



Positive results, strengthened financial platform

Oslo, 3 November 2009

3rd quarter 2009 financial results



Agenda

Headlines

and financial update

Mari Thjørnøe

Markets & operations:

- Office portfolio
- Hotel portfolio

Aili Klami

Anders Vatne

Closing remarks

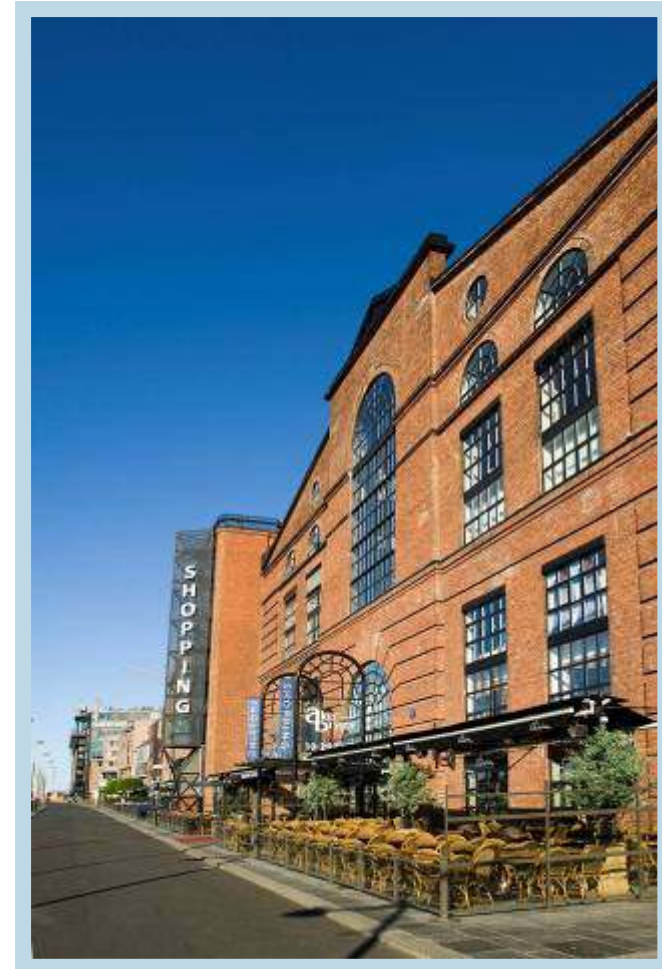
Mari Thjørnøe

Q&A session

3Q 2009

Positive results, strengthened financial platform

- **Strengthened financial platform through successful completion of NOK 1.5 billion equity issue**
 - Proceeds used in its entirety to reduce debt
- **Trend of less negative value adjustments continues**
 - Mild upward adjustment of commercial portfolio value
 - Less negative value adjustment of hotel portfolio
- **Satisfactory operations and stable revenues**
- **Positive share development**
 - Average turnover of 4.4 million shares daily
 - Increased shareholder base and higher share of foreign investors
- **Renegotiated rental office agreements with an aggregate increase in rent of 22 per cent**
- **Olav Line appointed as new CEO, effective as from 1 January 2010**

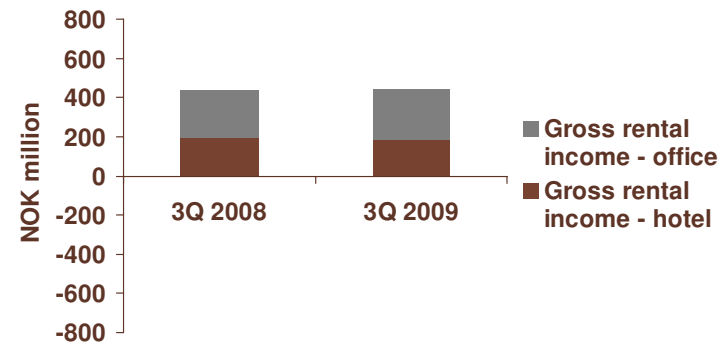


3Q 2009

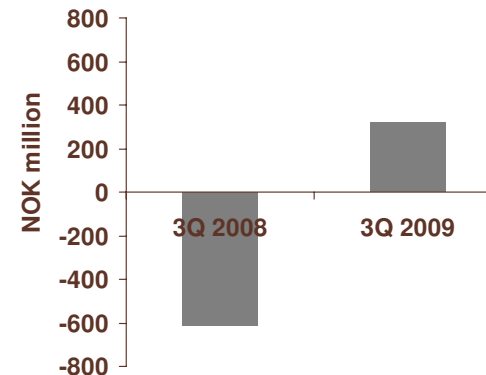
Strong operational performance, good cost control

- **Strong operational performance**
 - Gross rental income adjusted for sales slightly up from last year
 - Operating profit of NOK 319 million, up from NOK -615 million from 3Q 08
- **Good cost control**
 - Operational costs on plan
 - Ordinary group costs on plan, one-offs primarily related to personnel changes take costs up
 - Finance costs down NOK 36.4 million due to reduced debt levels
- **Positive development for the company's portfolio of interest rate hedging instruments**
- **Valuation of investment properties maintained**
 - Aggregate value adjustments of -0.1 per cent in the quarter
 - Hotel portfolio adjusted down by 0.5 per cent
 - Office portfolio adjusted up by 0.1 per cent
 - Few real estate transactions, but increased underlying activity

Gross rental income – adjusted for sales



Operating profit



3Q 2009

Income statement

NOK million	3Q 2009	3Q 2008	Full year 2008
Gross rental income	445.1	454.6	1 866.8
Maintenance and property related cost	-37.5	-38.8	-152.2
Group expenses	-44.5	-28.2	-131.6
Operating result before value adjustment	363.1	387.6	1 583.1
Net financial items excluding derivatives and currency effects	-256.0	-271.9	-1 063.4
Profit before value adjustments and acquisition financing	107.0	115.7	519.6
Net financial items, acquisition financing	-26.6	-46.2	-207.4
Profit before value adjustments	80.4	69.4	312.2
Net gain on disposals	-	-	34.4
Currency gains / loss (unrealized)	1.3	-2.9	-55.6
Net gain/loss on value adjustments, investment properties	-31.6	-1 002.8	-3 987.5
Impairment of goodwill	-12.3	-	-221.0
Change in market value of financial derivatives	212.8	-435.7	-1 201.4
Profit before income tax	250.7	-1 371.9	-5 118.9
Income tax	-57.9	381.4	928.2
Profit for the period	192.8	-990.6	-4 190.7
Earnings per share (NOK)	0.66	-4.91	-26.65

3Q 2009

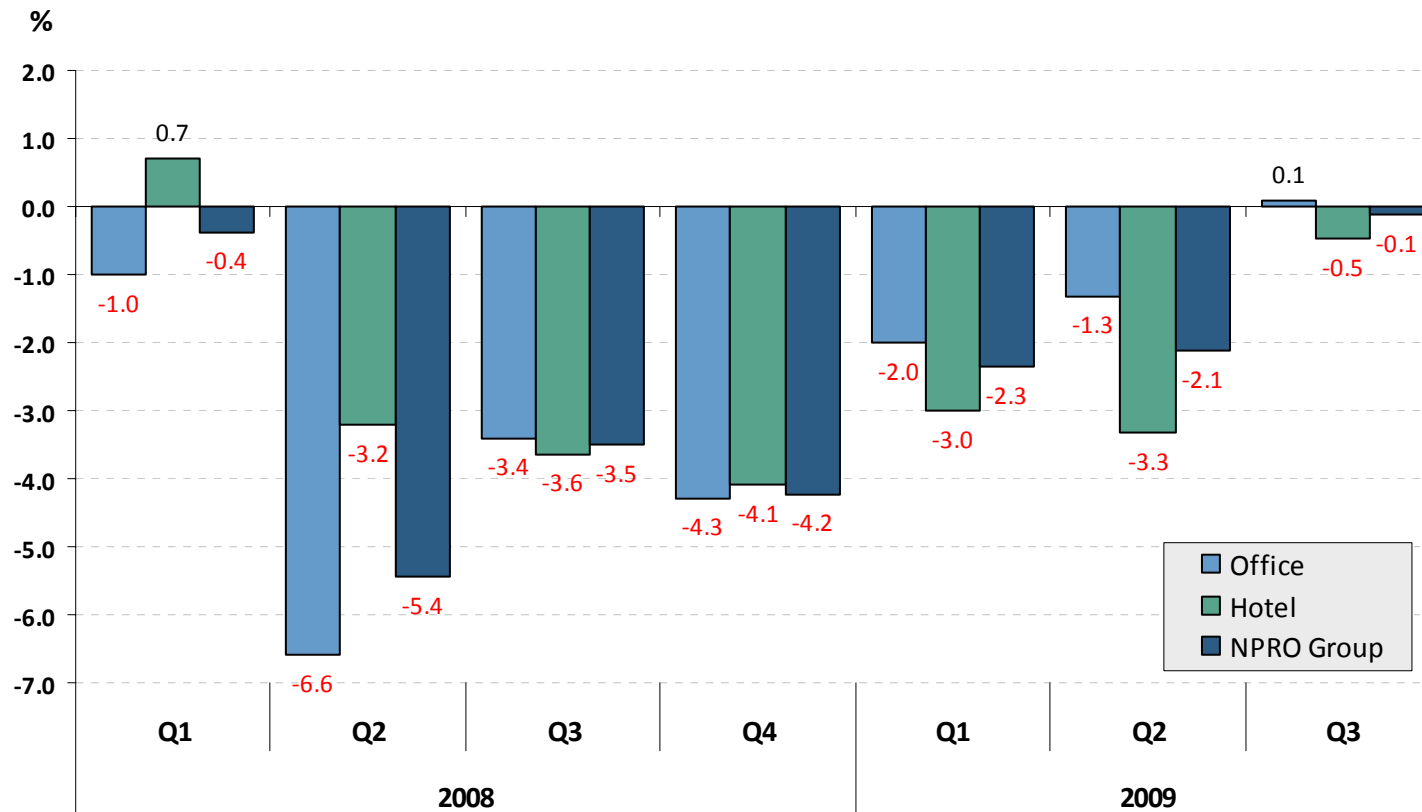
Income statement by business segment

	Office		Hotel		OP	Total	
NOK million	3Q 2009	3Q 2008	3Q 2009	3Q 2008	3Q 2009	3Q 2009	3Q 2008
Gross rental income	258.0	264.1	187.1	190.5	-	445.1	454.6
Maintenance and property related cost	-17.9	-19.2	-19.6	-19.6	-	-37.5	-38.8
Group expenses	-31.5	-15.8	-13.0	-12.4	-	-44.5	-28.2
Operating result before value adjustment	208.5	229.1	154.5	158.5	-	363.1	387.6
Net financial items excl. derivatives and currency	-174.8	-185.4	-81.3	-86.5	-	-256.0	-271.9
Net financial items, acquisition financing	-	-	-	-	-26.6	-26.6	-46.2
Profit before value adjustments, gains and tax	33.8	43.7	73.3	72.0	-26.6	80.4	69.4
Net gain on disposals	-	-	-	-	-	-	-
Net gain/loss value adj. investment properties	12.7	-619.4	-44.4	-383.4	-	-31.6	-1 002.8
Currency gain / loss	-	-2.9	1.3	-	-	1.3	-2.9
Impairment of goodwill	-	-	-12.3	-	-	-12.3	-
Change in market value of financial derivatives	195.0	-275.4	17.8	-160.3	-	212.8	-435.7
Profit before income tax	241.5	-854.0	35.8	-471.6	-26.6	250.7	-1 371.9

3Q 2009

Trend of less negative value adjustments maintained

- Negative fair value adjustment in 3Q of 0.1 per cent on group level
- Accumulated -4.4 per cent by 3Q in 2009 compared to -13.3 per cent in 2008



3Q 2009

Cash flow

NOK million	3Q 2009	3Q 2008	Full year 2008
Profit before income tax and interest	250.7	-1 371.9	-5 118.9
Non cash items and reclassification	112.8	1 759.9	6 695.2
Changes in short term items	-55.2	-82.5	139.4
Cash flow from operating activities	308.2	305.5	1 715.7
Net financial items (ex. market value adjustments and currency gain/loss)	-258.4	-321.0	-1 270.8
Adjusted cash flow from operating activities	49.8	-15.6	444.9
Cash received from sale of assets	-	-	1 311.0
Purchase of tangible assets	-5.3	-60.8	-308.3
Purchase of subsidiaries	-	-148.8	-155.5
Cash flow from investment activities	-5.3	-209.7	847.2
Net change in interest bearing debt	-1 524.9	-2 370.1	-3 843.5
Capital increases	1 450.6	2 340.0	2 345.9
Dividend payments	-	-	-263.7
Other financing activities	-8.6	-	-
Adjusted cash flow from financing activities	-82.9	-30.1	-1 761.3
Net change in cash	-38.4	-255.4	-469.3
Net cash at end of period	190.5	68.6	174.2

3Q 2009

Balance sheet

NOK million	30.09.2009	30.09.2008	31.12.2008
Investment properties ¹⁾	24 290.1	27 379.7	27 312.6
Goodwill	691.7	1 099.9	885.6
Market value financial derivatives (net)	-473.1	591.7	-631.3
Unpaid capital	-	-	-
Cash and cash equivalents	190.5	68.6	174.2
Equity	5 290.3	6 973.0	5 001.2
Long term interest bearing debt	17 987.2	20 580.1	21 022.0
Short term interest bearing debt	680.2	745.0	818.6
Deferred tax liability	442.2	763.1	565.5
Net other assets	299.3	78.7	333.9
Equity ratio	20.8 %	23.6 %	17.3 %
Net asset value per share (NOK)	11.67	34.58	24.80
Net asset value per share (NOK), EPRA	13.61	34.71	30.14

¹⁾ Net of deferred tax at acquisition

Financial platform strengthened during the quarter

Equity increased by NOK 1 643 million in the period

Amounts in NOK million

	Equity as per 30.06.2009:	3 647
+	Proceeds from share issues	1 469
+	Net profit in the period	193
-	Derivatives	9
-	Currency effects	10
=	Equity as per 30.09.2009	5 290

Debt reduced by NOK 1 625 million during the period

Amounts in NOK million

	Interest bearing debt as per 30.06.2009:	20 292
-	Debt repayment during the period	1 525
-	Currency effects	89
-	Charges	11
=	Interest bearing debt as per 30.09.2009	18 667

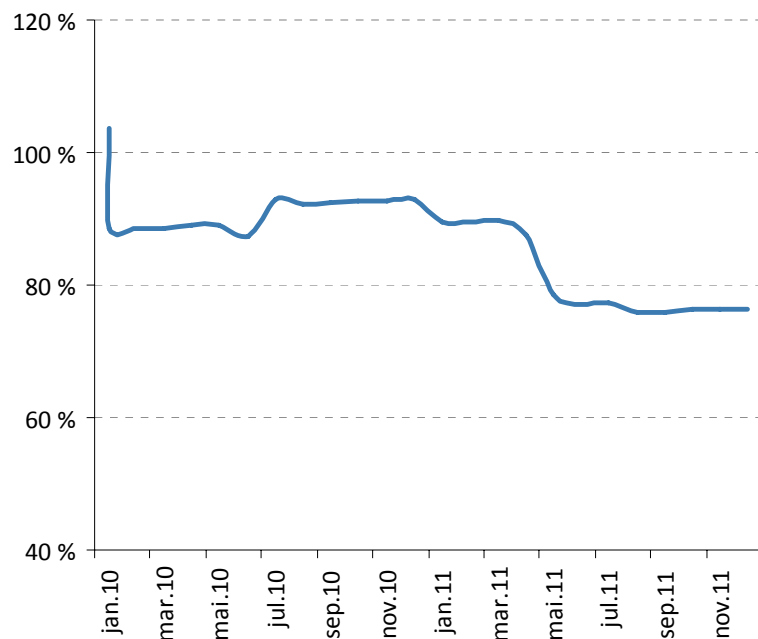
A sound financial position

Interest bearing debt and hedging	30.09.2009
Net external debt (NOK million)	18 712
Hedging ratio	105.1 %
Unused committed credit facilities (NOK million)	336
Average time to maturity, hedging (years)	3.3
Average interest rate (incl. margin)	5.2 %
Average margin	1.0 %
Average remaining duration, borrowing (years)	3.2
Property value (gross of deferred tax at acquisition) (NOK million)	24 502
Interest bearing debt relative to property value	76.4 %

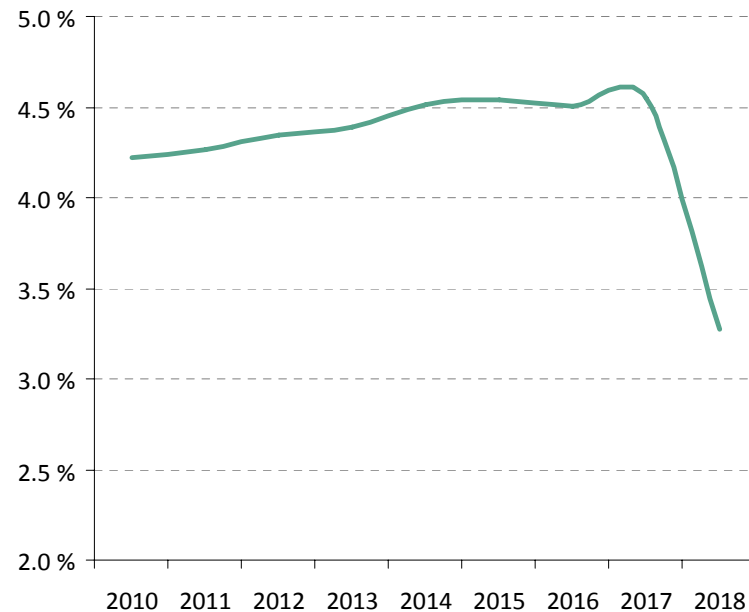
Robust interest rate hedging policy

- Policy to hedge interest rate exposure and ensure stable financial expenses
- A slight over hedge position in 4Q 09 after debt down payment
- Hedging ratio to be reduced to 88 per cent in January 2010
 - this is likely to reduce overall interest expenses as floating interest rates are expected to be lower than the average rate in hedge portfolio

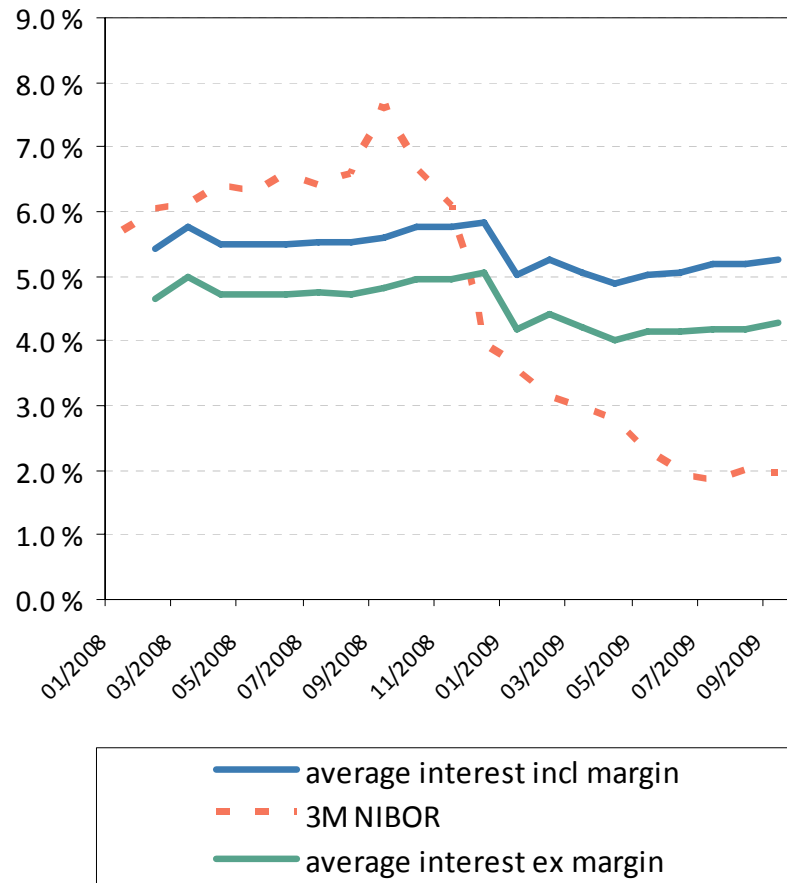
Hedging ratio 2009-2011



Average interest rate – swap portfolio per 3Q09



Stable interest rate and credit margin through the financial cycle



- Norwegian Property's average interest rate on debt (including margin) has been stable through the financial turbulence the last year, and considerably more stable than market interest rates
- Average credit margin after the negotiation of new terms on more than 50 % of the total debt portfolio has only increased with 10bp to 1.00 % per Q3-2009

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Aili Klami

▪ Hotel portfolio

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Q&A session

Office portfolio

Overview of portfolio of commercial properties



Run rate as of 30 September 2009

Portfolio

Number of properties	48
Total size (m ²)	634 620
Average size per property (m ²)	13 221
Average value per m ² (NOK)	23 625
Average value per property (MNOK)	312
Average rent per m ² (NOK)	1 648

Valuation

Market value (MNOK)	14 993
Gross rent (MNOK)	1 045.9
Opex (MNOK)	58.6
Net rent (MNOK)	987.4
Gross yield, contractual rent	7.0 %
Net yield, contractual rent	6.6 %
Gross yield, market rent ^{*)}	7.4 %
Net yield, market rent ^{*)}	7.0 %
Duration (years)	5.1
CPI adjustment (2009)	97.1 %
Vacancy (excl. warehouse and parking)	1.8 %



^{*)} Market rent is assessed by DTZ Realkapital and Akershus Eiendom to be 6.4 % (weighted average) above current contractual rents

Office portfolio

Exposure to prime locations in Oslo



<ul style="list-style-type: none"> ▪ 3 properties 	<ul style="list-style-type: none"> ▪ 11 properties 	<ul style="list-style-type: none"> ▪ 1 property 	<ul style="list-style-type: none"> ▪ 11 properties 	<ul style="list-style-type: none"> ▪ 12 properties 	<ul style="list-style-type: none"> ▪ 1 property at Gardermoen and 1 at Tøyen
<ul style="list-style-type: none"> ▪ Office: 64 876 m² ▪ Indoor Parking: 28 825 m² ▪ Total: 94 113 m² 	<ul style="list-style-type: none"> ▪ Office: 75 349 m² ▪ Indoor Parking: 18 080 m² ▪ Total: 108 314 m² 	<ul style="list-style-type: none"> ▪ Office: 26 847 m² ▪ Indoor Parking: 3 000 m² ▪ Total: 33 319 m² 	<ul style="list-style-type: none"> ▪ Office: 96 275 m² ▪ Retail: 27 416 m² ▪ Total: 148 025 m² 	<ul style="list-style-type: none"> ▪ Office: 67 757 m² ▪ Indoor Parking: 26 289 m² ▪ Total: 109 693 m² 	<ul style="list-style-type: none"> ▪ Office 5 479 m² ▪ Warehouse: 20 976 m²

Office portfolio

Strategic locations in Stavanger; the oil and gas cluster



A central map of Stavanger, Norway, with blue dots indicating the locations of eight office buildings. Lines connect these dots to information boxes on either side. The map shows the city's layout, including the fjord and surrounding areas like Sandnes and Kvernberget.

Address	Office (m ²)	Total (m ²)	Image
Finnestadveien 44	22 032	22 032	
Maskinveien 32	4 561	5 086	
Svanholmen 2	2 756 / 6 580	9 463	
Grenseveien 21	27 721	27 721	
Badehusgaten 33-39	16 673	21 528	
Strandsvingen 10	2 059	2 059	
Forusbeen 25	17 674	21 424	
Grenseveien 19	5 390	5 390	

Office portfolio

Concentrated high quality customer base

Tenant	Rent (MNOK)	Duration (years)	Share of total	Public sector participation	Listed at group level
EDB Business Partner ASA	83.6	9.4	8.0 %	✓	✓
Aker Solutions ASA	82.7	9.5	7.9 %	✓	✓
DnB NOR ASA	73.4	3.5	7.0 %	✓	✓
Nordea	46.1	4.3	4.4 %	✓	✓
StatoilHydro ASA	43.2	3.3	4.1 %	✓	✓
SAS Scandinavian Airlines Norge AS	42.4	7.2	4.1 %	✓	✓
If Skadeforsikring	40.6	3.1	3.9 %		✓
Aker Offshore Partner AS	33.9	5.2	3.2 %	✓	✓
Total E&P Norway AS	30.4	8.1	2.9 %		✓
Höegh Autoliners Management AS	28.0	10.5	2.7 %		
Get AS	27.3	1.7	2.6 %		
Telenor Eiendom Holding AS	27.2	6.0	2.6 %	✓	✓
NetCom AS	24.1	3.1	2.3 %	✓	✓
Skanska Norge AS	22.0	5.6	2.1 %		✓
Fokus Bank	21.0	3.3	2.0 %	✓	✓
Atea ASA	18.7	3.0	1.8 %		✓
TDC AS	16.1	1.8	1.5 %		✓
NAV	15.4	2.0	1.5 %	✓	
YX Energi Norge AS	14.8	1.9	1.4 %		✓
Tieto Norway AS	13.8	2.8	1.3 %		✓
BW Offshore AS	11.7	4.2	1.1 %		✓
Simonsen Advokatfirma DA	11.6	3.2	1.1 %		
Økokrim	11.4	17.0	1.1 %	✓	
ErgoGroup AS	10.6	2.0	1.0 %	✓	
Schibsted Eiendom AS	9.5	4.3	0.9 %		✓
Total 25 largest tenants	759.5	5.7	72.6 %	13 / 25	19 / 25
Total other tenants	286.4	3.5	27.4 %		
TOTAL ALL TENANTS	1 045.9	5.1	100.0 %		

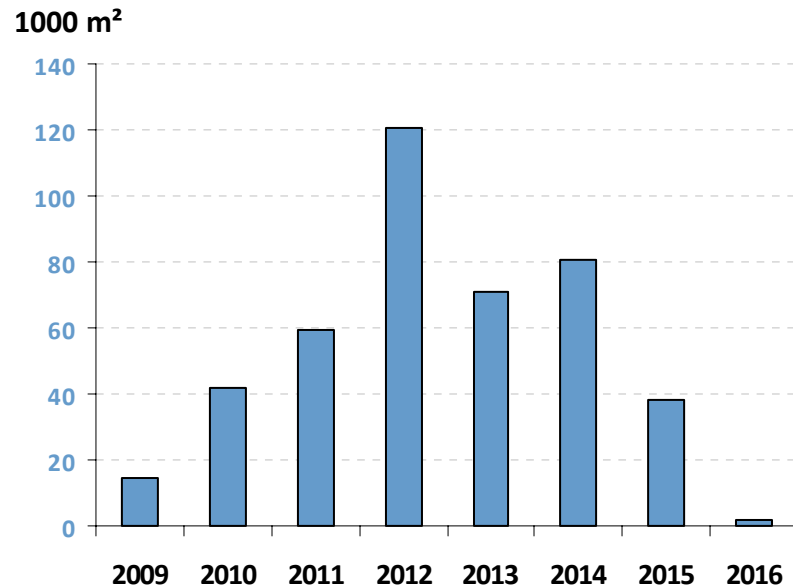
- Close customer follow-up
- Regular credit assessments of tenants
- Limited risk related to tenant defaults and renewals
- Top 25 tenants' average lease duration 5.7 years

Office portfolio

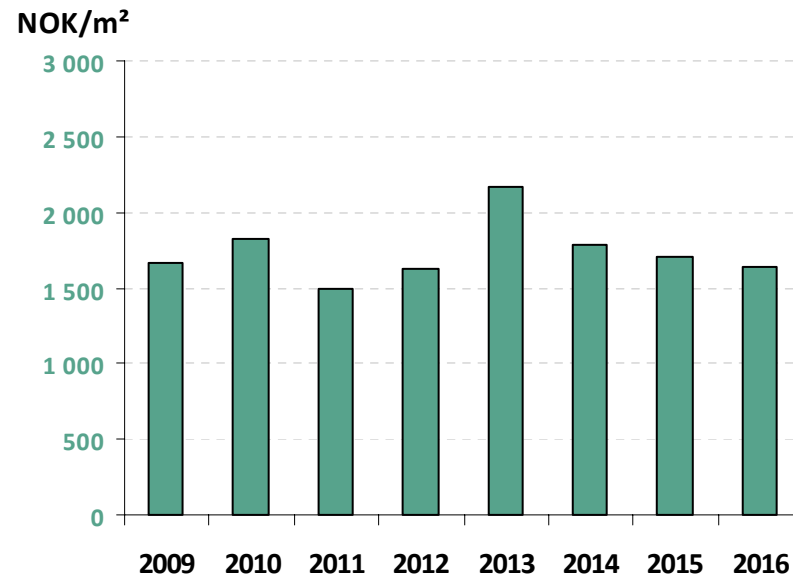
Lease maturity profile

- 5.1 year duration of leases
- Vacancy at 1.8 per cent
- Average current rent of NOK 1 648 per m²
- 97.1 per cent of lease volume is CPI adjusted (cash flow inflation hedge)

Volume expiring per year



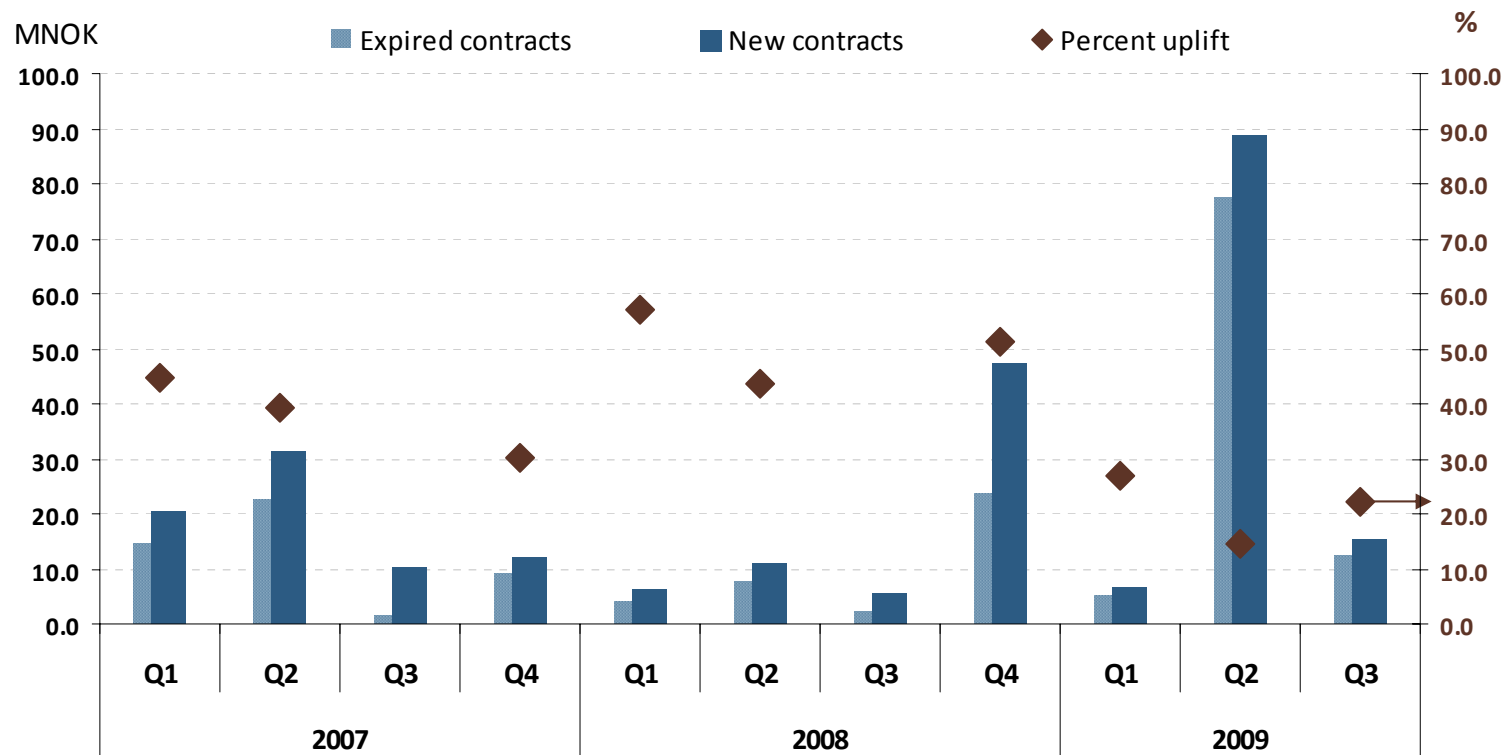
Average existing rent by year of lease maturity



Office portfolio

Positive net leasing - uplift potential delivered

- 21 new lease agreements gives an uplift of 22 per cent over existing rent level
- Estimated uplift potential of 6.4 per cent



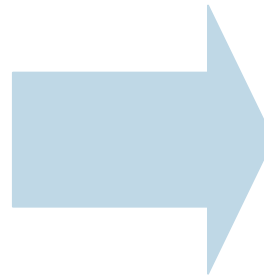
Office portfolio

High standards for property operations and maintenance

Close customer contact to **identify customer needs**

Well-established **control mechanisms** to ensure **quality standards** are met

Ensure maintenance needs are identified and **measures executed as planned**



High property standards maintained over time

Office portfolio

Operational highlights

- **Over 20 new lease agreements, 22 per cent uplift**
- **Examples of recent lease agreements:**
 - Skøyen: approx. 4 200 m² office space at NOK 2 100 / m² per annum
 - Aker Brygge: approx. 250 m² office space at NOK 3 800 / m² per annum
- **Negotiated rental agreements at Aker Brygge at approx. NOK 5 million annual rent**
- **Slightly positive value adjustment of portfolio from previous quarter**
- **Small share of contract portfolio up for renegotiation in 2010**
- **Well positioned for letting opportunities in 2011-2012**



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▪ **Hotel portfolio**

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Hotel portfolio

Highlights 3Q 2009



- **Value adjustments of minus 0.5 per cent**
- **Satisfactory tourist season, hotel market in general still weak**
- **New management structure in place with increased local presence**
 - New country manager appointed in Sweden
- **Good control of property costs**
 - Capital discipline and management attention on capex program
- **New attractive operator agreement in Copenhagen**

The leading Scandinavian hotel company



Management focus

- **Strong position**
 - The leading Scandinavian hotel portfolio
- **Local organization**
 - Country-based management
- **Close cooperation with hotel chains**
- **Unique competence within hotel and real estate**
- **Negotiation skills**

Capacity development

- **Capacity growth primarily in some major cities**
- **Limited effect on Norgani revenues**

Hotel portfolio

Overview of hotel portfolio



As of 30 September 2009

Portfolio	
Number of properties	74
Number of rooms	12 884
Total size (m ²)	671 480
Average size per property (m ²)	9 074
Average value per m ² (NOK)	14 162
Average value per property (MNOK)	129
Average value per room (NOK)	738 099
Valuation	
Market value (MNOK)	9 510
Net yield*	7.0 %
Remaining duration. contracts (years)	9.8
Minimum rent and seller guarantee. 2009 (MNOK)**	632



^{*)} Based on forecast and market value as of 30 September

^{**)} Based on budget currency rates. EURNOK (8.40). SEKNOK (0.86) and DKKNOK (1.13)

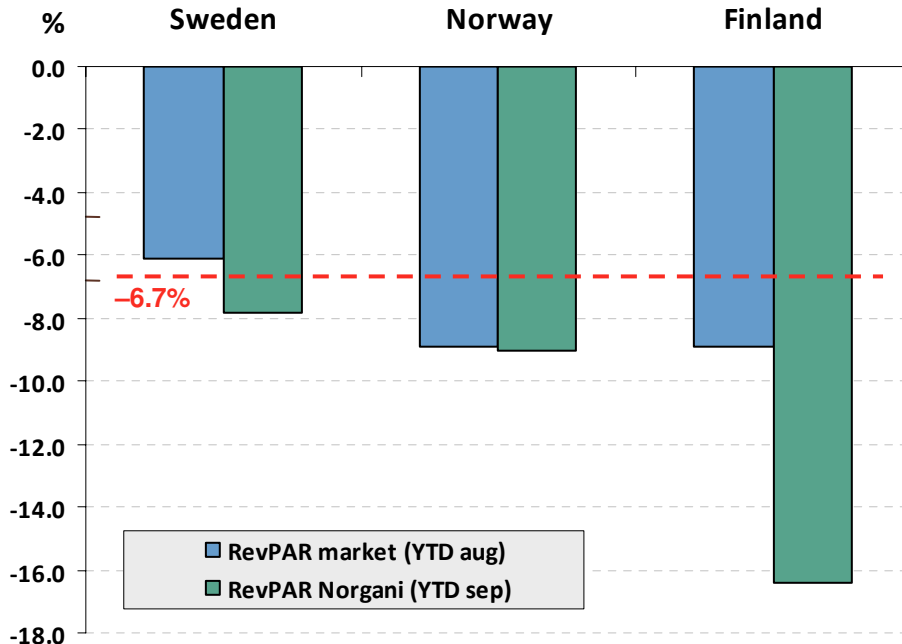
Hotel portfolio

RevPAR development

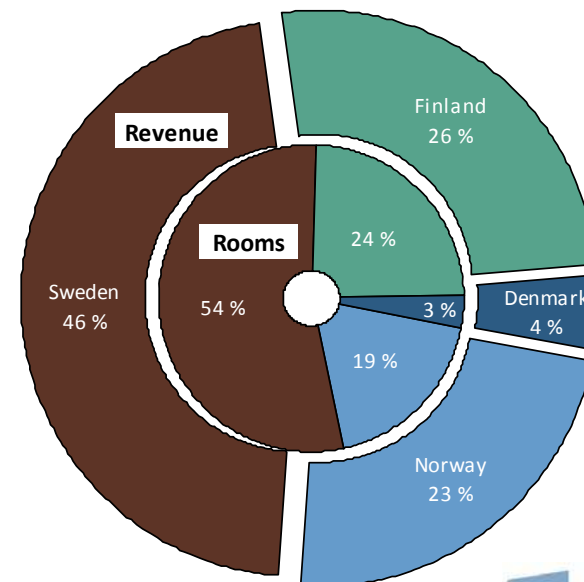


- Norgani YTD 2009 revenues are 6.7 per cent below 2008, minimum rents and seller guarantees limits income reductions
- **Occupancy**
 - Summer season better than expected, especially in Sweden
 - Current downturn similar to previous downturns in terms of who are hit the hardest;
 - International business, conference and tourism market
 - Capital areas
 - Business market in September was somewhat below expectations
- **Room rates**
 - Capital cities have dropped somewhat more than expected, particularly in the upper range (suites etc.)
 - Regional areas are fairly stable

RevPAR development in the Nordic market vs. Norgani

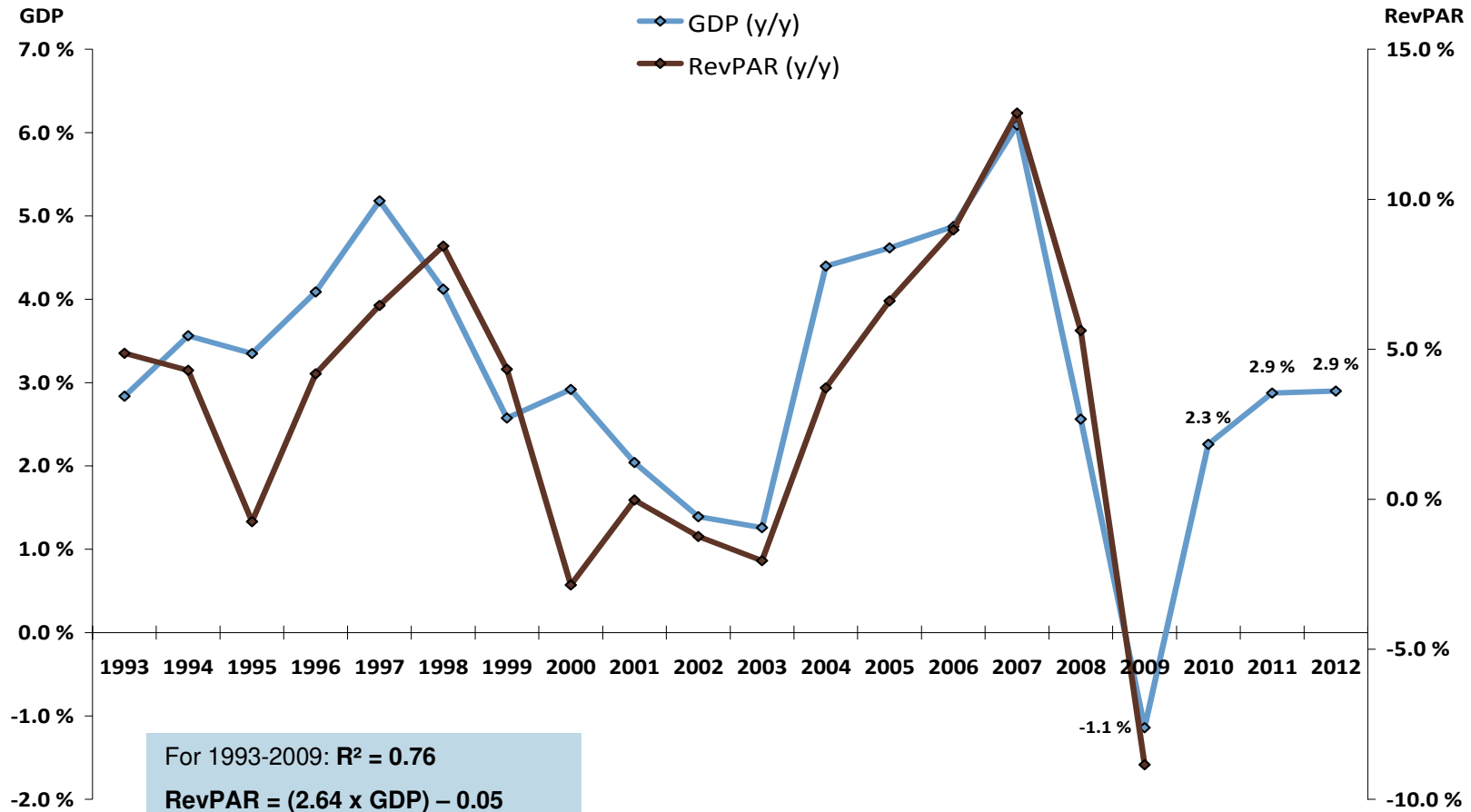


Norgani geographical split by rooms and revenue



Hotel portfolio

Norway: RevPAR development and GDP growth



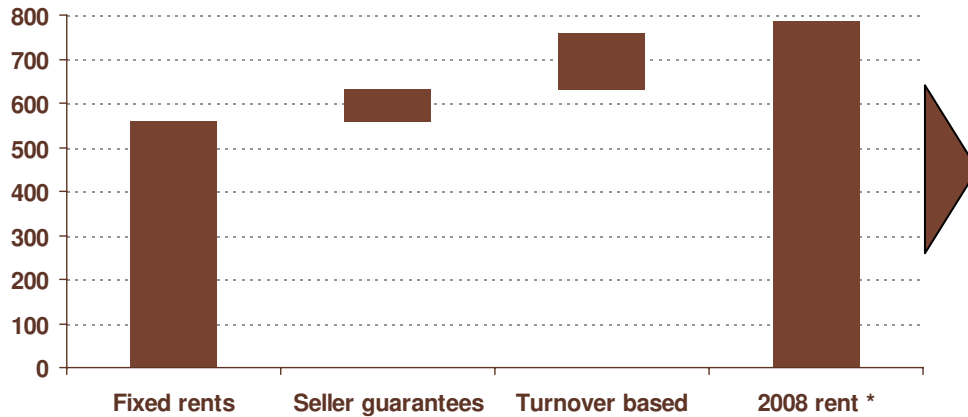
* Both GDP and RevPAR historical data are SSB official numbers
 * GDP estimates 2009-12 is the average of latest estimates from: SSB, DnB NOR, N-B, SEB, Fin

Hotel portfolio

Revenue is protected through credit-worthy operators and a high degree of minimum rents

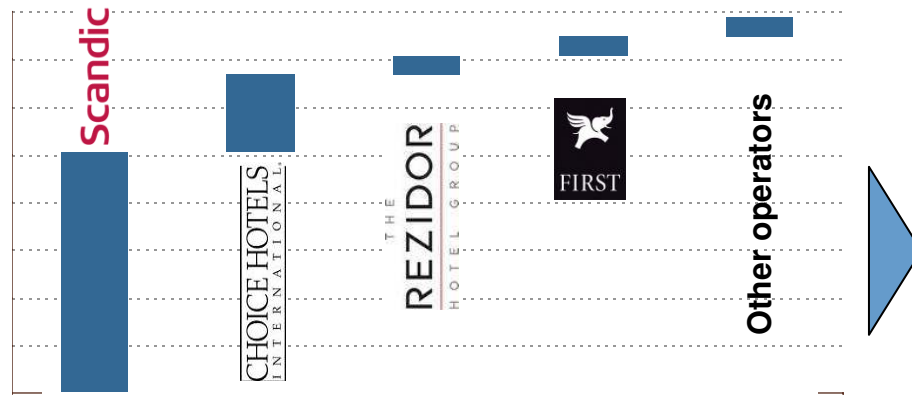


Revenue composition protects cash flow (MNOK)



- 80 per cent of forecasted income is fixed and not affected by market conditions
- Majority of minimum rent contracts are CPI adjusted
- As of 30 September, ten hotels are on minimum rent

Close customer follow-up



- Solid tenants
- Close follow-up
- No default of payments

* Gross rent as reported based on average exchange rate in 2008

Hotel portfolio

New contract in 4Q - Hotel Europa



- **Lease agreement at attractive terms with Omenahotelli**
 - 15 years' duration
 - Fixed rent with 100 per cent CPI adjustment, in addition a turnover based element based on occupancy
 - Satisfactory bank guarantees
- **Hotel to open June 1st 2010**
- **New hotel concept in the Copenhagen market**

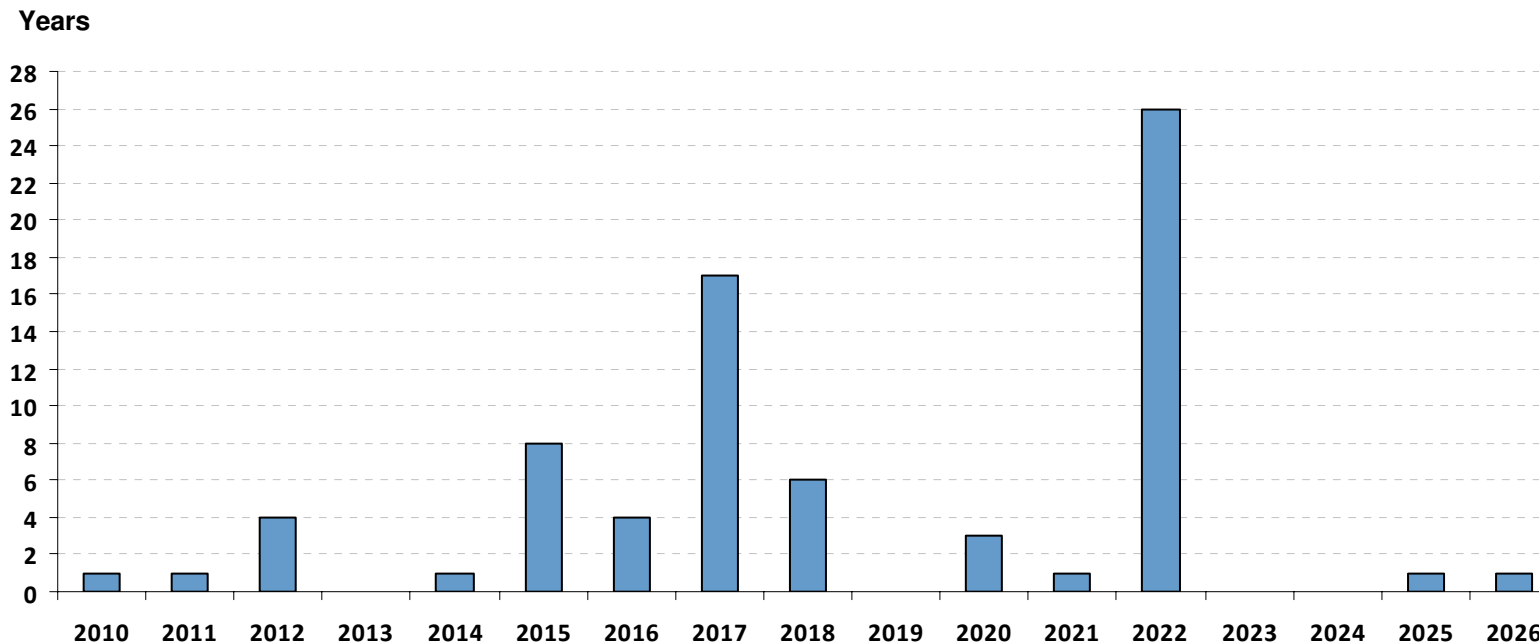


Hotel portfolio

Hotel lease maturity profile



- **Average weighted duration of 9.8 years**
 - 10.2 years including new Hotel Europa agreement
- **Of the six leases maturing in 2011-2014, three are with smaller private operators**



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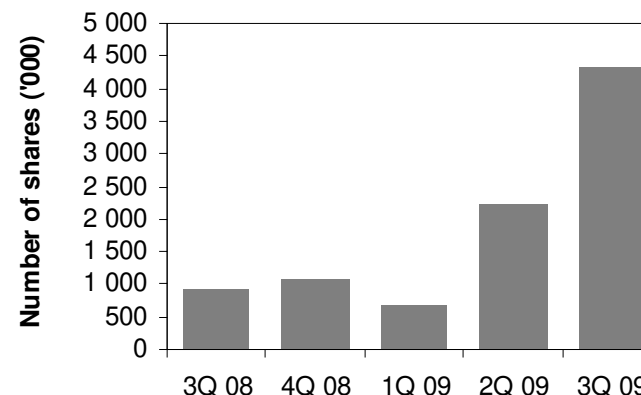
Mari Thjømøe

Q&A session

Among the 50 most liquid property stocks in Europe

- Historically high NPRO trading volumes**
 - Average of 4.4 million shares per day in 3Q
- NPRO is among the 50 most liquid property stocks in Europe**
 - Number 39 on Global Property Research 250 Index as per 30 August 2009
- Non-Norwegian shareholder base increased from 24.9 per cent to 34.4 per cent during the quarter**
- Shareholder base increased to 3 241 shareholders as per 30 September 2009**
 - Increase of 32 per cent compared with end of 2Q 09
 - Increase of 165 per cent compared with end of 3Q 08
- Considerable shareholder value created**

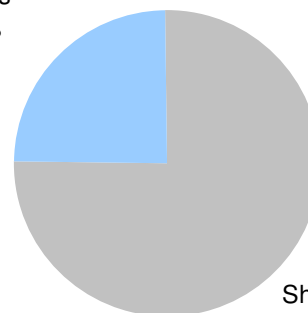
Average volume traded daily



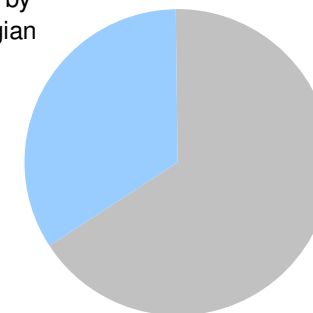
As per end of 2Q 09

As per end of 3Q 09

Share held by non-Norwegian owners 25 %



Share held by non-Norwegian owners 34 %



Share held by Norwegian owners 66 %



Summary

Strengthened financial position

Satisfactory operations, positive results

Valuation of investment properties maintained

Improved market outlook



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