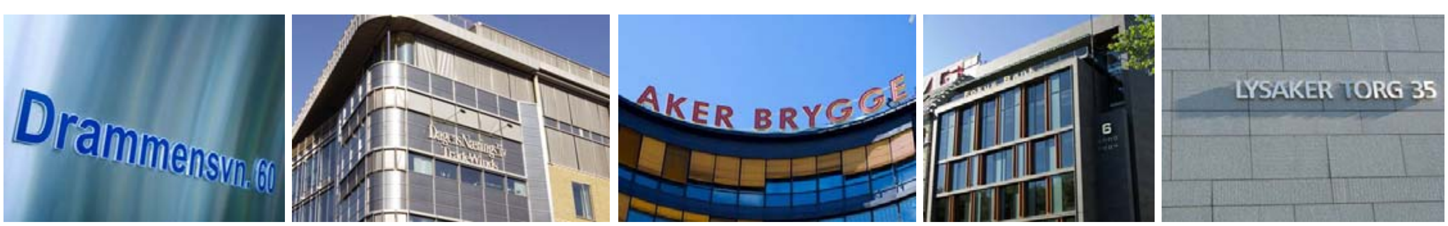
NORWEGIAN PROPERTY

REPORT FOR THE THIRD QUARTER - 2008



HIGHLIGHTS FOR THE QUARTER

- Net Asset Value (equity per share) per share is NOK 34.58. Adjusted Net Asset Value based on EPRA-standard is NOK 34.71.

- Rental income was NOK 454.6 million in the third quarter of 2008 (NOK 253.1 million in the same quarter in 2007). Operating profit before fair value adjustments was NOK 387.6 million (NOK 221.5 million) and loss before tax was NOK 1,371.9 million (pre tax profit of NOK 52.1 million in the same quarter in 2007).

- Negative change in market value of financial derivative instruments was NOK 435.7 million in the third quarter (NOK 35.0 million for the first nine months of 2008). Total market value of financial derivatives was NOK 591.7 million at the end of third quarter.

- Total market value for the property portfolio (before tax adjustments) is NOK 27,743 million, implying a net yield based on current payable rents (including current run rate on hotels) of 6.2% and 6.4% if adjusting for expected inflation adjustment in 2008. Negative fair value adjustment of investment property was NOK 1,002.8 million in the third quarter (NOK 2,812.2 million for the first nine months).

- Agreement to sell Grev Wedels plass 9 for property value of NOK 773 million entered in September. Based on 2008 rents the transaction price implies a net yield of 5.5%. The group’s Loan To Value (LTV) post the value adjustments for the third quarter and proforma adjusted for the sale of Grev Wedels plass 9 is 76.3%.

- One large rental renewal is agreed in the beginning of the fourth quarter. Another large tenant has called option for extension of the rental contract at market terms. This confirms a strong rental market. The new agreements will contribute to improved cash flow going forward.

- Rights offering raising gross proceeds of NOK 2,500 million completed.

MARKET CONDITIONS

OFFICES RENTAL MARKET

The office rental markets continue to be strong. After a period of very strong rental growth the rents now generally have stabilised, though in some areas (like Nydalen in Oslo and Stavanger) a modest growth in rents is still observed. The credit turmoil and general economic uncertainty may add some uncertainty to the market going forward. The risk of a period with lower economic growth and increasing unemployement is high. Supply of new office capacity into the market is relatively limited compared to previous macro cycles. In addition issues relating to obtaining financing of new projects may delay start up of new projects.

HOTEL MARKET

The strong hotel cycle in the Nordic market seen over several years has weakened somewhat in the third quarter, especially in July due to reduced activity from tourists. Sweden and Norway are the strongest markets, and the larger cities in particular continue to see 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 August **RevPAR growth (2008 versus 2007)**	**% change**
Sweden	6.0 %
Stockholm	8.8 %
Norway	5.7 %
Oslo	5.9 %
Finland	5.0 %
Helsinki	-1.3 %
Denmark (occupancy)	-3.6 %

Source: Enskilda Securities, based on public statistics

TRANSACTION MARKETS

The transaction markets, and especially the Norwegian transaction market, have slowed down during the first nine months of 2008. The combinations of increasing long term interest rates and tightened financing terms have impacted yield requirements on property transactions. Due to the last round of credit turmoil some banks have completely stopped giving new credit to property transactions. Yields on less attractive properties started to raise during the second half of 2007. For prime properties there continue to be limited transactional evidence, but the few transactions that have been completed seem to support a significant yield expansion also on attractive and prime properties. The sale of Grev Wedels plass 9 agreed in September is one of the major agreements entered during the quarter. The transaction indicates a trend where foreigners take a more active part in direct property investments in Norway. The transaction also confirm that high quality properties will be able to attract buying interest at good prices, even in the current uncertain environment.

FINANCIAL PERFORMANCE

ACCOUNTING PRINCIPLES AND CONSOLIDATED ENTITIES

The third quarter 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

The property Grev Wedels plass 9 agreed sold in September will be included until final closing of the transaction expected to take place in January 2009.

KEY NUMBERS

		3rd Quarter 01.07 - 30.09 2008	3rd Quarter 01.07 - 30.09 2007	Year to date 01.01 - 30.09 2008	Year to date 01.01 - 30.09 2007	Last year 01.01 - 31.12 2007
Profit and loss						
Gross rent	NOK million	454.6	253.1	1,400.8	745.5	1,195.7
Operating profit	NOK million	(615.2)	290.4	(1,583.0)	1,780.6	2,264.7
Operat. prof. ex. fair value adj.	NOK million	387.6	221.5	1,193.8	654.2	1,036.3
Profit before tax	NOK million	(1,371.9)	52.1	(2,610.7)	1,539.2	1,650.6
Net profit	NOK million	(990.6)	37.5	(1,881.9)	1,108.2	1,189.9
Balance sheet						
Market value of investment portfolio	NOK million	27,379.7	28,701.3			31,113.9
Market value of total prop. portfolio	NOK million	27,379.7	31,406.0			31,113.9
Equity	NOK million	6,973.0	6,825.0			6,830.9
Interest bearing debt	NOK million	21,325.1	21,455.3			23,232.1
- of which hedged	NOK million	16,146.0	16,245.0			16,040.2
Interest bearing debt, incl. liability to acquire shares in Oslo Properties AS	NOK million	21,325.1	23,028.3			24,828.0
Equity %	%	23.6 %	20.7 %			20.1 %
Pre tax return on equity (annualised)	%	-73.1 %	3.1 %	-50.4 %	33.6 %	27.0 %
Cash flow						
Cash flow from operating activities	NOK million	305.5	61.8	1,065.2	615.3	1,066.9
Cash position	NOK million	68.6	924.1			635.5
Key numbers, shares						
No. of shares issued	Million	201.6	105.5			105.5
Average number of shares in period	Million	201.6	105.5	142.3	102.1	103.8
Pre tax profit per share	NOK	(6.80)	0.49	(18.34)	15.08	15.90
Basic earnings per share (EPS) 1)	NOK	(4.91)	0.36	(13.22)	10.85	11.46
Operating cash flow per share	NOK	1.52	0.59	7.48	6.03	10.28
Interest bearing debt per share	NOK	105.76	218.32			220.58
Book value per share	NOK	34.58	62.30			63.20
Deferred property tax per share	NOK	7.70	11.00			22.18
Goodwill per share	NOK	(5.46)	-			(10.10)
Financial derivative instr. per share	NOK	(2.11)	(4.72)			(4.45)
Net asset value per share (EPRA) 2)	NOK	34.71	68.57			70.84

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 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 THIRD QUARTER

Gross rental income for the third quarter was NOK 454.6 million (NOK 253.1 million in the same period in 2007). In addition Norwegian Property has received payments under rental guarantees (NOK 1.5 million) in the third quarter, which are not included in the P&L.

Maintenance and property related expenses for the quarter were NOK 38.8 million (NOK 17.7 million) corresponding to 8.5 % 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 28.2 million (NOK 14.0 million). The increase from 2007 reflects the acquisition of Norgani Hotels and continued expenses related to sale and potential sale of assets. Operating profit before value adjustment of investment property was NOK 387.6 million (NOK 221.5 million).

Loss from fair value adjustment of properties was NOK 1,002.8 million (profit of NOK 68.9 million in the same quarter 2007). See separate section on principles for valuation of investment properties.

Net financial items were NOK -756.8 million (NOK -238.3 million) in the third quarter. Net financial items include NOK -435.7 million (NOK -97.8 million) relating to negative changes in market value of financial derivatives. Interest expenses relating to the acquisition financing of Norgani Hotels / Oslo Properties was NOK 46.2 million. Net financial items include a loss on currency of NOK 10.2 million relating to unrealised changes in the value of debt in foreign currency.

Loss (profit) before tax for the third quarter was NOK 1,371.9 million (NOK 52.1 million). Calculated tax was NOK -381.4 million (NOK -14.6 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 990.6 million (versus profit of NOK 37.5 million).

RESULTS FOR THE FIRST NINE MONTHS

Gross rental income for the first nine months was NOK 1,401.0 million (NOK 745.5 million in the same period in 2007). In addition Norwegian Property has received payments under rental guarantees (NOK 4.5 million) in the first nine months, which are not included in the P&L.

Maintenance and property related expenses for the first nine months were NOK 112.8 million (NOK 46.0 million) corresponding to 8.1% 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 94.1 million (NOK 45.3 million). The increase from 2007 reflects the acquisition of Norgani Hotels and expenses in 2008 relating to sale and potential sale of assets. Operating profit before value adjustment of investment property was NOK 1,193.8 million (profit of NOK 654.2 million).

Loss from fair value adjustment of properties was NOK 2,812.2 million (profit of NOK 1,126.4 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 35.4 for the first nine months.

Net financial expenses were NOK -1,027.7 million (NOK -241.4 million) in the first nine months. Net financial items include NOK -35.0 million (NOK 322.3 million) relating to negative (positive) changes in market value of financial derivatives. Interest expenses relating to the acquisition financing of Norgani Hotels / Oslo Properties was NOK 165.7 million.

Loss (profit) before tax for the first nine months was NOK 2,610.7 million (profit of NOK 1,539.2 million). Calculated tax was NOK -728.8 million (NOK 431.0 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 1,881.9 million (versus profit of NOK 1,108.2 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. In the third quarter 2007 a one off effect in Sweden relating to termination of guarantee lease agreements on 19 hotels of NOK 36.9 million was recorded. Adjusting for this effect gross rental income increased by 14.0% in the third quarter from the same period last year. Gross rental income is positive in all regions except Norway when adjusting for the one off effect.

	3rd Quarter 01.07 - 30.09		Year to date 01.01 - 30.09		Last year 01.01 - 31.12
Figures in NOK million	**2008**	**2007** 1)	**2008**	**2007** 1)	**2007**
Sweden, Ordinary rental income	*85,3*	*61,3*	*264,7*	*193,9*	
Sweden, Term. of guarantee leases (one-off effect)		*36,9*		*36,9*	
Sweden	85,3	98,2	264,7	230,8	314,4
Finland	50,7	48,8	159,4	143,4	185,2
Norway	43,5	47,2	137,8	127,9	170,2
Denmark	11,1	9,9	23,8	22,7	29,3
Gross rental income	**190,6**	**204,1**	**585,7**	**524,8**	**699,1**
Sweden	(8,6)	(4,9)	(26,0)	(15,0)	(19,8)
Finland	(7,3)	(5,6)	(21,1)	(21,3)	(27,9)
Norway	(2,3)	(2,5)	(5,5)	(6,0)	(11,8)
Denmark	(1,4)	(1,1)	(3,8)	(3,6)	(5,6)
Maintenance and property related costs	**(19,6)**	**(14,1)**	**(56,4)**	**(45,9)**	**(65,0)**
Sweden	76,7	93,3	238,7	215,8	294,7
Finland	43,4	43,1	138,3	122,0	157,4
Norway	41,2	44,7	132,3	121,9	158,4
Denmark	9,7	8,8	20,1	19,1	23,7
Net rental income	**171,0**	**189,9**	**529,3**	**478,8**	**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 and positive development in future rental estimates have had a positive impact on valuations. 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 third quarter. Based on these observations DTZ has concluded that the repricing in the market continued into the third quarter. 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 17 386 million as of 30 September 2008. NOK -619.4 million in loss from fair value adjustment of investment properties has been realised in the third 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 with some tendencies to weakening demand in July. The financing situation and transaction markets are impacted by the same effects as the commercial property markets. Total external valuations concluded with a total value of the hotel portfolio of NOK 10,356 million, which based on the same considerations as for the commercial properties has been applied in the valuation at the end of third quarter. NOK -383.4 million has consequently been recorded as fair value adjustment of the hotel properties in the third quarter.

CASH FLOW

Net cash from operating activities was NOK 305.5 million (NOK 61.8 million) in the third quarter, and NOK 1,065.2 million (NOK 615.3 million) for the first nine months. Changes in short term items were NOK -82.5 million in the third quarter, mainly relating to shorter interest periods to mitigate the effects of the high 3 months NIBOR (net negative cash effect in the second quarter was appr. NOK 110 million compared to a "normal" quarter and will be reversed in the fourth quarter).

In the third quarter net negative cash flow to investing activities was NOK 209.7 million (NOK 1,744.7 million), mainly relating to ordinary capital expenditures and acquisition of the remaining shares in Oslo Properties. For the first nine months net cash flow from investment activities were NOK 971.7 million. Ordinary capital expenditures relating to the group's investment properties (offices) were NOK 23 million (NOK 87 million) and to the hotel portfolio NOK 37 million (NOK 100 million) in the third quarter (first nine months).

Net cash flow from financing activites was NOK -351.2 million (NOK 1,506.7 million) in the third quarter, of which a positive effect of NOK 2,340 million was relating to the net proceeds from the rights issue and NOK 2,691 million was relating to repayment and servicing of interest bearing debt, including take out of the minority share holders in Oslo Properties with corresponding put/call options. For the first nine months net cash flow from financing activities was NOK -2,604 million. Net change in cash and cash equivalents in the third quarter was NOK -255.4 million and for the first nine months NOK -567.0 million. During the first nine months of 2008 the group has optimised the cash management system and renegotiated the loan agreements to include revolving credit facilities in order to reduce cash holdings.

BALANCE SHEET

Cash and cash equivalents as of 30 September 2008 were NOK 68.6 million compared to NOK 635.5 million at the beginning of the year. In addition the group had NOK 426 million in unused committed credit facilities. Total equity was NOK 6,973 million (NOK 6,831 million), corresponding to an equity ratio of 23.6 % (20.1 %). After deduction of minority interests the Net Asset Value per share was NOK 34.58 (NOK 63.20). Net Asset Value based on EPRA's standard was NOK 34.71 (NOK 70.84).

The increase in Norwegian Property's share capital by issuance of 96,153,846 at a subscription price of NOK 26, with gross proceeds of NOK 2,500 million was registred in July. Net of issue cost the proceeds from the equity issue was 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)	1 209
- Deferred tax asset from carry forward losses	446
Deferred tax liability (recorded as deferred tax liability)	**763**
Deferred tax liability (recorded as reduction in investment property)	**345**

FINANCING

Total consolidated interest bearing debt as of 30 September 2008 was NOK 21,325 million (NOK 25,188 million as of 30 September 2007). The interest bearing debt has been reduced by a net of NOK 2,246 million during the third quarter. Due to changes in the exchange rates the Norgani debt translated to NOK has effectively increased by NOK 119 million during the third quarter. This increase has a corresponding positive effect on the valuation of the properites.

The short term loan agreement of SEK 565 million in Norgani regarding five hotels acquired in the fourth quarter 2007 has been renewed for one year, and now matures 30 September 2009. The facility continues on basically the same terms, but the margins have been increased to 110 basispoints and the terms include a margin step, eventually to 175 basis points in the last six months of the facility.

Interest bearing debt and hedging, 30 September 2008	Norwegian Property	Norgani	Property financing	OPAS – acquisition financing	Incl. bank acquisition financing	Proforma ex. Grev Wedel *)
Total interest bearing debt (NOK million)	13 020	6 647	19 667	1 658	21 325	20 587
- Of which hedged (NOK million)	11 391	4 755	16 146	0	16 146	16 146
Hedging ratio (%)	87 %	72 %	82 %	0%	76 %	78 %
Cash and cash equivalents	67	0	67	1	68	68
Effective hedging ratio including cash (%)	88 %	72 %	82 %	0%	76 %	79 %
Committed, unutilised credit lines (short and long term)	416	10	426		426	426
Average interest, interest bearing debt	5.33%	5.55%	5.40%	8.04%	5.61%	5.56%
Average margin, interest bearing debt	0.57%	1.04%	0.73%	1.50%	0.79%	0.79%
Average duration, hedging contracts (years)	4.8	4.3	4.7	-	4.7	4.7
Average duration, borrowing	4.5	3.8	4.3	2.0	4.1	4.1

*) Adjusted for the sale of Grev Wedels plass 9which will be completed in January 2009 (assuming all cash proceeds used for repayment of debt)

OSLO PROPERTIES AS

At the beginning of third quarter Norwegian Property owned 17.5% of the shares in Oslo Properties. During the third quarter Norwegian Property has acquired all the remaining shares in Oslo Properties AS and consequently now owns 100% of the shares in the company. Total consideration for the shares acquired in the third quarter was NOK 1,798.5 million.

PROPERTY PORTFOLIOS

OFFICE PORTFOLIO

As of 30 September 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 (87% of gross rent) and Stavanger (13% of gross rent). The company’s properties mainly comprise office areas (76% of gross rent), warehouses and parking in relation to the office areas (9% of gross rent) and retail and restaurant areas (10% of gross rent). Other areas comprise 5% of gross rent.

In September Norwegian Property entered into an agreement to sell Grev Wedels plass 9 to UBS Real Estate Kapitalanlagegesellschagt on behalf of its real estate fund “UBS (D) Euroinvest immobilien”. The agreed gross property value is NOK 773 million (after deducting compensation for deferred tax, NOK 738 million). The transaction will be completed in January 2009 and will release approximately NOK 120 million in cash after repayment of debt related to the property.

As of 30 September 2008 the total annual contracted gross rental income for the office portfolio was NOK 1,064.9 million (NOK 1,021.0 million excluding Grev Wedels Plass 9) 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 0.6%. Average remaining duration of the rental contracts was 5.7 years (6.5 years at the end of last year). Over the next four and a quarter years (including 2012) an estimated contract volume of NOK 505 million is up for renewal. In the valuation performed by DTZ, the valuer assumes the current portfolio has a rent revertionary potential of 18%, if the rents are adjusted to market rents.

Total value of the office portfolio was by DTZ assessed to NOK 17,386 million per 30 September 2008. Based on current payable rent this implies a net yield of 5.78% (based on 2008-rent) when assuming 5.6% expenses on the property level. If assuming 5.0% inflation adjustment for 2008 the corresponding impicit net yield is 6.06% (based on estimated 2009-rent after inflation adjustment). If applying estimated market rents the implied net yield is 6.8%.

Norwegian Property has in October renewed a contract comprising appr. 4,700 sqm in Drammensveien 134 for three years from October 2009. The contract continues “as is” with minimal investments. New rent for the area is nok 11.1 million corresponding to an increase from the current level of around 50%.

In Badehusgaten 33-39 the tenant has called the option to extend the lease contract for an additional five years at market terms at expiry 1 January 2010. The rent today is nok 23.0 million for a total area of 21,500 sqm. Current market terms is significantly higher than current rental level.

HOTEL PORTFOLIO

At the end of September 2008, Norgani’s portfolio comprised 73 hotels and one congress centre with a total of 12,822 rooms and 671,480 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%	24%
Sweden	54%	45%
Finland	24%	27%
Denmark	3%	4%

By the end of the third 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 10.1 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 estimated market value of the hotel portfolio is NOK 10,356 million at the of September. Run rate rate for gross rental income is NOK 800 million based on exchange rates at the end of September and the corresponding implicit net yield is 7.0% if adusting for a operating expense at property level of 10%.

SHAREHOLDERS

Total number of shares as of 30 September 2008 was 201,635,416. Foreign shareholders controlled 42.1% compared to 60.1% at the end of last year. The company had a total of 1,222 registered shareholders at the end of September. The larges shareholders as of 30 September 2008 were:

Largest shareholders	Country	Shares	Stake
Awilhelmsen Capital	NOR	23 254 334	11.53 %
SEB Enskilda	NOR	13 345 994	6.62 %
Deutsche Bank AG (nom)	GBR	8 576 994	4.25 %
Credit Suisse (custodian)	GBR	7 955 885	3.95 %
Credit Suisse (nom)	GBR	7 728 163	3.83 %
Fram Holding	NOR	7 250 700	3.60 %
Trondheim Kommunale Pensjonskasse	NOR	6 199 700	3.07 %
Vital Forsikring	NOR	6 089 907	3.02 %
Awco Invest	NOR	5 486 765	2.72 %
Morgan Chase (nom)	GBR	5 058 135	2.51 %
Bank of New York, BR S/A Alpine International	USA	5 002 695	2.48 %
State Street Bank (nom)	USA	4 492 940	2.23 %
Fram Realinvest	NOR	4 000 000	1.98 %
Goldman Sachs (nom)	GBR	3 853 842	1.91 %
Fortis Global, custodian	NLD	3 120 185	1.55 %
Mellon Bank as agent (nom)	USA	3 035 075	1.51 %
Opplysningsvesenets Fond	NOR	2 962 731	1.47 %
Bank of New York (nom)	SWE	2 730 450	1.35 %
Skagen Vekst	NOR	2 511 598	1.25 %
MP Pensjon	NOR	2 302 819	1.14 %
Other shareholders		76 676 504	38.03 %
Total number of shares as of 30 September 2008		**201 635 416**	**100.00 %**

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 in the hotel market being impacted 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.

Norwegian Property has strengthened balance sheet after the equity issue in July. In the office portfolio Norwegian Property has long term rental contracts with CPI-adjustements, which will reduce the risk in the current environment. CPI-adjustment as of 1 January 2009 will be around 5% based on the current expectations for CPI. 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 will continue to pursue strategic alternatives for the group's hotel operation.

Norwegian Property ASA
The board of directors, 23 October 2008

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

FINANCIAL CALENDAR
4th Quarter 2008: 12 February 2008
For additional information on Norwegian Property, see www.npro.no

CONSOLIDATED INCOME STATEMENT

	3rd Quarter 01.07 - 30.09		Year to date 01.01 - 30.09		Last year 01.01 - 31.12
Figures in NOK 1.000	2008	2007	2008	2007	2007
Rental income from properties	454,602	252,587	1,400,795	743,888	1,193,189
Other revenue	0	466	0	1,622	2,497
Gross rental income	**454,602**	**253,053**	**1,400,795**	**745,511**	**1,195,686**
Maintenance and property related costs	(38,832)	(17,650)	(112,845)	(46,038)	(81,424)
Other operating expenses	(28,171)	(13,951)	(94,137)	(45,289)	(77,943)
Total operating cost	**(67,003)**	**(31,601)**	**(206,981)**	**(91,327)**	**(159,367)**
Operating profit before fair value adj. of investment property	**387,599**	**221,452**	**1,193,814**	**654,184**	**1,036,319**
Gain from fair value adjustment of investment property	(1,002,799)	68,918	(2,812,179)	1,126,447	1,219,138
Gain from sales of investment property	29	19	35,352	19	9,281
Operating profit	**(615,171)**	**290,389**	**(1,583,014)**	**1,780,650**	**2,264,738**
Financial income	5,409	24,172	21,432	51,943	67,972
Financial costs	(326,441)	(164,655)	(1,014,071)	(615,648)	(958,863)
Change in market value of financial derivative instruments	(435,735)	(97,813)	(35,029)	322,259	276,749
Net financial items	**(756,767)**	**(238,295)**	**(1,027,668)**	**(241,446)**	**(614,143)**
Profit before income tax	**(1,371,939)**	**52,094**	**(2,610,682)**	**1,539,203**	**1,650,595**
Income tax expense	381,369	(14,622)	728,771	(431,012)	(460,736)
Profit for the period	**(990,569)**	**37,472**	**(1,881,911)**	**1,108,191**	**1,189,859**
Minority interests	85,578	(312)	132,322	(12,998)	(4,829)
Profit after minority interest	**(904,991)**	**37,160**	**(1,749,589)**	**1,095,193**	**1,185,030**

BUSINESS SEGMENTS

	3rd Quarter 01.07 - 30.09		Year to date 01.01 - 30.09		Last year 01.01 - 31.12
Figures in NOK 1.000	2008	2007 1)	2008	2007 1)	2007 1)
Commercial properties	264,057	242,152	815,050	734,610	1,010,507
Hotel properties	190,545	10,901	585,745	10,901	185,179
Gross rental income	**454,602**	**253,053**	**1,400,795**	**745,511**	**1,195,686**
Commercial properties	(19,241)	(16,731)	(56,419)	(45,119)	(61,498)
Hotel properties	(19,592)	(920)	(56,426)	(920)	(19,926)
Maintenance and property related costs	**(38,832)**	**(17,651)**	**(112,845)**	**(46,038)**	**(81,424)**
Commercial properties	(15,758)	(12,847)	(46,688)	(44,185)	(58,468)
Hotel properties	(12,413)	(1,104)	(47,030)	(1,104)	(19,415)
Oslo Properties	-	-	(418)	-	(60)
Other operating cost	**(28,171)**	**(13,951)**	**(94,137)**	**(45,289)**	**(77,943)**
Commercial properties	**229,059**	**212,574**	**711,943**	**645,306**	**890,541**
Hotel properties	**158,540**	**8,878**	**482,288**	**8,878**	**145,838**
Oslo Properties	**-**	**-**	**(418)**	**-**	**(60)**
Operating profit before fair value adj. of investment property	**387,599**	**221,452**	**1,193,814**	**654,184**	**1,036,319**
Gain from fair value adjustment of commercial properties	(619,449)	68,870	(2,154,259)	1,126,399	1,219,138
Gain from fair value adjustment of hotel properties	(383,350)	48	(657,920)	48	-
Gain from sales of commercial properties	-	-	7,174	-	9,281
Gain from sales of hotel properties	29	19	28,178	19	-
Commercial properties	**(390,390)**	**281,444**	**(1,435,142)**	**1,771,706**	**2,118,960**
Hotel properties	**(224,781)**	**8,945**	**(147,454)**	**8,945**	**145,838**
Oslo Properties	**-**	**-**	**(418)**	**-**	**(60)**
Operating profit	**(615,171)**	**290,389**	**(1,583,014)**	**1,780,650**	**2,264,738**
Net financial items for commercial properties	(188,250)	(135,369)	(569,705)	(558,592)	(731,584)
Net financial items for hotel properties	(86,535)	(4,986)	(257,248)	(4,986)	(93,472)
Net financial items for Oslo Properties/acquisition financing	(46,248)	(127)	(165,686)	(127)	(65,836)
Financial derivative instruments for commercial properties	(275,404)	(94,215)	27,162	325,857	292,564
Financial derivative instruments for hotel properties	(160,331)	(3,598)	(62,192)	(3,598)	(15,815)
Net financial items	**(756,768)**	**(238,295)**	**(1,027,669)**	**(241,446)**	**(614,143)**
Commercial properties	**(854,043)**	**51,860**	**(1,977,685)**	**1,538,970**	**1,679,940**
Hotel properties	**(471,648)**	**361**	**(466,894)**	**361**	**36,551**
Oslo Properties/acquisition financing	**(46,248)**	**(127)**	**(166,104)**	**(127)**	**(65,896)**
Profit before income tax	**(1,371,939)**	**52,094**	**(2,610,682)**	**1,539,204**	**1,650,595**
Income tax expense	381,369	(14,622)	728,771	(431,013)	(460,736)
Profit for the period	**(990,570)**	**37,472**	**(1,881,912)**	**1,108,191**	**1,189,859**
Minority interests	85,578	(312)	132,322	(12,998)	(4,829)
Profit after minority interest	**(904,991)**	**37,160**	**(1,749,589)**	**1,095,193**	**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	9/30/2008	9/30/2007	12/31/2007
ASSETS			
Non-current assets			
Financial derivative instruments	1,965	2,768	9,550
Goodwill	1,099,934	-	1,064,987
Other intangible assets	-	1,052	-
Investment property	27,379,692	28,701,335	31,113,889
Development property	-	1,406,754	-
Fixtures and equipment	10,306	5,555	2,965
Shares and interests	1,697	1,562	1,623
Receivables	9,501	-	1,575
Total non-current assets	**28,503,095**	**30,119,027**	**32,194,589**
Current assets			
Financial derivative instruments	652,160	703,051	678,673
Seller guarantee for future rent	1,727	22,123	6,200
Accounts receivable	220,858	199,522	186,369
Other receivables	145,246	164,899	180,780
Minority share of unpaid subscribed capital in subsidiaries	-	844,900	-
Cash and cash equivalents	68,627	924,070	635,476
Total current assets	**1,088,616**	**2,858,565**	**1,687,498**
Total assets	**29,591,711**	**32,977,592**	**33,882,087**
EQUITY			
Paid in equity	7,733,861	5,348,128	5,348,120
Other reserves	57,713	2,071	7,818
Retained earnings	(818,620)	1,221,125	1,310,962
Minority interests	0	1,777,253	1,688,867
- Liability to acquire shares in subsidiaries	-	(1,523,616)	(1,524,863)
Total equity	**6,972,955**	**6,824,962**	**6,830,903**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	763,130	305,607	1,521,767
Interest bearing liabilities	20,580,100	20,071,772	21,733,946
Total non-current liabilities	**21,343,230**	**20,377,379**	**23,255,713**
Current liabilities			
Financial derivative instruments	62,444	10,895	26,075
Interest bearing liabilities	745,008	1,383,485	1,498,193
Liability to acquire shares in subsidiaries	-	3,732,743	1,595,837
Accounts payable	26,161	53,833	44,086
Other liabilities	441,912	594,296	631,279
Total current liabilities	**1,275,526**	**5,775,251**	**3,795,470**
Total liabilities	**22,618,755**	**26,152,630**	**27,051,184**
Total equity and liabilities	**29,591,711**	**32,977,592**	**33,882,087**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in NOK 1.000	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Minority interests	Total Equity
	Equity attributable to shareholders of the company						
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	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				(5,461)			(5,461)
Dividend payments					(263,704)		(263,704)
Currency translation differences				56,298			56,298
Profit for the period					(1,749,589)	(132,322)	(1,881,911)
Minority interests					(116,289)	(31,681)	(147,970)
Total equity 30.09.2008	**5,040,885**	**1,192,976**	**1,500,000**	**57,713**	**(818,620)**	**0**	**6,972,955**

CONSOLIDATED CASH FLOW STATEMENT

		3rd Quarter 01.07 - 30.09		Year to date 01.01 - 30.09		Last year 01.01 - 31.12
	Figures in NOK 1.000	2008	2007	2008	2007	2007
	Profit before income tax	(1,371,939)	52,093	(2,610,682)	1,539,203	1,650,595
-	Paid taxes in the period	-	-	-	-	(2,042)
+	Depreciation of tangible assets	403	204	1,533	600	766
+/-	Gain from sale of investment property	(29)	-	(35,352)	-	(9,281)
-/+	Gain from fair value adjustment of investment property	1,002,799	(68,918)	2,812,179	(1,126,448)	(1,219,138)
-/+	Gain from fair value adjustment of financial derivative instruments	435,735	97,812	35,030	(322,259)	(276,751)
+/-	Net financial items ex. market value adj. of financial derivative instruments	321,033	140,482	992,639	563,705	890,892
+/-	Change in short-term items	(82,519)	(159,911)	(130,140)	(39,479)	31,831
=	**Net cash flow from operating activities**	**305,483**	**61,762**	**1,065,207**	**615,323**	**1,066,873**
+	Received cash from sale of tangible fixed assets and single purpose entities	0	-	1,308,465	-	227,393
-	Payments for purchase of tangible fixed assets and single purpose entities	(60,831)	(1,857,944)	(187,877)	(4,239,164)	(5,126,458)
-	Payments for purchase of subsidiaries	(148,843)	-	(148,843)	-	(3,464,347)
-	Payments for purchase of financial derivative instruments	-	113,216	-	113,216	-
=	**Net cash flow from investing activities**	**(209,673)**	**(1,744,728)**	**971,745**	**(4,125,948)**	**(8,363,412)**
+	Net change in interest bearing debt	(2,370,148)	1,651,633	(3,687,622)	3,534,743	7,236,878
-	Net financial items ex. market value adj. of financial derivative instruments	(321,033)	(140,482)	(992,639)	(563,705)	(890,892)
+	Capital increase	2,340,000	-	2,340,000	479,354	479,346
-	Dividend payments	-	-	(263,704)	(263,704)	(263,704)
+/-	Payments related to other financing activities	-	(4,455)	-	(4,455)	114,352
=	**Net cash flow from financial activities**	**(351,181)**	**1,506,696**	**(2,603,965)**	**3,182,233**	**6,675,979**
=	**Net change in cash and cash equivalents**	**(255,371)**	**(176,270)**	**(567,013)**	**(328,392)**	**(620,559)**
+	Cash and cash equivalents at the beginning of the period	323,915	1,100,340	635,476	1,252,462	1,252,462
+/-	Exchange rates	82	-	164	-	3,573
	Cash and cash equivalents at the end of the period	**68,627**	**924,070**	**68,627**	**924,070**	**635,476**