1Q 2012

FINANCIAL REPORT FOR THE FIRST QUARTER OF 2012

IMPORTANT EVENTS IN THE FIRST QUARTER 2012

POSITIVE TREND FOR LETTING, LOAN-TO-VALUE FURTHER REDUCED

Stable operations, development projects in the start-up phase

Norwegian Property ASA achieved an operating profit before fair-value adjustments and gain/loss of NOK 202.3 million during the first quarter of 2012, a decline of 5.6 per cent from the same period of the year before. Gross rental income came to NOK 247 million, down slightly from NOK 253.7 million in the first quarter of 2011. This reduction primarily reflected the sale of properties. After fair-value adjustments, the pre-tax profit came to NOK 106.4 million, down from NOK 558.9 million in the same period of 2011. Net profit was NOK 77.3 million, compared with NOK 494.2 million in the same quarter of 2011. The company thereby achieved ordinary earnings per share of NOK 0.16 for the first quarter. Carried equity was NOK 10.51 per share at 31 March 2012, down from NOK 10.99 per share a year earlier (Epra: NOK 11.75 at 31 March 2012).

Loan-to-value further reduced

The company achieved a positive cash flow from operating activities of NOK 84 million in the first quarter, compared with NOK 117.2 million in the same period of 2011. The net consolidated loan-to-value ratio was 61.5 per cent at 31 March, down from 64.6 per cent a year earlier. This decline reflects the fact that several property transactions were conducted in the period. Adjusted for the effect of the seller credit provided to the buyers of Norgani, the net loan-to-value ratio was 57.4 per cent at 31 March 2012.

Letting activity high

Norwegian Property worked purposefully during the first three months of 2012 to reduce vacancy at Nydalen in Oslo, and several new and renegotiated leases have been awarded. These included one for the Consumer Ombudsman covering office premises at Sandakerveien 138. This runs for 11 years from the anticipated date of occupancy in the fourth quarter of 2012. In the rest of the portfolio, leases were awarded both at Drammensveien 134 (building 5) and in Aker Brygge. At Bryggetorget 1, recently acquired by Norwegian Property, vacant premises are in the process of filling up with new tenants. A 10-year lease was also awarded in Aker Brygge to DNO International ASA for office premises at Stranden 1.

The average remaining term of the group's leases at 31 March was 5.2 years, up from 5.1 years at 31 December.

Long-term lease for the Norwegian Public Service Pension Fund at Skøyen

Norwegian Property awarded a long-term lease to the Norwegian Public Service Pension Fund during the first quarter for office premises at Drammensveien 134 in Skøyen. These premises will be extensively refurbished before their anticipated occupation in the fourth quarter of 2014. The conversion project involves unifying the four buildings into a new, large and more space-efficient structure. Combining the four buildings will increase their overall area by about 10 000 square metres, from 20 000 to 30 000 square metres.

Conversion of Aker Brygge under way

Norwegian Property initiated the conversion of Aker Brygge after 31 March. The first stage in this process, which will run over four years, is the rehabilitation of Stranden 3 (Workshops) and Bryggegata 7-9 (Administration Building). Approved framework permits have been received for both projects. Converting Stranden 3 is a complex business, which the company has opted to execute through client-managed split contracts, and a number of such agreements have been entered into for the project. The organisation will also draw on external project expertise to complement the company's internal resources. The Bryggegata 7-9 project has a smaller scope, and a turnkey contract has been awarded for the conversion job.

KEY FIGURES

Profit and loss for continued operations		1Q 2012	1Q 2011	2011
Gross income	NOK million	**247.0**	253.7	1 020.7
Operating profit before adm. expenses	NOK million	**219.7**	231.1	921.7
Profit before value adj. and loss/gain	NOK million	**202.3**	214.3	854.3
Profit before income tax and value adjustments	NOK million	**57.3**	90.1	336.8
Profit before income tax	NOK million	**106.4**	558.9	283.6
Profit after income tax	NOK million	**77.3**	494.2	223.8

Balance sheet		1Q 2012	1Q 2011	2011
Market value of investment portfolio	NOK million	**14 522.8**	15 425.5	15 654.9
Equity	NOK million	**5 240.3**	5 480.8	5 164.1
Interest bearing debt	NOK million	**9 869.4**	10 212.1	10 164.8
Equity ratio	Per cent	**32.7**	33.9	31.8
Pre-tax return on equity (annualized)	Per cent	**8.2**	42.7	5.6

Cash flow		1Q 2012	1Q 2011	2011
Cash flow from operating activities	NOK million	**84.0**	117.2	245.4
Cash position	NOK million	**934.4**	241.9	15.6

Key numbers, shares		1Q 2012	1Q 2011	2011
No. of shares issued	Number	**498 596 832**	498 596 832	498 596 832
Average number of shares in period	Number	**498 596 832**	498 596 832	498 596 832
Pre-tax profit per share for continued operations[1]	NOK	**0.21**	1.12	0.57
Basic earnings per share for continued operations (EPS)[1]	NOK	**0.16**	0.99	0.45
Basic earnings per share for total operations (EPS)[1]	NOK	**0.16**	0.99	0.46
Operating cash flow per share	NOK	**0.17**	0.24	0.49
Interest bearing debt per share	NOK	**19.79**	20.48	20.39
Book value per share	NOK	**10.51**	10.99	10.36
Deferred property tax per share	NOK	**0.37**	0.40	0.39
Financial derivative instr. per share	NOK	**0.87**	0.23	0.93
Net asset value per share (EPRA)[2]	NOK	**11.75**	11.62	11.67

[1] Diluted earnings per share are the same as the basic earnings per share.
[2] Ordinary book value of equity (excl. minority interests) per share adjusted for deferred property tax-, goodwill- and financial derivative instruments per share. Deferred property tax per share includes both ordinary deferred tax relating to properties and tax compensation at purchase (accounted for as a reduction of investment properties). Financial derivative instruments per share is calculated based on the asset and liability items (market values of interest-/exchange rate swap contracts and similar) in the balance sheet after tax.

FINANCIAL PERFORMANCE

RESULTS FOR THE FIRST QUARTER 2012

Rental income for Norwegian Property totalled NOK 247 million for the first quarter of 2012. That compares with the NOK 253.7 million received in the same period of 2011. Adjusted for the acquisition and sale of properties during the period, this represents a decline of NOK 1.5 million in rental income for the first quarter.

Maintenance and other operating costs totalled NOK 14 million (NOK 14.6 million[3]) for the quarter. Other property-related expenses came to NOK 13.3 million (NOK 8 million) and include costs related to estate agency services, which were somewhat higher than normal because of considerable letting activity during the quarter. Administrative expenses came to NOK 17.4 million (NOK 16.8 million). Operating profit before fair-value adjustments and gain/loss was NOK 202.3 million (NOK 214.3 million).

Fair-value adjustments to the property portfolio resulted in an unrealised gain of NOK 0.2 million (NOK 327.7 million). The net gain from the sale of investment properties was NOK 2.4 million (NOK 0). Net realised financial expenses came to NOK 145 million (NOK 124.2 million), including a one-off expense of NOK 17 million owing to the termination of three interest swap contracts during the period. Otherwise, the increase in net financial expenses reflects the fact that the group received cash settlements for the sale of properties which are deposited in frozen bank accounts at the same time as established credit facilities have been maintained.

The income element related to financial derivatives increased in value by NOK 46.5 million (NOK 141.1 million).

Pre-tax profit in the first quarter came to NOK 106.4 million (NOK 558.9 million). Estimated non-payable tax for the quarter was NOK 29.1 million (NOK 64.8 million). Net profit was NOK 77.3 million (NOK 494.2 million).

VALUATION OF PROPERTIES

Two independent external valuers have valued all the properties in the group's portfolio of offices based on the same methods and principles applied in previous periods.

At 31 March 2012, the group's portfolio of commercial properties was valued at NOK 14 522.8 million (NOK 15 425.5 million) before adjustments for deferred tax. The takeover of the office sections at Bryggetorget 1 took place in the first quarter, and this property was included in the valuations at 31 March 2012. The properties at Middelthuns gate 17 and C J Hambros plass 2 (Ibsen Quarter) were divested in the first quarter and were not included in the property valuations at 31 March. Properties used by the owner are included under other tangible assets in the amount of NOK 28.2 million at 31 March and recognised at fair value.

Higher investment estimates for the portfolio and a reduction in the remaining term of certain properties on long leases drew down the valuations. At the same time, new leases made a positive contribution – including a 12-year agreement for 10 000 square metres at Drammensveien 134 in Skøyen. However, two-thirds of the total area of this property remains to be let, which limits the positive effect. The overall result of this was a positive fair-value adjustment of NOK 0.2 million (NOK 327.7 million) for the office portfolio in the first quarter.

CASH FLOW

Net cash flow from operating activities before financial items for the first quarter amounted to NOK 84 million (NOK 117.2 million).

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[3] Figures in brackets refer to the corresponding period of the year before.

Acquisition of investment properties and other investment in non-current assets cost NOK 772.6 million (NOK 37.6 million), and embraced the purchase of the office sections in Bryggetorget 1, the site at Drammensveien 149 and other ordinary investments in the property portfolio. Sale of investment properties and activities contributed NOK 1 905.1 million (NOK 0) through the disposal of C J Hambros plass 2 and Middelthuns gate 17. Net cash flow from investing activities thereby amounted to NOK 1 132.5 million (negative at NOK 37.6 million).

Net cash flow from financing activities was negative at NOK 297.7 million (NOK 86 million), related to net redemption of loans.

The net increase in cash and cash equivalents was NOK 918.8 million (reduction of NOK 6.5 million).

BALANCE SHEET

The company held NOK 934.4 million (NOK 241.9 million) in cash and cash equivalents at 31 March. In addition, it had NOK 1 216 million (NOK 1 000 million) in unutilised credit facilities. Equity totalled NOK 5 240.3 million (NOK 5 480.8 million), corresponding to an equity ratio of 32.7 per cent (33.9 per cent). Carried equity per share was NOK 10.51 (NOK 10.99). Equity per share based on the Epra standard was NOK 11.75 (NOK 11.62). Outstanding shares at 31 March totalled 498 596 832 (498 596 832).

FINANCING

The table below presents interest-bearing debt and hedges at 31 March 2012.

Interest bearing debt and hedging as of 31 March 2012		
		31 March 2012
Interest bearing debt	NOK million	9 869.4
Vendor financing	NOK million	600
Cash and cash equivalents	NOK million	934
Interest hedging ratio, including cash (%)	Per cent	74.9
Unused credit facilities	NOK million	1 216
Average time to maturity, hedging	Year	5.5
Average interest rate (incl. margin)	Per cent	4.97
Average margin	Per cent	1.22
Average residual term, borrowing	Year	4.6
Property value	NOK million	14 522.8
Interest bearing debt / value (LTV)	Per cent	68.0
Net interest bearing debt / value (net LTV)	Per cent	61.5
Net interest bearing debt deducting vendor financing / value (net LTV)	Per cent	57.4

INTEREST HEDGES

Maturity profile interest hedges		**< 1 year**	**1 > 2 years**	**2 > 3 years**	**3 > 4 years**	**4 > 5 years**	**> 5 years**
Amount	NOK million	2 168.6	371.5	505.0	605.8	1 155.0	5 103.3
Average interest rate	Per cent	1.4	1.3	3.9	4.2	4.6	4.5
Share of total liabilities	Per cent	22.0	3.7	5.1	6.1	11.7	51.5

The company has historically had a very high interest hedge ratio, and the effective hedge ratio was 74.9 per cent at 31 March. Given its greater financial freedom of action, the company considers it appropriate to reduce its interest hedging somewhat in the time to come, and accordingly terminated three interest swap contracts totalling NOK 924.7 million during the quarter.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities after capitalised costs totalled NOK 9 869.4 million (NOK 10 212.1 million) at 31 March. Apart from scheduled repayments of interest-bearing liabilities, none of Norwegian Property's borrowing facilities mature in 2012.

The company's bond loan was redeemed in its entirety when it matured in March 2012, and refinanced through the credit facilities established in June 2011.

In addition, a minor adjustment to the company's credit facilities was implemented during the quarter so that the buildings covered by the planned conversion project in Skøyen are concentrated in a single loan portfolio.

OPERATIONS

COMMERCIAL PROPERTY MARKET

According to Akershus Eiendom, vacancy in the Oslo office market was seven per cent at 31 December 2011. The number of vacant premises over 5 000 square metres is unchanged from the previous quarter, and these are primarily in less attractive geographical office locations. On the basis of expected new-build activity and growth in demand for space, Akershus Eiendom calculates that vacancies will lie between seven and eight per cent over the coming three years.

Rental developments for office properties in Oslo over the past 12 months show that premises with a good standard in central locations experienced growth, while older buildings and secondary locations made weak or negative progress. This confirms that the gap between more and less attractive properties is widening, and that modern, environment-friendly and space-efficient offices located close to public transport are in increasing demand. A large supply of vacated buildings combined with macro-economic uncertainty indicates that 2012 could produce somewhat weaker growth.

While only 60 000 square metres of office space were added to the Oslo market in 2011, substantial areas are due to be completed in 2012 and 2013. Speculative construction is still limited, but the volumes being completed from 2012 could lead to some pressure on the second-hand market in certain geographical areas. At the same time, there are indications that a number of older office buildings are being converted for housing or being demolished and their sites rezoned. This could be significant for the office market in the medium and long terms.

Demand in Stavanger is largely driven by activities in the oil and gas sector. Office vacancy is higher at Forus than in the city centre, but lies overall at around five per cent.

The level of activity in the transaction market is generally high, and Akershus Eiendom expects volume in the first half of 2012 to be at least as high as in 2011, when the overall figure for the full year totalled NOK 35 billion.

THE PROPERTY PORTFOLIO

Norwegian Property owned a total of 42 office and commercial properties at 31 March. These are located in central areas of Oslo and Bærum (80.7 per cent of gross rental income), at Gardermoen (2.8 per cent of gross rental income) and in Stavanger (16.4 per cent of gross rental income). The group's properties primarily embrace offices with associated warehousing and parking, and commercial and restaurant space.

The acquisition of a centrally located site in the Skøyen district of Oslo was completed during the first quarter at a total purchase price of NOK 99.8 million. This site has a tenancy in common with Norwegian Property's existing building at Drammensveien 149, which has a total area of 9 007 square metres. Norwegian Property expects – after rezoning – to be able to construct an office building of 10-12 000 square metres on the acquired site.

A property swap was also conducted during the first quarter, whereby Norwegian Property purchased KLP's office sections at Bryggetorget 1 in Aker Brygge for NOK 620 million. With a central location in Aker Brygge and a substantial potential for further value creation, Bryggetorget 1 falls within Norwegian Property's core business and priority geographical area. At the same time, KLP took over C J Hambros plass 2 (Ibsen Quarter) from Norwegian Property for NOK 1 220 million. Norwegian Property received NOK 590 million as a cash settlement in connection with the property swap. This transaction confirmed the company's position as the majority owner at Aker Brygge and strengthened its financial position and freedom of action.

In addition, the property at Middelthuns gate 17 in Oslo was transferred to the buyer in mid-March. Its gross value was NOK 700 million. The property is leased in its entirety to Nordea Bank Norge ASA until 2016.

Total contractual rental income from the portfolio was NOK 926.3 million at 31 March. Corrected for the acquisition and sale of properties, this level represents a decrease of NOK 12.7 million from the pro forma figures of 31 December 2011. Vacancy in the property portfolio was 4.7 per cent of the available area at 31 March, up from 3.4 per cent at 31 December 2011 but below the general level of vacancy in the Oslo market. The increase is attributable to the sale of two properties with minor vacant space, and the acquisition of one property with higher vacancy. In addition, strategic vacancy as a result of conversion projects at Aker Brygge and Skøyen in Oslo amounted to 3.7 percentage points of total vacancy, up from 2.1 percentage points at 31 December 2011.

A total of 16 new or renegotiated leases were awarded during the first quarter, with a combined value of about NOK 55.0 million. The most significant of these include the lease awarded to the Norwegian Public Service Pension Fund for office premises at Drammensveien 134 (buildings 1-4) in Skøyen. This runs for 12 years from the anticipated date of occupation in the fourth quarter of 2014. It covers just over 9 200 square metres of office space on the first and second floors of the building, and roughly 450 square metres of warehousing/records and computer rooms in the building's basement. The annual rental is NOK 2 775 per square metres for the office space, and is adjusted once a year in accordance with the increase in the consumer price index (CPI) from November 2011.

New leases have been awarded in Nydalen for about 2 500 square metres in all. These included an 11-year lease for the Consumer Ombudsman covering 1 330 square metres at Sandakerveien 138, at an annual rent of NOK 1 650 per square metre from the date of occupation in December 2012.

Other leases awarded in the portfolio include ones at Drammensveien 134 (building 5) and in Aker Brygge. They include vacant space at Bryggetorget 1, which was recently taken over by Norwegian Property and is now filling up with new tenants. The company has also awarded a long-term lease to DNO International ASA ("DNO") for office premises at Stranden 1 in Aker Brygge, which runs for 10 years from the anticipated date of occupation in the fourth quarter of 2014. The lease covers a total area of about 2 400 square metres at an annual rent of NOK 4 250 per square metres and is regulated once a year in accordance with CPI.

Norwegian Property has relatively few leases which expire in the next 12 months, and the average remaining term of its leases is 5.2 years. In the valuation of the property portfolio, today's market rate for rents is estimated to be about 5.5 per cent higher than the average contractual rent. The average rent adjustment factor for the CPI is 97.9 per cent of the total portfolio.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

In line with its strategy for environmental and social responsibility, Norwegian Property built up an infrastructure during the first quarter for reporting key figures based on Epra's recommendations. The infrastructure for measurement and follow-up of the portfolio had been completed at 31 March, and the first measurements were made for such factors as energy and water consumption, waste and carbon footprint. These data will be used in the first instance for quality assurance of the established systems, and will function as a comparative basis for later measurements. Properties being completely refurbished will have the measurement infrastructure installed during the refurbishment process.

ANNUAL GENERAL MEETING

Norwegian Property ASA held its AGM on 12 April 2012. All resolutions on the agenda were adopted without change. The dividend for 2011 was set at NOK 0.20 per share, payable to the company's shareholders on the date of the AGM.

A new board of directors was elected by the AGM. Following the election, the board comprises Nils Selte (chair), Synne Syrrist (deputy chair), Gry Mølleskog, Jon Erik Brøndmo and Gunnar Bøyum.

The AGM elected a new nomination committee. Following the election, this committee comprises Tom Furulund (chair), Paal Hvammen and Marianne Johnsen.

PricewaterhouseCoopers AS was elected by the AGM as the new independent auditor for the company.

The AGM also resolved to mandate the board to increase the company's share capital by up to NOK 24 925 000 through the issue of new shares, which corresponds to just under 10 per cent of the existing share capital. In addition, it resolved to mandate the board to raise convertible bond loans totalling NOK 750 000 000. In the event that the mandate is used, the company's share capital can be increased by up to NOK 24 925 000. The board's collective use of mandates awarded by the AGM to issue new shares cannot exceed 10 per cent of the share capital.

The board was also mandated to purchase the company's own shares with a par value of up to NOK 24 925 000, which corresponds to just under 10 per cent of the existing share capital. The company is considering the introduction of a share purchase scheme for employees in 2012.

SHAREHOLDER INFORMATION

The company had 1 961 registered shareholders at 31 March, a reduction of 87 from 31 December 2011 and 384 from 31 March last year. Non-Norwegian shareholders held 56.5 per cent of the share capital at 31 March, compared with 56.2 per cent at 31 December. The number of shares traded during the first quarter averaged 0.7 million per day, rather below the figure for September-December 2011. The company's share capital totalled NOK 249 298 416 at 31 March, divided between 498 596 832 shares with a par value of NOK 0.50 per share. The largest shareholders registered with the Norwegian Central Securities Depository (VPS) at 31 March 2012 are presented below.

#	Name	Share (%)	No. of shares	Account type	Nationality
1	FOLKETRYGDFONDET	7.89	39 345 495	ORD	NOR
2	CANICA AS	5.59	27 895 467	ORD	NOR
3	BNYM AS EMEA ASIA 25 OMNIBUS	4.71	23 469 897	NOM	USA
4	AWILHELMSEN CAPITAL AS	4.66	23 254 334	ORD	NOR
5	STATE STREET BANK AND TRUST CO.	3.80	18 967 328	NOM	USA
6	SKANDINAVISKA ENSKILDA BANKEN	3.45	17 201 562	NOM	SWE
7	CITIBANK NA LONDON BRANCH	3.12	15 572 315	NOM	GBR
8	BNP PARIBAS SECS SERVICES PARIS	2.33	11 594 892	NOM	FRA
9	BANK OF NEW YORK MELLON	2.30	11 455 406	NOM	USA
10	FONDSFINANS SPAR	2.01	10 000 000	ORD	NOR
11	STATE STREET BANK & TRUST CO.	1.67	8 336 287	NOM	USA
12	JPMORGAN CHASE BANK	1.61	8 036 894	NOM	GBR
13	EUROCLEAR BANK S.A./N.V. ('BA')	1.51	7 504 008	NOM	BEL
14	JPMORGAN CHASE BANK	1.44	7 191 998	NOM	GBR
15	VITAL FORSIKRING ASA	1.23	6 108 018	ORD	NOR
16	FRAM HOLDING AS	1.20	6 000 000	ORD	NOR
17	AWECO INVEST AS	1.10	5 486 765	ORD	NOR
18	VERDIPAPIRFONDET DNB NORGE SELEKTI	1.08	5 396 340	ORD	NOR
19	FRAM REALINVEST AS	1.05	5 250 000	ORD	NOR
20	CITIBANK NA LONDON BRANCH	1.00	4 972 439	NOM	GBR
	Total 20 largest shareholders	**52.76**	**263 039 445**		**9/20 NOR**

OUTLOOK

According to Akershus Eiendom, vacancy in the Oslo office market was seven per cent at 31 December 2011. Rental developments for office properties in Oslo over the past 12 months show that premises with a good standard in central locations experienced growth, while older buildings and secondary locations made weak or negative progress. This confirms that the gap between more and less attractive properties is widening, and that modern, environment-friendly and space-efficient offices located close to public transport are in increasing demand.

Speculative construction is still limited, but the volumes being completed from 2012 could lead to some pressure on the second-hand market in certain geographical areas. At the same time, there are indications that a number of older office buildings are being converted for housing or being demolished and their sites rezoned. This could be significant for the office market in the medium and long terms.

Norwegian Property focuses on high-quality properties close to traffic hubs in the most central and attractive areas of Oslo and Stavanger. In line with its strategy for active management of the property portfolio, the company carried out several property transactions during the first quarter of 2012. These contributed to reducing the company's net loan-to-value ratio even further and increased its financial freedom of action.

During the first three months of the year, Norwegian Property worked purposefully to reduce vacancy in the Nydalen area of Oslo, and several new and renegotiated leases were awarded. The high level of letting activity in the quarter raised the average remaining term for the group's leases to 5.2 years. Securing new leases remains a key priority area going forward.

Extensive conversion and upgrading projects are being launched in 2012 to strengthen Aker Brygge's position as Oslo's most important city district and office location. The first stage in this process, which will run over four years, is the rehabilitation of Stranden 3 (Workshops) and Bryggegata 7-9 (Administration Building). Approved framework permits have been received for both projects, and the work has been initiated. Good project management and execution will be the key requirement in the time to come, along with securing more lettings which highlight the value potential of the converted premises in the portfolio.

The board of directors of Norwegian Property

Oslo, 3 May 2012

FINANCIAL INFORMATION (UNAUDITED)

ACCOUNTING POLICIES AND CONSOLIDATED ENTITIES

This interim report has been prepared in accordance with IAS 34 – Interim financial reporting. Financial statements for the period have been prepared in accordance with applicable IFRS standards and interpretations. The accounting policies applied in the preparation of the interim financial statements are consistent with the principles applied in the annual financial statements for 2011. Properties sold are recognised in the financial statements until the relevant transactions have been completed. This report has not been audited.

CONSOLIDATED INCOME STATEMENT

The specification of results from discontinued operations is presented separately in note 2.

Amounts in NOK million	Note	1Q 2012	1Q 2011	2011
Gross income		**247.0**	**253.7**	**1 020.7**
Maintenance and other operating expenses		**-14.0**	-14.6	-65.1
Other property-related expenses		**-13.3**	-8.0	-33.9
Property-related expenses		**-27.3**	**-22.6**	**-99.0**
Administrative expenses		**-17.4**	-16.8	-67.4
Total operating expenses		**-44.8**	**-39.4**	**-166.4**
Operating profit before value adj. and loss/gain		**202.3**	**214.3**	**854.3**
Change in market value of investment property		**0.2**	327.7	281.9
Gain/(loss) related to property sales		**2.4**	-	1.0
Operating profit		**204.8**	**541.9**	**1 137.1**
Financial income	1	**9.7**	10.6	37.0
Financial cost	1	**-154.7**	-134.8	-554.4
Realized net financial items		**-145.0**	**-124.1**	**-517.5**
Change in market value of financial derivative instruments	1	**46.5**	141.1	-336.1
Net financial items		**-98.5**	**17.0**	**-853.6**
Profit before income tax for continued operations		**106.4**	**558.9**	**283.6**
Deferred income tax for continued operations		**-29.1**	-64.8	-59.7
Profit for continued operations		**77.3**	**494.2**	**223.8**
Profit for discontinued operations	2	**-**	-	4.8
Profit for the period		**77.3**	**494.2**	**228.6**
Profit attributable to non-controlling interests		**-**	-	-
Profit attributable to owners of the Company		**77.3**	**494.2**	**228.6**
Other comprehensive income				
Currency translation differences for discontinued operations		**-**	-	-
Gain/loss on financial derivative instruments for continued operations		**-1.7**	-2.8	-8.4
Gain/loss on financial derivative instruments for discontinued operations		**-**	-	-
Income tax related to comprehensive income for continued operations		**0.5**	0.8	2.4
Income tax related to comprehensive income for discontinued operations		**-**	-	-
Reclassification of currency translation differences for discontinued operations		**-**	-	-
Reclassification of financial derivative instruments for discontinued operations		**-**	-	-
Value adjustment of owner-occupied property	3	**0.1**	-	2.7
Total other comprehensive income		**-1.1**	**-2.0**	**-3.3**
Total comprehensive income		**76.2**	**492.2**	**225.3**
Total comprehensive income attributable to owners of the Company		**76.2**	492.2	225.3
Total comprehensive income attributable to non-controlling interests		**-**	-	-

CONSOLIDATED BALANCE SHEET

Amounts in NOK million	Note	31.03.2012	31.03.2011	31.12.2011
ASSETS				
Financial derivative instruments		**3.0**	26.2	5.0
Deferred tax asset		**-**	6.3	12.8
Investment property[4]	3	**14 311.0**	15 227.9	13 561.3
Property, plant and equipment	3	**42.5**	2.3	40.1
Receivables		**400.0**	600.0	400.0
Total non-current assets		**14 756.4**	**15 862.6**	**14 019.2**
Financial derivative instruments		**-**	-	2.3
Accounts receivable		**64.6**	42.8	69.9
Other receivables		**252.2**	27.6	235.3
Cash and cash equivalents		**934.4**	241.9	15.6
Assets held for sale	3	**-**	-	1 873.4
Total current assets		**1 251.3**	**312.3**	**2 196.5**
Total assets		**16 007.7**	**16 174.8**	**16 215.7**
EQUITY AND LIABILITIES				
Paid in equity		**9 737.5**	9 737.5	9 737.5
Other reserves		**-**	5.3	1.2
Retained earnings		**-4 497.3**	-4 262.0	-4 574.7
Total equity		**5 240.3**	**5 480.8**	**5 164.1**
Deferred tax		**16.0**	-	-
Financial derivative instruments		**590.1**	185.9	628.8
Interest bearing liabilities		**9 826.1**	8 798.4	8 798.6
Total non-current liabilities		**10 432.3**	**8 984.2**	**9 427.3**
Financial derivative instruments		**13.2**	2.6	23.7
Interest bearing liabilities		**43.3**	1 413.7	1 366.2
Trade payables		**19.6**	22.8	14.3
Other liabilities		**259.1**	270.6	220.0
Total current liabilities		**335.2**	**1 709.8**	**1 624.3**
Total liabilities		**10 767.4**	**10 694.0**	**11 051.6**
Total equity and liabilities		**16 007.7**	**16 174.8**	**16 215.7**

[4] After deduction of deferred taxes at time of acquisition of NOK 183.7 million as of 31 March 2012, NOK 197.6 million per 31 March 2011 and NOK 192.1 million as of 31 December 2011.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	1Q 2012	Året 2011
Total equity including minority interests, beginning of the period	**5 164.1**	**4 988.6**
Total comprehensive income	**76.2**	225.3
Paid dividends	**-**	-49.9
Total equity including minority interests, end of period	**5 240.3**	**5 164.1**

Amounts in NOK million	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Total equity
Total equity 31.12.2010	**249.3**	**3 048.2**	**6 440.1**	**7.2**	**-4 756.2**	**4 988.6**
Financial derivatives accounted to equity, net of tax (28%)	-	-	-	-6.0	-	-6.0
Paid dividends	-	-	-	-	-49.9	-49.9
Profit for the period	-	-	-	-	228.7	228.7
Value adjustment of owner-occupied property	-	-	-	-	2.7	2.7
Total equity 31.12.2011	**249.3**	**3 048.2**	**6 440.1**	**1.2**	**-4 574.7**	**5 164.1**
Financial derivatives accounted to equity, net of tax (28%)	-	-	-	-1.2	-	-1.2
Profit for the period	-	-	-	-	77.3	77.3
Value adjustment of owner-occupied property	-	-	-	-	0.1	0.1
Total equity 31.03.2012	**249.3**	**3 048.2**	**6 440.1**	**-**	**-4 497.3**	**5 240.3**

CONSOLIDATED CASH FLOW

The cash flow statement includes both continuing and discontinued operations.

Amounts in NOK million	1Q 2012	1Q 2011	2011
Profit before income tax	**106.4**	559.0	288.4
Depreciation of tangible assets	**0.8**	0.2	2.4
Gain/loss from sale of investment property and operations	**-2.4**	-	-1.0
Fair value adjustment of investment property	**-0.2**	-327.7	-281.9
Fair value adjustment of financial derivative instruments	**-46.5**	-141.1	336.1
Change in short-term items	**25.8**	26.8	-98.5
Net cash flow from operating activities	**84.0**	**117.2**	**245.4**
Received cash from sale of investment property and discontinued operations	**1 905.1**	-	33.1
Payments for purchase of investment property	**-772.6**	-37.6	-353.2
Net cash flow from investing activities	**1 132.5**	**-37.6**	**-320.2**
Net repayment of interest bearing debt	**-297.7**	-86.0	-108.2
Paid dividend	**-**	-	-49.9
Net cash flow from financial activities	**-297.7**	**-86.0**	**-158.0**
Net change in cash and cash equivalents	**918.8**	**-6.5**	**-232.8**
Cash and cash equivalents at the beginning of the period	**15.6**	248.4	248.4
Cash and cash equivalents at the end of the period	**934.4**	**241.9**	**15.6**

NOTE 1 NET FINANCIAL ITEMS

A specification of net financial items in the income statement is presented below.

Amounts in NOK million	1Q 2012	1Q 2011	2011
Capital gains	**9.7**	8.9	35.1
Currency gains	**-**	1.8	1.8
Total financial income	**9.7**	**10.6**	**37.0**
Capital cost	**-131.0**	-129.3	-519.3
Termination fee financial instruments	**-17.0**	-	-
Currency losses	**-1.2**	-0.2	-1.1
Other financial cost	**-5.5**	-5.3	-34.0
Total financial cost	**-154.7**	**-134.8**	**-554.4**
Realized net financial items	**-145.0**	**-124.1**	**-517.5**
Change in market value of financial derivative instruments	**46.5**	141.1	-336.1
Net financial items	**-98.5**	**17.0**	**-853.6**

NOTE 2 DISCONTINUED OPERATIONS

The hotel business, Norgani Hotels, was sold in 2010. Results for discontinued operations are presented net on a single line in the income statement. The profit element for 2011 relates in its entirety to the reversal of provisions.

NOTE 3 INVESTMENT PROPERTY AND ASSETS HELD FOR SALE

Contracts for the sale of the Middelthuns gate 17 and C J Hambros plass 2 (Ibsen Quarter) properties were entered into in 2011. These transactions were completed in the first quarter of 2012. The two properties were classified at 31 December 2011 as assets held for sale.

Properties used by the owner are included under other tangible assets in the amount of NOK 28.2 million at 31 March 2012 and 31 December 2011. The company had no properties used by the owner at 31 March 2011. Such property is recognised at fair value, and fair-value adjustments are included in other income and expenses.

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For further information on Norwegian Property, including presentation material relating to this interim report and financial information, please visit **www.npro.no**.