Completion 2014



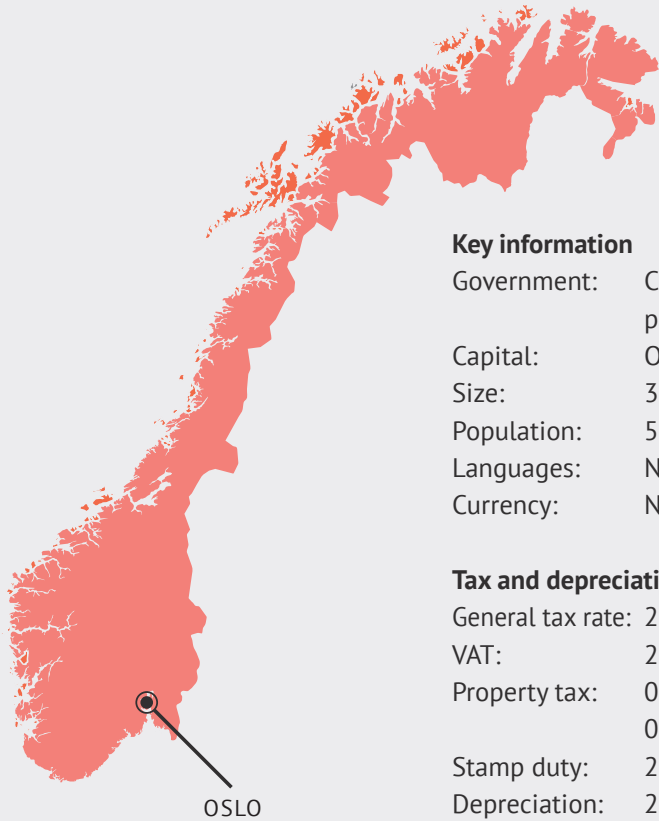
6. Chokoladefabrikken
Units 162, Completion 2015



7. Nordregate 20 - 22
Units 50 - 60, Completion 2017/2018

Macro

Norway in brief



Key information

Government: Constitutional monarchy and parliamentary democracy

Capital: Oslo

Size: 385 186 km²

Population: 5 189 435

Languages: Norwegian and Sami

Currency: Norwegian Krone – NOK

Tax and depreciation

General tax rate: 25.0 %

VAT: 25.0 %

Property tax: 0.0 – 0.7 % (depends on municipality)
0.2 % in Oslo, increasing to 0.3 % in 2018

Stamp duty: 2.5 %

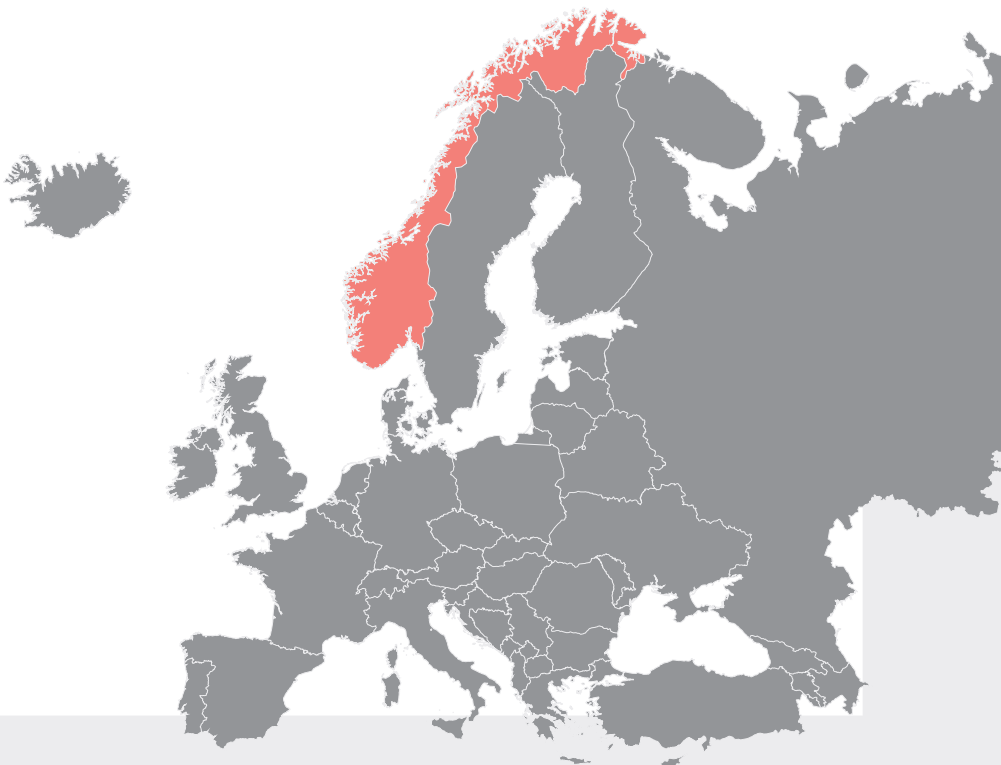
Depreciation: 2.0 % office buildings and shopping centers
4.0 % industrial/logistics and hotels
10.0 % investments

Economic data

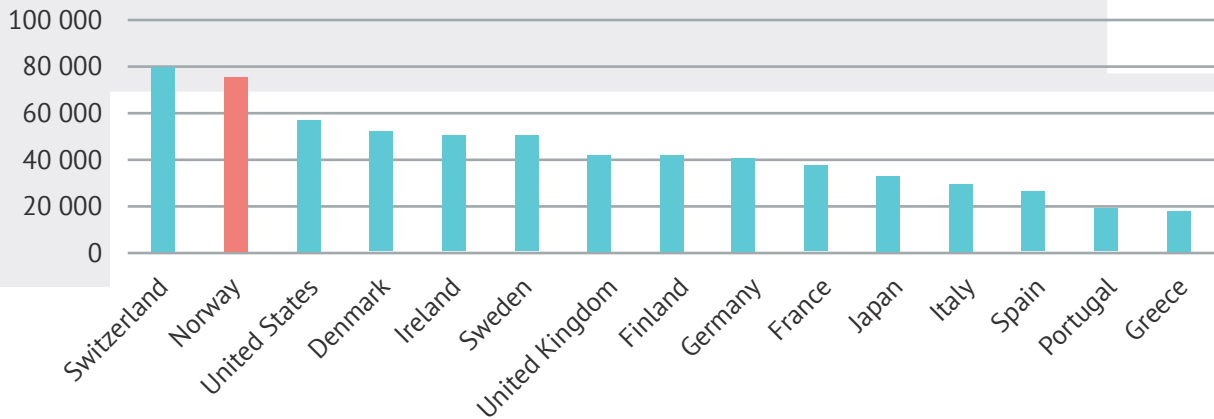
GDP: USDbn 388

GDP per capita: USD 74 700

Gvt. pension fund per capita: USD 169 599



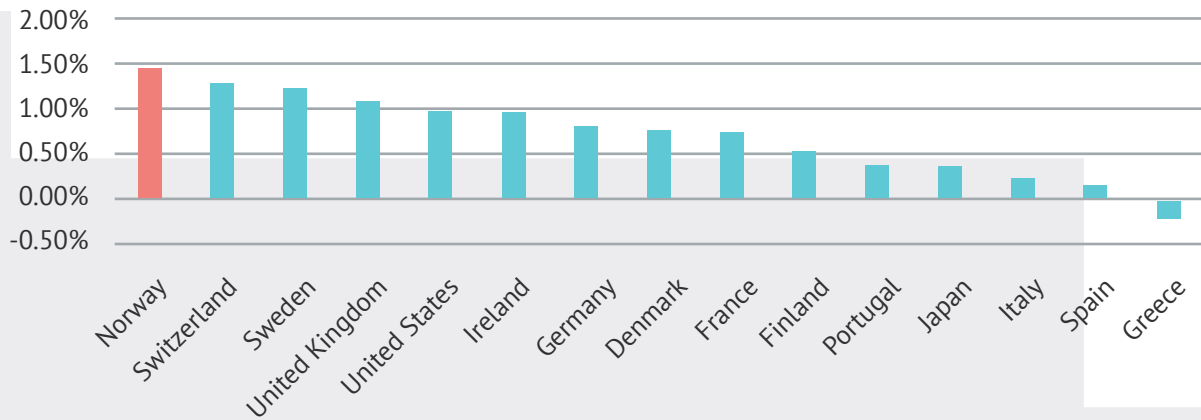
GDP per capita USD 2015



Purchasing power (EU28=100) 2015



Urban population growth (annual %) 2015



Access and bidding guidelines

The sales process

The transaction will be structured as a sale of 100% of the shares in Markveien 35 AS, org. nr. 990 545 944.

Potential bidders are invited to submit offers for the shares based on the gross value of the Property. The purchase price shall be paid in NOK, in cash on closing (net of all taxes). The Company are presumed refinanced in connection with closing.

The Property and shares are being offered for sale on the assumption that potential bidders will carry out a due diligence investigation of the Property and the Company based on documents provided by Malling & Co, and publicly available information. During the due diligence investigation, the potential bidders may request additional information at their discretion.

The purchase agreement shall be based on the most recent market standard (Nw.: «meglerstandarden»). The time allowed for claims (incl. for tax warranties) shall not exceed 3 years from closing.

Bidding guideline

Any offer for the Property must relate to the acquisition of the Shares. Bidders are requested to submit a bid based on property value, expressed in NOK, for the property. In addition, bidders are requested to state the deduction and/or the premium, if any, for tax related issues. Bidders are requested to base valuation on a market value of the plot and express it as a percentage of gross property value.

Financing: a description of how the offer is intended to be financed, including details of financiers and the impact of the financing on the time schedule for the transfer.

Conditions: any conditions applying to the offer, including information about which approvals from a governing board, unit holders, public agencies or other parties are required or assumed, and also any other conditions to which completion is subject.

Other assumptions: disclosure of the other assumptions on which the offer is based, including a description of the principal factors, if any, that may result in the offer being adjusted, and also information about other factors that the potential purchaser deems relevant to further participation in the sale process.

Due diligence: a description of the scope of the due diligence that the potential purchaser intends to undertake.

Purchaser details: information about who the purchaser is, including particulars of the corporate group or other information about ultimate ownership. In the event that the purchaser is a consortium or syndicate, the owners' participations and the distribution of functions among the parties included should be specified.

The appendices with additional information forms an integral part of this Sales Memorandum. Any offer must refer to this Sales Memorandum and all of the appendices.

Please note that the Seller reserves the right to enter into exclusive negotiations with a potential buyer at any point in time and without further notice. The Seller also reserves the right to terminate the sales process without any further explanation.

Access to appendices will be available upon request.

BAHR has been appointed as the vendors legal advisor.



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Norwegian Lights AS org. nr. 914 813 905 (the "Seller") og Markveien 35 AS org. nr. 990 545 499 (the "Company"), which partly owns the property Markeveien 35 in Oslo, Norway (the "Property"). The transaction will be structured as a transfer of 100 % of the shares in the Company.

Malling & Co Corporate Real Estate AS ('Malling & Co') has been commissioned by the Owner to compile this Sales Memorandum and to act as the Owner's advisor during the sales process. The Sales Memorandum is based on information supplied by the Owner and from other

sources. Although the Owner and Malling & Co believe that the information contained in this Sales Memorandum is entirely correct, they hereby disclaim all liability for any errors or omissions in the Sales Memorandum or in any other information, oral or written, provided to any potential purchaser. Thus neither the Owner, nor Malling & Co, guarantee that the content of this Sales Memorandum is correct or complete. The information in the Sales Memorandum should therefore be checked in consultation with the Owner before any agreement is signed. Potential buyers of the Property are requested to engage

technical, financial and legal experts to assist them in their purchase, if any. This Sales Memorandum's sole purpose is to serve as a foundation for further discussions regarding the transaction. The Owner of the Property reserves the right, at any time and without explanation, to terminate any or all discussions regarding disposal of the Company.


MALLING & CO MARKETS