

NRP InvestorPortal

Information to clients regarding characteristics and risk associated with projects organized by NRP Finans AS (NRP Finans).

Projects organized by NRP Finans includes all entities where financial instruments and partnership shares in general partnership companies, limited partnerships and internal partnerships as well as other projects organized by NRP Finans, are traded, subscribed to and allocated.

The client shall be familiar with that:

- *Trading in projects organized by NRP Finans will be executed at the sole risk of the client.*
- *The client must on its own carefully examine the general commercial terms of the enterprise and any other relevant information regarding the particular financial instrument or share in projects organized by NRP Finans.*
- *The client is responsible to review the contract note/ purchase contract promptly and immediately make a complaint in case of any flaws.*
- *The client must continuously monitor value changes in projects organized by NRP Finans.*
- *The client must react on its own by selling its positions if necessary to reduce the risk of loss.*

1 Introductory remarks

The information is prepared based on the requirements for product information in the Norwegian securities trading of 27 June 2007 no. 75 (the "STA") § 10-11 second paragraph and the securities regulation (the "Regulation") §§ 10-13 and 10-15. Normally other information in connection with the product in form of an information memorandum, prospectus or the equivalent will be available.

All investors are requested to examine all available information regarding the investment products. NRP Finans advises against making any investments without having examined such information.

Any investment object has more or less risk connected with it. Any investor must be prepared that such invest may result in loss.

In the case of limited liability companies, the loss will be limited to the amount which the individual investor has subscribed/ bought shares for, with addition of any agreed investment obligation made.

In the case of investments in general partnership companies, limited partnerships and internal partnership or equivalent the investor might lose more than the invested amount.

When the investor subscribes/buys company shares he simultaneously invests in all assets and obligations that company has. It may at a later time be revealed that there are obligations in a company which are unknown to the issuer, the seller or NRP Finans at the time of purchase.

Projects organized by NRP Finans are exposed to changes in legislation and tax regimes including financial and securities regulation, as well as rules and regulations related to environmental- and class-issues. Changes in these regulations could affect the return of the investment both positively and negatively

Directive 2011/61/EU on Alternative Investment Fund Managers is implemented in Norwegian Law through the "Lov av 27. Juni 2014 om alternative investeringsfond". In general, NRP assesses that projects organized by NRP Finans are not to be considered as Alternative Investment Funds ("AIF's"). This assessment is based on the entity's operations compared to "ESMA Guidelines in key concepts of the AIFMD" dated August 13 2013, including that the operations in projects organized by NRP Finans are of a commercial purpose (owning and operation of real estate/vessels). However, if Projects at some stage is considered to be an AIF, the entity must appoint an external fund manager or must define itself as an internally managed AIF, and appoint a Depositary implying additional costs for the entity.

Please be aware that the information below is not exhaustive with regard to risk elements and characteristics neither in regard to partnership shares or shares in limited liability companies and that clients who wish to invest in such products should thoroughly familiarize themselves with all available information in this regard.

2 Specific risks for investments in shipping, offshore and rig

a) Market Risk

When investing in shipping, offshore and rig one is operating in competitive markets with many participants. In periods there might be very competitive and at times it might be difficult to buy shares – correspondingly it might at times be difficult to sell at the desired price.

The development in demand and pricing of the companies invested in is to a great extent influenced by circumstances which are not under the control of the company.

b) Interest Risk

The different projects which the companies invest in will as main rule be loan financed. Possible interest fluctuations might indirectly influence the dividend yield. Indirectly the interest level might influence the value of ships, offshore- and rig objects in case of a sale.

The interest might be fixed in whole or partly in several of the companies correspondingly to the length of different charterparties or contracts. Possible interest fluctuations will therefore be reduced.

General inflation might also influence the cash flow of the company. This is especially relevant in regard to projects where the owner pays for the technical operation of the ships, but might also be applicable in bareboat projects.

c) Currency Risk

Income and expenses, hereunder interest expenses, will to a great extent consist of foreign currency. Conditions in connection with currency might influence the company's book equity and net asset value in NOK.

d) Remaining Value, Technical Risk and Charterer (counterparty risk)

The possibilities for rational management have a substantial influence on the economic life span of ships and offshore objects which among other things depends on the running maintenance.

Technical risk will always be present, especially in the case of time- and voyage charters. Unforeseen management problems may lead to higher management costs and budgeted with.

The charterer's economic and financial strength and ability to service the charter hire in a satisfactory manor will be crucial to investments in active projects.

e) Regulatory Risk

The last 30 years the shipping and offshore industry has been the object of several legal amendments which has influenced the industry. There will always be a possibility that new changes will be of significance to the industry and influence the life span and earning potential of the ships and rigs.

All shipping- and offshore operations involves the transport of cargo and other activity which might cause environmental damage and subsequent liability for the damages. Thus the ownership in commercial shipping- and offshore companies involves such risk.

f) Liquidity Risk

Shipping and offshore are non-liquid asset classes. It may take several months both investing and realizing investments in projects organized by NRP Finans.

3 Specific Risks for investments in Real Estate

a) Market Risk

The risk in connection with real estate investments is connected to the uncertainty of the value of the property. The risk might therefor be defined as those factors influencing the price of the property. The most important factors are supply and demand in regard to commercial property and the required rate of return investors are willing to base their investments in real estate upon. Location of the real estate is one of the prime factors in this respect.

The property value is influenced by how much vacant capacity the market has at the end of the lease term and the demand for the type of premises the company has. In periods there

will be heavy competition in regard to acquiring assets and it might be difficult to attain a purchase of desired assets. It might also become correspondingly difficult to dispose of assets.

The market for starts of property building and larger property projects depends on the general development in the economy. The development in the interest level, increase in prices and employment rates are relevant factors.

b) Interest Risk

Possible interest fluctuations in a property projects financing might indirectly influence the dividend returns of the investor. The level of the real interest rate over time will be a substantial factor in the development of the value of the property and the return the investor might get. Indirectly the interest level will also influence the lease at the renewal of the lease term.

Interest cost is a substantial cost for the real estate project's mortgaged property investments. An increase in the interest level, and possibly increased margin costs, will be a liquidity strain for the company. The interest risk might however be adjusted through the entering of fixed rate agreements.

c) Currency Risk

Rent and costs, inclusive interest costs, may for some projects be denominated in foreign currencies. Currency fluctuations may influence the project's nominal or net asset valuations in NOK.

d) Technical Condition, Management Risk and Counterparty Risk

New buildings in good technical state will normally involve lower maintenance costs the first years. Future public requirements and regulations may influence the management costs. When investing in older buildings considerable maintenance costs must be accounted for.

Counterparty risk is present in the sense that the economic and financial strength of the lessor(s) and their ability to service the lease in a satisfactory manor will be crucial to the return of investments projects.

There will always be a risk of altered regulations influencing the interest in future lease of the premises or the interest of new buyers of the property.

e) Regulatory Risk

The real estate market may be subject to changes in regulatory framework which may alter conditions for calculations and expected returns. This may be in relation to taxes, levies, the environment, work legislation etc. All investments in commercial real estate has such risks inherent.

f) Liquidity Risk

Property is not a very liquid class of assets. Normally it takes several months both to invest in and to dispose of direct investments in property. Neither is property listed on an exchange and the value uncertain.

4 Investments in General Partnerships

A general partnership (*in Norwegian: "ansvarlig selskap"*) (ANS) is a company where the partners have an unlimited liability for the total of the obligations of the company, undivided or for those parts which together make up the total of the company, and where the company acts and appears as such to third parties.

An internal partnership (*in Norwegian: "indre selskap"*) (IS) is different from a general partnership as the company does not act and appear as such to third parties. The legal effects, hereunder the investors liability for called-up capital and liability in connection with capital not having been paid to the company, are in most cases the same as in a KS, see below.

A limited partnership (*in Norwegian: komandittselskap*) (KS) is a company where at least one of the partners has an unlimited liability for the obligations of the company (general partner) and at least one other partner has limited liability with a fixed amount for the obligations of the company (limited partner). The investor participates as a limited partner, but can also participate as a general partner. The limited partnership shall have fixed company equity. Normally the capital is called-up from the investors as the company builds the need for equity. This means that the investor will have a payment obligation after the subscription amount has been paid as well.

5 Investments in Unlisted Shares

Trading in unlisted shares through NRP Finans will normally be carried out with NRP Finans assisting the transaction through another of the enterprise's clients or by an order being communicated to a client of another investment firm.

a) Risk in General

Financial instruments like shares normally give a return in form of dividends from the company. In addition the share price (quotation) might increase or decrease compared to the price at the time of purchase. The total return is the sum of the dividends and the price alteration in the shares.

There is a risk that the total return will be negative, i.e. there is a loss on the investment. The risk for loss varies in regard to the different instruments. Normally the chance of profits on an investment is connected to the risk of loss.

Investments in financial instruments are connected with economic risk. The client is itself responsible for this risk and has to familiarize itself with the terms, the prospects etc. concerning the trade of such instruments and regarding the particular risks and characteristics.

The client must continuously monitor its investments. This applies even if the client has received individual advisory service in connection with the investment.

b) Different Risks

In connection with the risk assessment the investor should make when entering into investments and trade with shares and the continuous assessment while the investment period is ongoing must include the following:

- I) Market risk – the risk that the market as a whole or parts of the market where the client has made an investment goes down
- II) Credit risk – the risk of failing ability of issuer or opposite party to pay
- III) Price volatility risk – the risk of large fluctuations in the price of a financial instrument influencing the price negatively
- IV) Share price risk – the risk of the price of a financial instrument going down
- V) Tax risk – the risk of tax rules and tax rate are unclear or are altered
- VI) Currency risk – the risk that the value of foreign currency is reduced
- VII) Legal risk – the risk of relevant laws and regulations are unclear or are altered
- VIII) Company risk – the risk of a company developing worse than expected or is hit by a negative event so that the financial instrument connected to the company decreases in value
- IX) Industry risk – the risk of an industry developing worse than expected or is hit by a negative event so that the financial instrument connected to a company in that industry decreases in value
- X) Liquidity risk – the risk that the client cannot sell a financial instrument at the time of its choosing because of the turnover of and interest in buying the financial instruments is low
- XI) Interest rate risk – the risk that the value of the financial instruments the client invests is reduced because of the market interest
- XII) Information risk – the risk of all relevant information not being known in the market

c) Further on Shares

Shares give the owner a right to a portion of the company's share equity. If the company goes well and with a profit the share will normally include a right to dividends. Shares also give the right to vote at the stockholder's meeting which is the decision-making body.

The more shares one owns the larger portion of the equity, dividends and votes the share owner has.

The share price is largely influenced by the future outlook for the company. A share price can increase or decrease depending on the parties in the market's analysis and assessment of the company's possibilities to make future profits. The demand is decided by the development of the business prospects, technics, law making, competition etc. The general interest level is also relevant. The turnover of the share, the price pressure or the framework conditions for the enterprise is of importance to the company's share price development.

Other factors which are directly connected to the company, i.e. alterations in the management of the company and organization, production interruptions etc. might influence the company's ability to make profits in the future.

The parties in the financial market often have different opinions of how share prices develop.

The company might in a worst case scenario develop so poorly that it has to declare bankruptcy. The share equity is on the last priority to get any dividends from the bankruptcy estate.

Only shares issued from a public limited company (in Norwegian: “*allmennaksjeselskap*” – ASA) can be listed in a regulated market in Norway. Trading in shares which are not listed in a regulated market is done through OTC-trading in the so called OTC-market. In this market the trading is conducted partly based on information on prices and interests which the Investment firms give each other in a collective trading system. If a share is not listed in a marketplace nor in a trading system the trade of the share will normally happen by the stockbroking firms trying to assist the client by contacting potential clients who might be interested in entering the sale as the opposing party. Investing in this kind of shares is normally connected with information risk and substantial liquidity risk.

The firsthand market or the primary market is the market for trading/subscribing of new share issues.

If a company is to expand its operations new equity is often demanded. The company gets new equity by issuing new shares through a share issue.

6 Procedure in the trade of company shares

Trading of company interests in ANS, KS or IS are normally to be approved by the board of directors and possibly a lender of the individual company. NRP Finans is responsible for handling the communication with the board of directors and the bank after the information has been collected by the buyer.

Normal timing for the settlement of company interests as mentioned above is 14 days.

Trade in shares must normally also be approved by the Board in each project. Trading in large or significant shares of a project may trigger the need for approval also from or from possible lenders.

Normal timing for the settlement of shares as mentioned above is 14 days.