NORWEGIAN PROPERTY

REPORT FOR THE
FIRST HALF YEAR - 2008

HIGHLIGHTS FOR THE QUARTER

- Net Asset Value per share post equity issue is NOK 39.51. Adjusted Net Asset Value based on EPRA-standard is NOK 39.65.
- Positive change in market value of financial derivative instruments was NOK 543.2 million in the second quarter (NOK 400.7 million for the first half year). Total market value of financial derivatives was NOK 1,026.2 million at the end of second quarter.
- Negative fair value adjustment of investment property was NOK 1,688.0 million in the second quarter (NOK 1,809.4 million for the first half year). Total market value for the property portfolio (before tax adjustments) is NOK 28,512 million, implying a net yield based on current payable rents (including current RevPAR) of 6.1% and 6.6% if fully adjusting for the rent reversionary potential on the office portfolio.
- Rental income was NOK 474.1 million in the second quarter of 2008 (NOK 243.8 million in the same quarter in 2007) and loss before tax was NOK 1,071.8 million (pre tax profit of NOK 1,141.7 million in the same quarter in 2007).
- Rights offering raising NOK 2,500 million completed in July. Funds raised will be used for take out of minorities in Oslo Properties with put/call options and strengthening of balance sheet. Loan To Value (LTV) post equity issue and value adjustments in second quarter is approximately 75%. The rights offering was implemented after discontinuation of a sales process relating to Norgani Hotels and Oslo Properties
- Widar Salbuvik elected new chair of the Board of Directors on the ordinary general assembly in May. Hans Herman Horn, Hilde Vatne and Helene Jebsen Anker were elected as new members of the Board of Directors on an extraordinary general assembly in July. Torstein Tvenge, Jostein Devold and Anne Birgitte Fossum continue to serve on the Board of Directors.

MARKET CONDITIONS

OFFICES RENTAL MARKET

After some years where the Norwegian office rents have had among the strongest growth rates in Europe, the rental markets have normalised somewhat so far in 2008. In some areas the rental growth has stabilised, in other areas, like Nydalen, there is still rental growth, though at significantly lower rates than earlier. Supply of new office capacity into the market the rest of 2008 and beginning of 2009 is still limited. Demand for office space has so far seen limited impact from the macroeconomic uncertainty, but economic growth rates are trending downwards, which eventually may impact demand for offices.

HOTEL MARKET

The strong hotel cycle in the Nordic market continues. Sweden and Norway are the strongest markets, and the larger cities in particular continue to see very strong RevPAR growth rates. In Finland the growth rate is trending somewhat down. Denmark has a weaker development (public statistics only exist for the occupancy rate).

January to May RevPAR growth	**% change**
Sweden	9.1 %
Stockholm	13.6 %
Norway	8.6 %
Oslo	10.6 %
Finland	7.0 %
Helsinki	1.0 %
Denmark (occupancy)	0.1 %

Source: Enskilda Securities, based on public statistics

TRANSACTION MARKETS

The transaction markets, and especially the Norwegian transaction market, have slowed down during the first half year of 2008. The combinations of increasing long term interest rates and tightened financing terms have impacted yield requirements on property transactions. Yields on less attractive properties started to raise during the second half of 2007. For prime properties there is so far limited transactional evidence, but the few transactions that have been completed seem to support a significant yield expansion also on attractive and prime properties.

FINANCIAL PERFORMANCE

ACCOUNTING PRINCIPLES AND CONSOLIDATED ENTITIES

The first half year report has been prepared in accordance with IAS 34 – Interim Financial Reporting. The quarterly result has been prepared in accordance with the current IFRS-standards and interpretations. The accounting policies applied in the preparation of the quarterly result are consistent with the principles applied in the financial statements for 2007. The report is not audited.

In the consolidated group accounts Oslo Properties and Norgani Hotels have been included for the full quarters.

In the first half year Norwegian Property has completed the sales of Forskningsveien 2, Magnus Poulssonsvei 7, Østre Akervei 20 and 22, Økernveien 9, Nedre Holmegate 30-34, Elvegaten 25 and Mauritz Kartevolds plass 1. The properties have been included for the period up to completion of the sales.

KEY NUMBERS

			2nd Quarter 01.04 - 30.06		Year to date 01.01 - 30.06		Last year 01.01 - 31.12
			2008	2007	2008	2007	2007
Profit and loss							
Gross rent		NOK million	474,1	243,8	946,2	492,5	1 195,7
Operating profit		NOK million	(1 281,6)	1 044,3	(967,8)	1 490,3	2 264,7
Operat. prof. ex. fair value adj.		NOK million	400,6	214,2	806,2	432,7	1 036,3
Profit before tax		NOK million	(1 071,8)	1 141,7	(1 238,7)	1 487,1	1 650,6
Net profit		NOK million	(771,2)	822,1	(891,3)	1 070,7	1 189,9
Balance sheet							
Market value of investment portfolio		NOK million	28 166,5	17 198,9			31 113,9
Market value of total prop. portfolio		NOK million	28 166,5	18 538,7			31 113,9
Equity		NOK million	8 048,5	6 585,1			6 830,9
Interest bearing debt		NOK million	21 923,0	12 860,7			23 232,1
- of which hedged		NOK million	15 842,0	10 180,0			16 040,2
Interest bearing debt, incl. liability to acquire shares in Oslo Properties AS	1)	NOK million	23 570,7	12 860,7			24 828,0
Equity %		%	24,1 %	32,1 %			20,1 %
Pre tax return on equity (annualised)		%	-58,0 %	71,9 %	-33,3 %	49,7 %	27,0 %
Cash flow							
Cash flow from operating activities		NOK million	357,9	280,2	660,4	553,6	1 066,9
Cash position		NOK million	323,9	1 100,3			635,5
Key numbers, shares							
No. of shares issued	2)	Million	201,6	105,5			105,5
Average number of shares in period	2)	Million	119,2	105,5	112,3	102,1	103,8
Pre tax profit per share		NOK	(8,99)	10,82	(11,03)	14,57	15,90
Basic earnings per share (EPS)	3)	NOK	(6,47)	7,79	(7,93)	10,49	11,46
Operating cash flow per share		NOK	3,00	2,66	5,88	5,42	10,28
Interest bearing debt per share		NOK	108,73	121,92			220,58
Book value per share		NOK	39,51	57,54			63,20
Deferred property tax per share		NOK	9,09	7,24			22,18
Goodwill per share		NOK	(5,28)	-			(10,10)
Financial derivative instr. per share		NOK	(3,66)	(3,96)			(4,45)
Net asset value per share (EPRA)	4)	NOK	39,65	60,83			70,84

1) Norwegian Property ASAs interest bearing liability (put/call option agreement) to acquire shares in Oslo Properties AS.
NOK 1 120 million plus accrued interest may be settled with shares in Norwegian Property ASA at the discretion of Norwegian Property.
2) Including the share issue resolved by the 17 June 2008 Extraordinary General Meeting (see the consolidated statement of changes in equity).
3) Diluted earnings per share are the same as the basic earnings per share.
4) Ordinary book value of equity (excl. minority interests) per share adjusted for deferred property tax-, goodwill- and financial derivative instr. per share.
Deferred property tax per share include both ordinary deferred tax related to properties and tax compensation at purchase (accounted for as a reduction of investment properties). Goodwill per share is calculated from the single item in the balance sheet, while financial derivative instr. 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.

RESULTS FOR THE SECOND QUARTER

Gross rental income for the second quarter was NOK 474.1 million (NOK 243.8 million in the same period in 2007). In addition Norwegian Property has received payments under rental guarantees (NOK 1.5 million) in the second quarter, which are not included in the P&L.

Maintenance and property related expenses for the quarter were NOK 36.4 million (NOK 14.3 million) corresponding to 7.7 % of gross rental income. The increase reflects the acquisition of Norgani Hotels, which has a higher cost ratio than the commercial properties portfolio. Group and administrative expenses were NOK 37.1 million (NOK 15.3 million). The increase from 2007 reflects the acquisition of Norgani Hotels and expenses in the second quarter of 2008 relating to sale and potential sale of assets. Operating profit before value adjustment of investment property was NOK 400.6 million (NOK 214.2 million).

Loss from fair value adjustment of properties was NOK 1,688.0 million (profit of NOK 830.1 million in the same quarter 2007). See separate section on principles for valuation of investment properties. Norwegian Property recorded gains from sale of investment properties of NOK 5.8 million in the quarter.

Net financial items were NOK 209.7 million (NOK 97.5 million) in the second quarter. Net financial items include NOK 543.2 million (NOK 362.1 million) relating to positive changes in market value of financial derivatives. Interest expenses relating to the acquisition financing of Norgani Hotels / Oslo Properties was NOK 61.4 million. Net financial items include a gain on currency of NOK 2.0 million.

Loss (profit) before tax for the second quarter was NOK 1,071.8 million (NOK 1,141.7 million). Calculated tax was NOK -300.7 million (NOK 319.7 million), primarily relating to changes in deferred tax, which does not have any cash flow impact. Ordinary loss (profit) for the period was thus NOK 771.2 million (versus profit of NOK 822.1 million).

RESULTS FOR THE FIRST SIX MONTHS

Gross rental income for the first six months was NOK 946.2 million (NOK 492.5 million in the same period in 2007). In addition Norwegian Property has received payments under rental guarantees (NOK 3.0 million) in the first six months, which are not included in the P&L.

Maintenance and property related expenses for the first six months were NOK 74.0 million (NOK 28.4 million) corresponding to 7.8 % of gross rental income. The increase reflects the acquisition of Norgani Hotels, which has a higher cost ratio than the commercial properties portfolio. Group and administrative expenses were NOK 66.0 million (NOK 31.3 million). The increase from 2007 reflects the acquisition of Norgani Hotels and expenses in the second quarter of 2008 relating to sale and potential sale of assets. Operating profit before value adjustment investment property was NOK 806.2 million (NOK 432.7 million).

Loss from fair value adjustment of properties was NOK 1,809.4 million (profit of NOK 1,057.5 million in the same period 2007). See separate section on principles for valuation of investment properties. The group recorded gains from sale of investment properties of NOK 35.3 for the first six months.

Net financial expenses were NOK -270.9 million (NOK -3.2 million) in the first six months. Net financial items include NOK 400.7 million (NOK 420.1 million) relating to positive changes in market value of financial derivatives. Interest expenses relating to the acquisition financing of Norgani Hotels / Oslo Properties was NOK 119.2 million.

Loss (profit) before tax for the first six months was NOK 1,238.7 million (NOK 1,487.1 million). Calculated tax was NOK -347.4 million (NOK 416.4 million), primarily relating to changes in deferred tax, which does not have any cash flow impact. Ordinary loss (profit) for the period was thus NOK 891.3 million (versus profit of NOK 1,070.7 million).

COUNTRY BREAK DOWN FOR HOTEL PORTFOLIO

Norgani Hotels was acquired in September 2007. For comparision the operational performance for 2008 has been compared with the official reported by Norgani Hotels for the same periods last year. Gross rental income has a strong increase in all geographical regions except Denmark, where Norgani Hotels only owns three hotels. The major part of the improved performance is related to the effects of the renegotiated rental agreements with Scandic Hotels and strong RevPAR growth in Sweden, Finland and Norway.

	2nd Quarter 01.04 - 30.06		Year to date 01.01 - 30.06		Last year 01.01 - 31.12
Figures in NOK million	2008	2007 1)	2008	2007 1)	2007 1)
Sweden	93.6	66.0	179.4	132.6	314.4
Finland	53.7	50.8	108.7	94.6	185.2
Norway	54.0	42.1	94.3	80.7	170.2
Denmark	5.2	5.4	12.8	12.8	29.3
Gross rental income	**206.4**	**164.2**	**395.2**	**320.7**	**699.1**
Sweden	(6.6)	(6.5)	(17.5)	(10.1)	(19.8)
Finland	(7.5)	(8.6)	(13.8)	(15.7)	(27.9)
Norway	(1.3)	(1.7)	(3.2)	(3.5)	(11.8)
Denmark	(1.3)	(1.4)	(2.4)	(2.5)	(5.6)
Maintenance and property related costs	**(16.6)**	**(18.2)**	**(36.8)**	**(31.8)**	**(65.0)**
Sweden	87.0	59.5	162.0	122.5	294.7
Finland	46.1	42.2	94.8	78.9	157.4
Norway	52.7	40.4	91.1	77.2	158.4
Denmark	3.9	4.0	10.4	10.3	23.7
Net rental income	**189.8**	**146.0**	**358.4**	**288.9**	**634.1**

1) The 2007 figures are full period figures reported by the Norgani Hotels Group.

VALUATION OF PROPERTIES

DTZ Realkapital has for the commercial property portfolio, based on the same methods and principles as in the previous quarters, performed an external and independent valuation of properties. Increased inflation expectations have had a positive impact on valuations. DTZ concludes that the rental market has been flat in the second quarter, with indications that the market is generally peaking, except for some areas (like Nydalen) which still sees an upward trend. Long term interest rates have increased signficantly and banks' lending policies continue to be tightened. The asset markets are relatively turbulent and few property transactions have been completed during the second quarter. Based on these observations DTZ has concluded that a significant repricing has occurred in the market. Norwegian Property has carried out independent assessments of the parameters which affect the value of the group's properties, including development in interest rates, market rents, occupancy and yield requirements on similar transactions. Based on these considerations the Company has applied DTZ's valuation. Total value of the Group's portfolio of commercial properties before adjustment for deferred tax was NOK 17,985 million as of 30 June 2008. NOK -1,337.8 million in loss from fair value adjustment of investment properties has been realised in the second quarter.

The portfolio of hotel properties has been valued by DTZ Realkapital (Sweden, Denmark and Norway) and Maakanta (Finland) based on the same principles as in previous periods. The hotel market has remained robust, but the financing situation and transaction markets are impacted by some the same effects as the commercial property markets. Total external valuations concluded with a total value of the hotel portfolio of NOK 10.527 million, which based on the same considerations as for the commercial properties has been applied in the valuation at the end of second quarter. NOK -350.2 million has consequently been recorded as fair value adjustment of the hotel properties in the second quarter.

CASH FLOW

Net cash from operating activities was NOK 357.9 million (NOK 280.2 million) in the second quarter, and NOK 660.4 million (NOK 553.6 million) for the first six months. Changes in short term items were NOK -43.3 million in the second quarter, mainly relating to periodisation effects, primarily on rent payments. In the second quarter net positive cash flow from investing activities was NOK 1,191.9 million (NOK -105.2 million), mainly relating to sale of commercial properties. For the first six months net cash flow from investment activities were NOK 1,219.8 million. Ordinary capital expenditures relating to the group's investment properties (offices) were NOK 34 million (NOK 64 million) and to the hotel portfolio NOK 42 million (NOK 63 million) in the second quarter (first six months). Net cash flow from financing activites was NOK -1,738.2 million (NOK 60.3 million) in the second quarter, of which NOK 263.7 million was payment of dividend and NOK 1,474.5 was relating to repayment and servicing of interest bearing debt. For the first six months net cash flow from financing activities was NOK -2,191.8 million (NOK 1,675.5 million). Net change in cash and cash equivalents in the second quarter was NOK -188.4 million and for the first six months NOK -311.6 million.

BALANCE SHEET

Cash and cash equivalents as of 30 June 2008 were NOK 323.9 million compared to NOK 635.5 million at the beginning of the year. In addition the group had NOK 357 million in unused committed credit facilities. Total equity was NOK 8,048 million (NOK 6,831 million), corresponding to an equity ratio of 24.1 % (20.1 %). After deduction of minority interests the Net Asset Value per share was NOK 39.51 (NOK 63.20). Net Asset Value based on EPRA's standard was NOK 39.65 (NOK 70.84).

An extraordinary general meeting on 17 June 2008 resolved to carry out an increase in Norwegian Property's share capital by issuance of 96,153,846 shares at a subscription price of NOK 26, with gross proceeds of NOK 2,500 million. The capital increase was fully underwritten by a guarantee consortium at the time of the general meeting. The new share capital was registered on 28 July. Based on the underwriting the equity issue has been recorded in the balance sheet as of 30 June as equity and unpaid capital (net of issue cost) with NOK 2,340 million.

The decomposition of deferred tax liability is described in the table below:

Deferred tax liability on properties (on fair value adjustments)	1,489
- Deferred tax asset from carry forward losses	(379)
Deferred tax liability (recorded as deferred tax liability)	**1,110**
Deferred tax liability (recorded as reduction in investment property)	**346**

FINANCING

Total consolidated interest bearing debt as of 30 June 2008 was NOK 21,923 million (NOK 12,861 million). In addition Norwegian Property had a potential liability to acquire shares in Oslo Properties AS (OPAS) based on put / call options, which were exercised in July. The discounted value of these obligations was NOK 1,648 million. NOK 15,842 million of the interest bearing debt has been hedged, corresponding to a hedging ratio of 72 %. Average interest for the interest bearing debt (including the bank acquisition financing in Oslo Properties) was 5.50 % and average loan margins on the same debt is 78 basis points.

Interest bearing debt and hedging, 30 June 2008	Norwegian Property	Norgani	Property financing	OPAS – acquisition financing	Incl. bank acquisition financing
Total interest bearing debt (NOK million)	13 199	6 873	20 072	1 900	21 972
- Of which hedged (NOK million)	11 169	4 673	15 842	0	15 842
Hedging ratio (%)	85 %	68 %	79 %	0 %	72 %
Cash and cash equivalents	296	6	302	22	324
Effective hedging ratio including cash (%)	87 %	68 %	80%	1 %	74 %
Committed, unutilised credit lines (short and long term)	290	67	357		357
Average interest, interest bearing debt	5.34%	5.20%	5.29%	7.70%	5.50%
Average margin, interest bearing debt	0.58%	0.99%	0.72%	1.50%	0.78%
Average duration, hedging contracts (years)	5.1	4.5	4.9	-	4.9
Average duration, borrowing	4.7	4.0	4.4	2.6	4.3

In addition Norwegian Property ASA has a potential liability to acquire shares in Oslo Properties based on put / call options with a discounted value of NOK 1,648 million.

OSLO PROPERTIES AS

Oslo Properties AS is financed through equity commitments of NOK 2,005 million, of which Norwegian Property at the end of June 2008 owned 17.5%. During July Norwegian Property has acquired additionally 75.8% of the shares in Oslo Properties according to excercise of previous agreements, and at the end of July 2008 Norwegian Property owned 93.3% of the shares in Oslo Properties AS.

PROPERTY PORTFOLIOS

OFFICE PORTFOLIO

As of 30 June 2008 Norwegian Property owned 50 office and retail properties. Detailed information on each property is continually updated on the company's web page, www.norwegianproperty.no. Norwegian Property's properties are mainly located in central parts of Oslo (86% of gross rent) and Stavanger (12% of gross rent). The company's properties mainly comprise office areas (78% of gross rent), warehouses (3% of gross rent), retail and restaurant areas (10% of gross rent) and parking in connection with the office areas (4% of gross rent). Other areas comprise 5% of gross rent. On Aker Brygge the group also owns a shopping centre with outlets and restaurants.

During the first six months of 2008 Norwegian Property has compledet the sales of 8 properties, Forskningsveien 2, Magnus Poulssonsvei 7, Østre Akervei 20 and 22, Økernveien 9, Nedre Holmegate 30-34, Elvegaten 25 and Mauritz Kartevolds plass 1. Total property value (book value) for the sales was NOK 1,301 million.

When adjusting for properties sold or agreed to be sold, as of 30 June 2008 the total annual contracted gross rental income for the office portfolio was NOK 1,061.8 million compared to NOK 923 million at the end of 2006 and NOK 1,170.0 million at the end of 2007. The reduction in run-rate is related to sale of properties. Average ratio for CPI-adjustment for the portfolio is 95%. The average vacancy in the portfolio was 0.3%. Average remaining duration of the rental contracts was 5.9 years (6.5 years at the end of last year). Over the next four and a half years (including 2012) an estimated contract volume of NOK 504 million is up for renewal. In the valuation performed by DTZ, the valuer assumes the current portfolio has a rent revertionary potential of 16%, if the rents are adjusted to market rents.

Total value of the office portfolio was by DTZ assessed to NOK 17,985 million per 30 June 2008. Based on current payable rent this implies a net yield of 5.55% when assuming 6% expenses on the property level. If applying market rents the implied net yield is 6.44%.

HOTEL PORTFOLIO

At the end of June 2008, Norgani's portfolio comprised 73 hotels and one congress centre with a total of 12,804 rooms and 671,080 sqm. In addition Norgani Hotels has agreed to buy Park Inn Hotel in Oslo upon completion in 2009. The hotel will comprise 118 room, conference- and restaurant facilities and will be operated by Rezidor Hotel Group.

Geographical split	% Rooms	% Revenue
Norway	16%	23%
Sweden	54%	45%
Finland	24%	28%
Denmark	3%	4%

By the end of the second quarter, all Norgani's hotels were operating under performing contracts with only immaterial vacancies. Except for one hotel the contracts are turnover based leases, mostly with differentiated rates between lodging and food/beverages. Most contracts have minimum leases; on average at around 64% of current gross rent (CPI adjusted minimum leases). For some of the hotels there are vendor rental guarantees, which means that the seller has agreed to compensate Norgani for any shortfall between the guaranteed level and actual turnover based rent. The average remaining duration of the lease agreements was 10.4 years.

Operators	% Rooms	% Revenue
Scandic (including Hilton)	60%	64%
Choice	21%	21%
Rezidor	5%	5%
First	3%	2%
Best Western	2%	1%
Rica	2%	2%
Others	7%	5%

Total market value of the hotel portfolio is NOK 10,527 million. Run rate rate for gross rental income is NOK 819 million, and applying expenses on the property level of 10%, returns an implicit net yield of 7.00 %.

SHAREHOLDERS

Total number of shares as of 31 July 2008 was 201,635,416. After the rights issue at the end of July 2008 foreign shareholders controlled 40.7% (60.1% at the end of last year). The company had a total of 1,060 registered shareholders at the end of July. The larges shareholders as of 31 July 2008 were:

Largest shareholders	Country	Shares	Stake
Awilhelmsen Capital	NOR	23 254 334	11.53 %
SEB Enskilda	NOR	13 270 994	6.58 %
Credit Suisse (custodian)	GBR	9 599 716	4.76 %
Credit Suisse (nom)	GBR	8 955 885	4.44 %
Deutsche Bank AG (nom)	GBR	7 393 098	3.67 %
Fram Holding	NOR	7 250 700	3.60 %
Vital Forsikring	NOR	6 089 907	3.02 %
Trondheim Kommunale Pensjonskasse	NOR	6 051 200	3.00 %
JP Morgan Chase (nom)	GBR	5 611 393	2.78 %
Awco Invest	NOR	5 486 765	2.72 %
Pareto Securities	NOR	4 321 459	2.14 %
State Street Bank (nom)	USA	4 020 326	1.99 %
Fram Realinvest	NOR	4 000 000	1.98 %
Bank of New York, BR S/A Alpine International	USA	3 852 095	1.91 %
Bear Sterns Securities (nom)	USA	3 339 396	1.66 %
Goldman Sachs (nom)	GBR	3 203 529	1.59 %
Opplysningsvesenets Fond	NOR	2 962 731	1.47 %
Carnegie Investment, clients	SWE	2 644 523	1.31 %
Skagen Vekst	NOR	2 644 523	1.31 %
Fortis Global, custodian	NLD	2 312 870	1.15 %
Other shareholders		75 369 972	37,39 %
Total number of shares as of 31 July 2008		**201 635 416**	**100,00 %**

RISK FACTORS

Norwegian Property is exposed to market risk through changes in parameters, including macroeconomic development, which impact the demand for office space and hotel rooms and supply of offices and hotel space. Norwegian Property actively monitors the relevant markets, and also actively operates to reduce these risks by entering long term rental contracts for the spaces owned by the company. The hotel properties are mainly operated on revenue based leases and major change in demand for hotels may impact the rents from the hotel portfolio.

Operational risks relate to the tenants ability to fulfil their obligation, our ability to relet space when current leases expire and the external property managers ability to fulfil their obligations in relation to managing the properties.

Financial risks relate to changes in interest rates as Norwegian Property to a large degree is financed by debt. Norwegian Property is mitigating these risks by having a high degree of interest hedging. Market development and macroeconomic development may also impact the pricing of properties and exchange rates. Combined by other operational risks and market risks this might impact both the fair value assessments of the properties and the operational P&L which eventually might impact the groups ability to fulfil the requirements (covenants) in the loan agreements.

TERMINATED PROCESS TO SELL NORGANI HOTELS

In May Norwegian Property announced to have entered into a letter of intent with a group of buyers for the sale of Norgani Hotels for a total estimated value of NOK 11.2 bn. The completion of a transaction was subject due diligence, finalisation of the buyer's financing and completion of a share purchase agreement. In the beginning of June Norwegian Property announced that the negotiations with the potential buyers of Norgani had ceased. Norwegian Property currently plans to maintain the ownership of Norgani Hotels, but has been contacted by several attractive potential partners and/or buyers and will continue to investigate these opportunities in order to create shareholder values.

RELATED PARTIES

During 2008, Pareto PE AS (Syndicate) has acquired Magnus Poulssonsvei, Forskningsveien and Østre Akervei 20 and 22 for a total acquisition price of NOK 948 million.

OUTLOOK

After a long period of strong marcroeconomic growth, the Nordic economies have started to see some impact from the general international macro economic slow down. So far the slow down has had little impact on the office rental market in Norway and the Nordic hotel markets, but we expect to see office rents stabilising and RevPAR growth rates in the hotel market being reduced going forward. The transaction market for properties has slowed down based on the banks tightened credit terms and limited availability of equity for new transactions.

Based on the strengthened balance sheet after the equity issue completed in July Norwegian Property has a stable financial position. In the office portfolio Norwegian Property has long term rental contracts with CPI-adjustements, which will reduce the risk in the current environment. Major efforts will be focused on renegotiating rents at expiry and even on renegotiating rents prior to expiry to benefit from the current strong office rental market. In the hotel portfolio key focus is on developing the properties in co-operation with the operators in order to maximize revenue growth going forward.

The company will have continued focus on strengthening the balance sheet and targets a Loan To Value below 70%, mainly based on selective sales of assets. Based on the strenghtened balance sheet, the company will not stress sales, but utilise the necessary time to secure maiximum value of possible sales.

Norwegian Property ASA
The board of directors, 7 August 2008

FINANCIAL CALENDAR
3rd Quarter 2008: 24 October 2008
For additional information on Norwegian Property, see www.npro.no

DECLARATION BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

We hereby confirm that, to the best of our konwledge, the summarised half-year accounts for the period 1 January to 30 June 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting, and that the information contained gives a true and fair view of the assets , liabilities, financial position and profit or loss of the company and group taken as a whole, and provides a true and fair summary of the information mentioned in Section 5-6, fourth paragrapth of the Securities Tradig Act.

Oslo, 7 August 2008

Widar Salbuvik Chair	Hans Herman Horn Deputy Chair	Helene Jebsen Anker	Hilde Vatne
Jostein Devold	Torstein Tvenge	Anne Birgitte Fossum	Petter Jansen President and CEO

CONSOLIDATED INCOME STATEMENT

Figures in NOK 1.000	2nd Quarter 01.04 - 30.06 2008	2nd Quarter 01.04 - 30.06 2007	Year to date 01.01 - 30.06 2008	Year to date 01.01 - 30.06 2007	Last year 01.01 - 31.12 2007
Rental income from properties	474,134	243,187	946,193	491,301	1,193,189
Other revenue	-	630	-	1,156	2,497
Gross rental income	**474,134**	**243,817**	**946,193**	**492,457**	**1,195,686**
Maintenance and property related costs	(36,391)	(14,276)	(74,012)	(28,387)	(81,424)
Other operating expenses	(37,139)	(15,331)	(65,966)	(31,338)	(77,943)
Total operating cost	**(73,530)**	**(29,607)**	**(139,978)**	**(59,726)**	**(159,367)**
Operating profit before fair value adj. of investment property	**400,604**	**214,210**	**806,215**	**432,731**	**1,036,319**
Gain from fair value adjustment of investment property	(1,687,960)	830,082	(1,809,380)	1,057,530	1,219,138
Gain from sales of investment property	5,768	-	35,323	-	9,281
Operating profit	**(1,281,588)**	**1,044,292**	**(967,842)**	**1,490,261**	**2,264,738**
Financial income	9,942	13,140	16,024	27,771	67,972
Financial costs	(343,370)	(277,768)	(687,630)	(450,994)	(958,863)
Change in market value of financial derivative instruments	543,176	362,085	400,705	420,071	276,749
Net financial items	**209,748**	**97,457**	**(270,901)**	**(3,151)**	**(614,143)**
Profit before income tax	**(1,071,840)**	**1,141,749**	**(1,238,743)**	**1,487,110**	**1,650,595**
Income tax expense	300,668	(319,690)	347,402	(416,391)	(460,736)
Profit for the period	**(771,172)**	**822,060**	**(891,342)**	**1,070,719**	**1,189,859**
Minority interests	90,002	(11,910)	46,744	(12,686)	(4,829)
Profit after minority interest	**(681,169)**	**810,150**	**(844,598)**	**1,058,033**	**1,185,030**

BUSINESS SEGMENTS

Figures in NOK 1.000	2nd Quarter 01.04 - 30.06 2008	2nd Quarter 01.04 - 30.06 2007 [1)]	Year to date 01.01 - 30.06 2008	Year to date 01.01 - 30.06 2007 [1)]	Last year 01.01 - 31.12 2007 [1)]
Commercial properties	267 783	243 817	550 993	492 457	1 010 507
Hotel properties	206 351	-	395 200	-	185 179
Gross rental income	**474 134**	**243 817**	**946 193**	**492 457**	**1 195 686**
Commercial properties	(19 774)	(14 276)	(37 178)	(28 387)	(61 498)
Hotel properties	(16 617)	-	(36 834)	-	(19 926)
Maintenance and property related costs	**(36 391)**	**(14 276)**	**(74 012)**	**(28 387)**	**(81 424)**
Commercial properties	(16 918)	(15 331)	(30 931)	(31 338)	(58 468)
Hotel properties	(19 864)	-	(34 617)	-	(19 415)
Oslo Properties	(358)	-	(418)	-	(60)
Other operating cost	**(37 139)**	**(15 331)**	**(65 966)**	**(31 338)**	**(77 943)**
Commercial properties	**231 091**	**214 210**	**482 884**	**432 732**	**890 541**
Hotel properties	**169 871**	**-**	**323 749**	**-**	**145 838**
Oslo Properties	**(358)**	**-**	**(418)**	**-**	**(60)**
Operating profit before fair value adj. of investment property	**400 604**	**214 210**	**806 215**	**432 732**	**1 036 319**
Gain from fair value adjustment of commercial properties	(1 337 792)	830 082	(1 534 810)	1 057 530	1 219 138
Gain from fair value adjustment of hotel properties	(350 168)	-	(274 570)	-	-
Gain from sales of commercial properties	6 969	-	7 174	-	9 281
Gain from sales of hotel properties	(1 201)	-	28 149	-	-
Commercial properties	**(1 099 732)**	**1 044 292**	**(1 044 752)**	**1 490 262**	**2 118 960**
Hotel properties	**(181 498)**	**-**	**77 327**	**-**	**145 838**
Oslo Properties	**(358)**	**-**	**(418)**	**-**	**(60)**
Operating profit	**(1 281 588)**	**1 044 292**	**(967 842)**	**1 490 262**	**2 264 738**
Net financial items for commercial properties	(187 163)	(264 628)	(381 455)	(423 223)	(731 584)
Net financial items for hotel properties	(84 830)	-	(171 001)	-	(93 472)
Net financial items for Oslo Properties/acquisition financing	(61 435)	-	(119 150)	-	(65 836)
Financial derivative instruments for commercial properties	369 854	362 085	302 566	420 071	292 564
Financial derivative instruments for hotel properties	173 322	-	98 139	-	(15 815)
Net financial items	**209 748**	**97 457**	**(270 901)**	**(3 151)**	**(614 143)**
Commercial properties	**(917 041)**	**1 141 749**	**(1 123 641)**	**1 487 110**	**1 679 940**
Hotel properties	**(93 006)**	**-**	**4 466**	**-**	**36 551**
Oslo Properties/acquisition financing	**(61 793)**	**-**	**(119 568)**	**-**	**(65 896)**
Profit before income tax	**(1 071 840)**	**1 141 749**	**(1 238 744)**	**1 487 110**	**1 650 595**
Income tax expense	300 668	(319 690)	347 402	(416 391)	(460 736)
Profit for the period	**(771 172)**	**822 060**	**(891 342)**	**1 070 719**	**1 189 859**
Minority interests	90 002	(11 910)	46 744	(12 686)	(4 829)
Profit after minority interest	**(681 169)**	**810 150**	**(844 598)**	**1 058 033**	**1 185 030**

1) Norgani Hotels AS (hotel properties) and Oslo Properties AS (acquisition financing of Norgani Hotels AS) are consolidated as part of the Norwegian Property ASA Group from 24.09.2007.

CONSOLIDATED BALANCE SHEET

Figures in NOK 1.000		6/30/2008	6/30/2007	12/31/2007
ASSETS				
Non-current assets				
Financial derivative instruments		0	-	9 550
Goodwill		1 064 987	-	1 064 987
Investment property		28 166 509	17 198 851	31 113 889
Development property		-	1 339 866	-
Fixtures and equipment		10 665	2 965	2 965
Shares and interests		1 626	-	1 623
Receivables		9 119	-	1 575
Total non-current assets		**29 252 906**	**18 541 682**	**32 194 589**
Current assets				
Financial derivative instruments		1 058 250	599 015	678 673
Seller guarantee for future rent		3 233	45 406	6 200
Accounts receivable		291 910	167 477	186 369
Other receivables		138 052	41 646	180 780
Unpaid capital, net of issue cost	1)	2 340 000	-	-
Cash and cash equivalents		323 915	1 100 340	635 476
Total current assets		**4 155 361**	**1 953 884**	**1 687 498**
Total assets		**33 408 267**	**20 495 567**	**33 882 087**
EQUITY				
Paid in equity		7 733 861	5 348 128	5 348 120
Other reserves		(5 316)	(4 563)	7 818
Retained earnings		237 742	1 183 965	1 310 962
Minority interests		1 607 041	57 520	1 688 867
- Liability to acquire shares in subsidiaries	2)	(1 524 863)	-	(1 524 863)
Total equity		**8 048 466**	**6 585 051**	**6 830 903**
LIABILITIES				
Non-current liabilities				
Deferred tax liability		1 110 400	499 017	1 521 767
Financial derivative instruments		12 488	6 337	-
Interest bearing liabilities		21 161 393	3 237 915	21 733 946
Total non-current liabilities		**22 284 281**	**3 743 269**	**23 255 713**
Current liabilities				
Financial derivative instruments		19 563	13 128	26 075
Interest bearing liabilities		761 593	9 622 782	1 498 193
Liability to acquire shares in subsidiaries	2)	1 647 700	-	1 595 837
Accounts payable		29 866	82 226	44 086
Other liabilities		616 799	449 110	631 279
Total current liabilities		**3 075 520**	**10 167 247**	**3 795 470**
Total liabilities		**25 359 802**	**13 910 516**	**27 051 184**
Total equity and liabilities		**33 408 267**	**20 495 567**	**33 882 087**

1) See the consolidated statement of changes in equity.
2) Norwegian Property ASAs interest bearing liability (put/call option agreement) to acquire shares in Oslo Properties AS.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in NOK 1.000		Equity attributable to shareholders of the company: Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Minority interests	Total Equity
Total equity 31.12.2006		**2 462 823**	**900 171**	**1 500 000**	**75 763**	**389 636**	**44 834**	**5 373 227**
Share issue, March 2007		174 216	325 784					500 000
Total cost related to share issues, net of tax			(13 932)					(13 932)
Dividend payments						(263 704)		(263 704)
Financial derivatives accounted to equity					(68 887)			(68 887)
Profit for the period						1 185 030	4 829	1 189 859
Minority interests							1 639 203	1 639 203
Liability to acquire shares in subsidiaries							(1 524 863)	(1 524 863)
Total equity 31.12.2007		**2 637 039**	**1 212 022**	**1 500 000**	**6 876**	**1 310 962**	**164 003**	**6 830 903**
Share issue, June 2008	1)	2 403 846	96 154					2 500 000
Total cost related to share issues, net of tax			(115 200)					(115 200)
Financial derivatives accounted to equity					(15 867)			(15 867)
Dividend payments						(263 704)		(263 704)
Currency translation differences					3 675			3 675
Profit for the period						(844 598)	(46 744)	(891 342)
Minority interests						35 082	(35 082)	-
Total equity 30.06.2008		**5 040 885**	**1 192 976**	**1 500 000**	**(5 316)**	**237 742**	**82 178**	**8 048 466**

1) The Extraordinary General Meeting resolved in a meeting held on 17 June 2008 to carry out a NOK 2 500 million capital increase. The capital increase was fully underwritten by a consortium. Subscription of new shares and registration in the Register of Business Enterprises were carried out in July 2008.

CONSOLIDATED CASH FLOW STATEMENT

		2nd Quarter 01.04 - 30.06		Year to date 01.01 - 30.06		Last year 01.01 - 31.12
	Figures in NOK 1.000	**2008**	**2007**	**2008**	**2007**	**2007**
	Profit before income tax	(1,071,839)	1,141,750	(1,238,743)	1,487,110	1,650,595
-	Paid taxes in the period	-	-	-	-	(2,042)
+	Depreciation of tangible assets	630	199	1,130	396	766
+/-	Gain from sale of investment property	(5,768)	-	(35,323)	-	(9,281)
-/+	Gain from fair value adjustment of investment property	1,687,960	(830,082)	1,809,380	(1,057,530)	(1,219,138)
-/+	Gain from fair value adjustment of financial derivative instruments	(543,176)	(362,085)	(400,705)	(420,071)	(276,751)
+/-	Net financial items ex. market value adj. of financial derivative instruments	333,427	264,628	671,606	423,223	890,892
+/-	Change in short-term items	(43,298)	65,807	(146,971)	120,433	31,831
=	**Net cash flow from operating activities**	**357,936**	**280,216**	**660,374**	**553,560**	**1,066,873**
+	Received cash from sale of tangible fixed assets and single purpose entities	1,267,545	-	1,346,849	-	227,393
-	Payments for purchase of tangible fixed assets and single purpose entities	(75,680)	(105,235)	(127,046)	(2,381,220)	(5,126,458)
-	Payments for purchase of subsidiaries in a business combination	-	-	-	-	(3,464,347)
=	**Net cash flow from investing activities**	**1,191,865**	**(105,235)**	**1,219,803**	**(2,381,220)**	**(8,363,412)**
+	Net change in interest bearing debt	(1,141,042)	109,270	(1,256,509)	1,883,110	7,236,878
-	Net financial items ex. market value adj. of financial derivative instruments	(333,427)	(264,628)	(671,606)	(423,223)	(890,892)
+	Capital increase	(0)	479,354	(0)	479,354	479,346
-	Dividend payments	(263,704)	(263,704)	(263,704)	(263,704)	(263,704)
+/-	Payments related to other financing activities	-	-	-	-	114,352
=	**Net cash flow from financial activities**	**(1,738,174)**	**60,292**	**(2,191,819)**	**1,675,537**	**6,675,979**
=	**Net change in cash and cash equivalents**	**(188,372)**	**235,273**	**(311,642)**	**(152,123)**	**(620,559)**
+	Cash and cash equivalents at the beginning of the period	512,477	865,066	635,476	1,252,462	1,252,462
+/-	Exchange rates	(189)	-	82	-	3,573
	Cash and cash equivalents at the end of the period	**323,915**	**1,100,340**	**323,916**	**1,100,340**	**635,476**