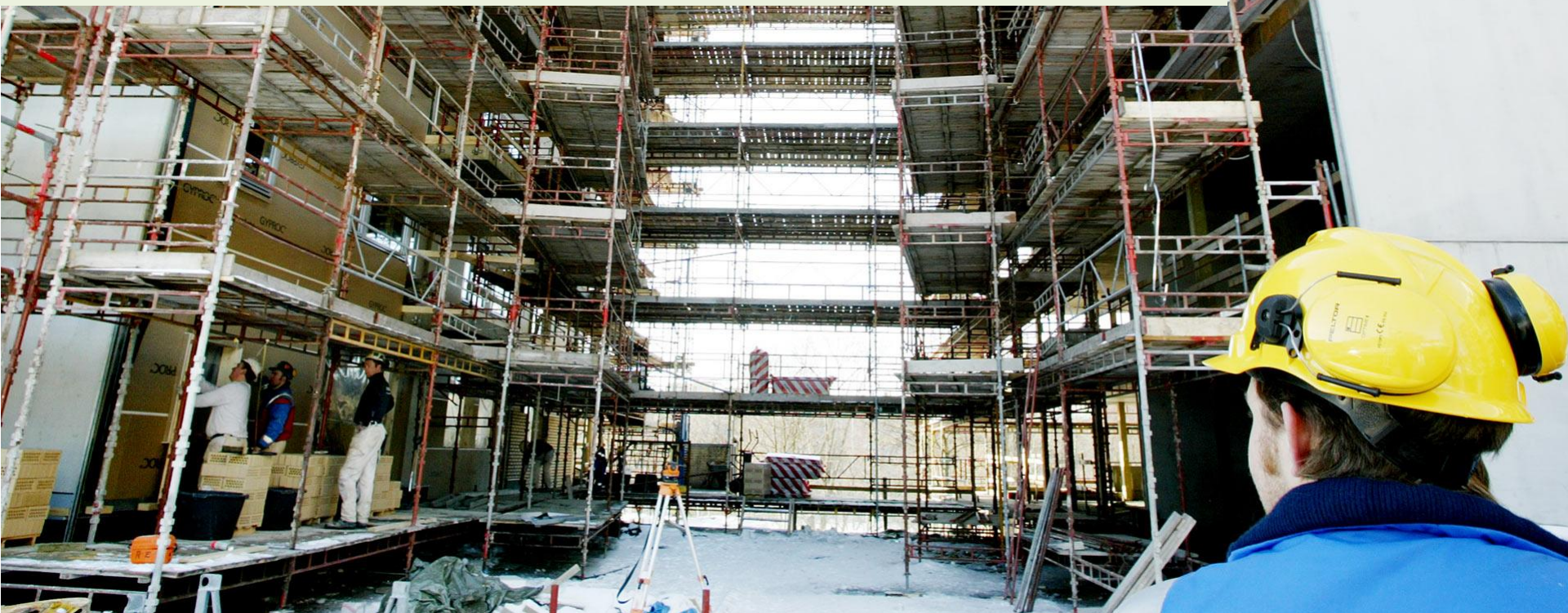


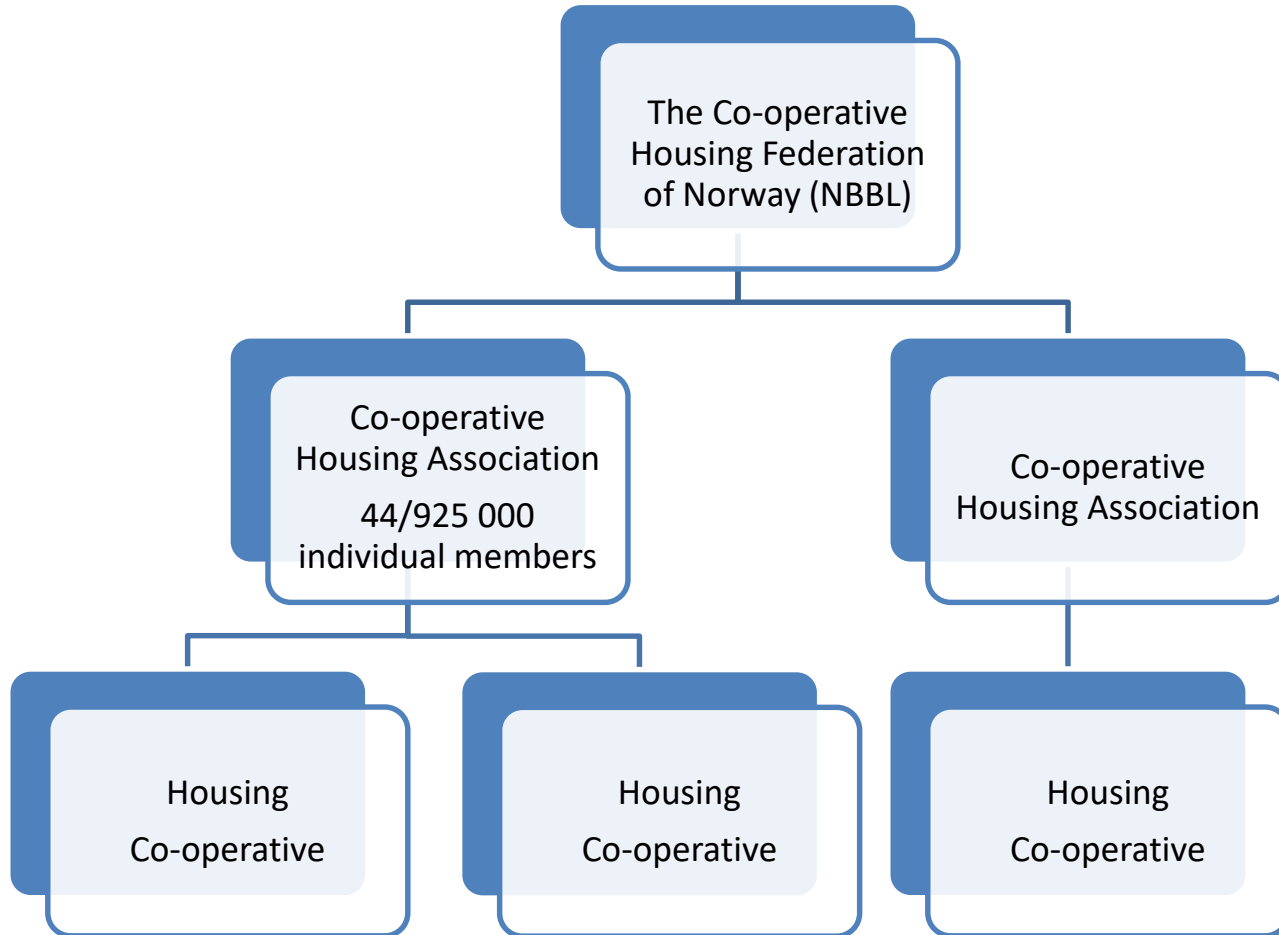
Access to Capital in the Norwegian Co-operative Housing Sector

Henning Lauridsen

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The Co-operative Housing Movement in Norway



Provide the Shareholders with Housing

Co-operative Housing Association



925 000 Members



Housing
Co-op



Housing
Co-op



Housing
Co-op



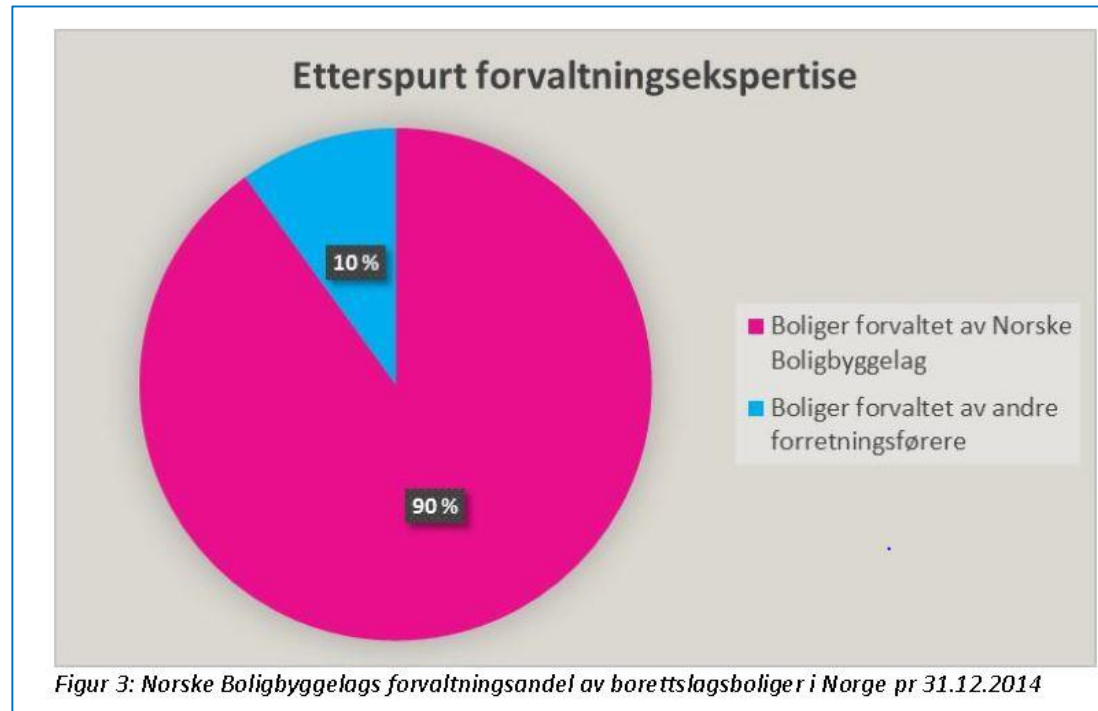
New Housing
Co-op

Members of the Co-operative Housing Association

1. Membership is mandatory to be a shareholder in a housing co-op
2. The principle of seniority

Business Management Agreements

The Co-operative Housing Associations have business management agreements with 90 % of the Norwegian housing co-ops



The Type of Housing for Which Capital is Needed

Tenure Model

- 99 % ownership
- 1% other (rental homes etc)

Target Population

- 925 000 members (18 % of Norway's population)

Type of Construction

- 79 % flats (mostly mid-rise buildings)
- 21% other (row-houses, semi detached houses etc)

The Purpose for Which Capital is Needed

New Development

- New co-ops
- 3470 dwellings built in 2014
- (13 % of total production in Norway)
- (1% other (rental homes etc))

Renovation of Existing Housing Co-ops

Sources of Capital

New Development

- Private commercial lenders
- Government loans (The quality has to be better than the minimum level in the Planning and Building Act)

Renovation

- Private commercial lenders
- Government loans

What are the Barriers?

New Development

- Equity for a construction loan

Renovation

- Easy to access capital

What can be Done to Overcome the Barriers?

New Development

Our solution:

- Insurance against losses from unsold homes (NBBL Fulltegningsforsikring AS)
- Covering economical losses for the Co-Operative Housing Association (BBL) as a result of unsold apartments at the completion of the project
- Makes it possible to finance 100 % of construction

What can be Done to Overcome the Barriers?

Criteria

- Policy holder - A Co-operative Housing Association (BBL) associated with The Co-operative Housing Federation (NBBL)
- The housing co-operative has to be managed by the BBL (Business management agreement with the BBL)
- Pre-emption for members of the BBL when first listing the sale

What can be Done to Overcome the Barriers?

Process: Project Study

- Inspection of the property
- Market analysis
- Budget & account analysis
- Meeting with the players
- Follow-up during the building process and after completion

What can be Done to Overcome the Barriers?

Process: Identify and Prevent Risk

- Replacement of unserious/risky players
- Price differentiation
- Change/adapt the units to the target group
- Requirements of equity
- Market test

What can be Done to Overcome the Barriers?

Insurance

Costs Associated with Unsold Units

- Capital costs
- Monthly common expenses
- Price reductions
- Additional marketing
- Other promotions

What can be Done to Overcome the Barriers?

Tariff

Standardised Condition

- 30 % of the units sold in a pre-sale period
- Premium 1.0 – 2.0 % of total sum insured
- Deductible 1.0 – 2.0 % of total sum insured
- Requirements for market budget after pre-sale period
- Premium kick back if all units without loss for the insurance company