3Q 2011

FINANCIAL REPORT FOR THE THIRD QUARTER 2011

IMPORTANT EVENTS IN THE THIRD QUARTER OF 2011

STRATEGIC FOCUS ON CUSTOMER SATISFACTION GIVES POSITIVE RESULTS

Positive results from operations

Norwegian Property ASA posted a profit before tax and fair-value adjustments of NOK 84.6 million in the third quarter of 2011, a decrease of 1.7 per cent from the corresponding prior-year period. Gross rental income amounted to NOK 259.2 million, compared with NOK 250.7 million in the third quarter of 2010. After fair-value adjustments, profit before tax for the third quarter of 2011 came in at NOK -257.2 million, down from NOK 140.7 million in the same period in 2010. The company posted a loss after tax of NOK 178.3 million for the three months to 30 September 2011, compared with a profit after tax of NOK 76.0 million in the same period of 2010. With that, the company achieved earnings per share (EPS) in the third quarter of NOK -0.36. Book value per share was NOK 10.78 at 30 September 2011, up from NOK 9.30 per share at the end of the third quarter of 2010 (EPRA: NOK 12.10 at the end of third quarter 2011).

Solid cash flow, continued reduction in loan to value

The company had a positive cash flow from operating activities of NOK 205.7 million in the third quarter, compared with NOK 22.8 million in the corresponding prior-year period. At the end of the third quarter of the year the consolidated net loan to value ratio was 64.0 per cent, down from 69.2 per cent at the end of September 2010. Adjusted for the effect of the vendor loan note issued to the purchasers of Norgani, the net loan to value ratio at the end of the reporting period was 60.2 per cent.

New lease contracts reduce remaining lease maturities in 2012

During the third quarter 2011 Norwegian Property entered into new or renewed lease contracts for a total area of about 35 000 m^2. The majority of contracts entered into were related to leases which previously expired in 2012. With the new lease agreements, remaining lease maturities in 2012 for office areas have been more than halved. At the end of the third quarter 2011 total space vacancy in the portfolio was 5.1 per cent, down from 6.2 per cent at the end of the second quarter 2011. The reduction in vacancy is mainly caused by the sale of a vacant property without rental income.

Strategic transactions confirm active portfolio development

In line with Norwegian Property's strategy of active portfolio development, the company has during the third quarter entered into several agreements to buy or sell properties. In August, a binding agreement to acquire four office sections located in the Terminal building at Aker Brygge was entered into. Before the summer the company launched extensive plans for upgrading and modernization of Aker Brygge, with the aim of making the area even more attractive both as an office cluster and as a city centre in Oslo. These plans also include the Terminal building, thus the acquisition is regarded as strategic. In addition, Norwegian Property has entered into an agreement for the sale of Kolstadgata 1 at Tøyen in Oslo. Kolstadgata 1 is outside the strategic focus area of Norwegian Property and the property has not had rental income for more than a year. Norwegian Property regards the transactions as attractive both in financial and operational terms.

Progress in customer satisfaction

Norsk Leietakerindeks (NLI) has on behalf of Norwegian Property conducted a comprehensive customer survey with the company's tenants. The results show a remarkable progress in total customer satisfaction (CSI) compared with corresponding ratings from 2009. The total CSI score has as an example risen from 60 to 66 on the NLI scale, and exceeds with that the average score from NLI's total dataset. Customers report the largest improvement within image and handling of error reports and complaints. At the same time, tenants confirm the need for upgrading and modernization in parts of the property portfolio. Norwegian Property has a long term goal of obtaining a customer satisfaction rating exceeding 70.

KEY FIGURES

Profit and loss for continued operations		3Q 2011	3Q 2010	YTD 2011	YTD 2010	2010
Gross income	NOK million	**259.2**	250.7	**765.4**	774.7	1 025.1
Operating profit before adm. expenses	NOK million	**230.6**	229.6	**689.2**	706.4	929.3
Profit before net financial cost and value adj.	NOK million	**214.5**	217.3	**639.4**	661.4	870.4
Profit before income tax and value adjustments	NOK million	**84.6**	86.1	**251.2**	241.2	327.7
Profit before income tax	NOK million	**-257.2**	140.7	**420.8**	288.3	437.8
Profit after income tax	NOK million	**-178.3**	76.0	**442.6**	205.7	351.2

Balance sheet		3Q 2011	3Q 2010	YTD 2011	YTD 2010	2010
Market value of investment portfolio	NOK million	**15 802.8**	15 046.2	**15 802.8**	15 046.2	15 062.4
Equity	NOK million	**5 376.7**	4 635.4	**5 376.7**	4 635.4	4 988.6
Interest bearing debt	NOK million	**10 239.7**	10 628.9	**10 239.7**	10 628.9	10 294.6
Equity ratio	Per cent	**32.5**	19.5	**32.5**	19.5	31.4
Pre tax return on equity (annualized)	Per cent	**-18.8**	11.1	**10.8**	8.0	8.8

Cash flow		3Q 2011	3Q 2010	YTD 2011	YTD 2010	2010
Cash flow from operating activities	NOK million	**205.7**	22.8	**224.0**	113.7	364.1
Cash position	NOK million	**120.9**	218.2	**120.9**	218.2	248.4

Key numbers, shares		3Q 2011	3Q 2010	YTD 2011	YTD 2010	2010
No. of shares issued	Number	**498 596 832**	498 596 832	**498 596 832**	498 596 832	498 596 832
Average number of shares in period	Number	**498 596 832**	498 596 832	**498 596 832**	475 933 832	489 034 909
Pre tax profit per share for continued operations[1]	NOK	**-0.52**	0.28	**0.84**	0.61	0.90
Basic earnings per share for continued operations (EPS)[1]	NOK	**-0.36**	0.15	**0.89**	0.43	0.72
Basic earnings per share for total operations (EPS)[1]	NOK	**-0.36**	-1.82	**0.89**	-1.70	-0.94
Operating cash flow per share	NOK	**0.41**	0.05	**0.45**	0.24	0.74
Interest bearing debt per share	NOK	**20.54**	21.32	**20.54**	21.32	40.55
Book value per share	**NOK**	**10.78**	**9.30**	**10.78**	**9.30**	**10.01**
Deferred property tax per share	NOK	**0.39**	0.65	**0.39**	0.65	0.40
Financial derivative instr. per share	NOK	**0.92**	0.58	**0.92**	0.58	0.43
Net asset value per share (EPRA)[2]	**NOK**	**12.10**	10.52	**12.10**	10.52	10.84

[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 instruments per share. Deferred property tax per share includes both ordinary deferred tax relating to properties and tax compensation at purchase (accounted for as a reduction of investment properties). Financial derivative instruments per share is calculated based on the asset and liability items (market values of interest-/exchange rate swap contracts and similar) in the balance sheet after tax.

FINANCIAL PERFORMANCE

RESULTS FOR THE THIRD QUARTER 2011

The income statement for ongoing operations for the third quarter includes Norwegian Property's office business. The Group's hotel business was acquired by new owners in the fourth quarter of 2010. Consequently, this business is reported as discontinued operations in 2010.

Norwegian Property posted total rental income of NOK 259.2 million in the third quarter of 2011. The amount includes NOK 10.0 million in income posted in the third quarter as a result of one tenant who bought out of a lease contract. The company achieved NOK 250.7 million in total rental income in the comparable period of 2010.

Maintenance and other operating expenses for the quarter totaled NOK 24.6 million (NOK 20.0 million[3]), while other property-related expenses came in at NOK 4.0 million (NOK 1.1 million). Considerable emphasis on upgrades and maintenance of the company's properties cause both these items to be slightly higher than normal both in the third quarter and in the next periods going forward. Administrative expenses totaled NOK 16.1 million (NOK 12.3 million). With that, profit before financial items and fair-value adjustments amounted to NOK 214.5 million (NOK 217.3 million).

Net financial items in the third quarter amounted to NOK 129.9 million (NOK 131.2 million), which represents a reduction of NOK 1.3 million compared with the corresponding prior-year quarter. Positive fair-value adjustments in the property portfolio gave rise to an unrealized gain of NOK 24.8 million (NOK 28.6 million). Considerable movements in market interest rates in the third quarter resulted in a decrease in value of the income element relating to financial derivatives by NOK 366.7 million. A positive value adjustment of NOK 26.1 million was booked in the corresponding prior-year period.

The profit before tax on continuing operations in the third quarter was NOK -257.2 million, a decrease from NOK 140.7 million in the third quarter of 2010. Estimated, non-payable tax in the quarter was NOK 79.0 million (corresponding to a tax income), compared with NOK -64.7 million in the corresponding prior-year period. Profit after tax on continuing operations for the period was NOK -178.3 million (NOK 76.0 million).

Discontinued operations had no effect on profits in the third quarter of 2011, but had a negative impact of NOK 985.5 million in the comparable period last year. The net profit for the period was thus NOK -178.3 million, compared with NOK -909.5 million in the previous year.

VALUATION OF PROPERTIES

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

As of 30 September 2011, before adjustments for deferred tax, the Group's portfolio of business properties was valued at NOK 15 802.8 million. Only minor revisions of the assumptions behind the valuations were made, which resulted in a positive fair-value adjustment of NOK 24.8 million was recognised for the office portfolio in the third quarter (NOK 28.6 million).

CASH FLOW

Net cash flow from operating activities before financial items for the third quarter amounted to NOK 205.7 million (NOK 22.8 million). The cash flow includes changes in short term items of NOK 120.5 million, which is attributable to a reversion of the effects from the second quarter relating to the payment of accrued interest falling due in connection with the refinancing of the company's debt in June. Net cash flow from investing activities for the third quarter was NOK -169.7 million (NOK -7.3 million) and includes acquisition of four office sections at Aker Brygge for the sum of NOK 121.7 million, as well as completion of the new restaurant complex *Onda* at Aker Brygge and other ordinary investments in the property portfolio. Net cash flow from financing activities was NOK -3.7 million (NOK -431.6 million) in the third quarter. The net positive change in cash and cash equivalents for the quarter was NOK 32.3 million.

[3] Figures in brackets show figures for the corresponding prior-year period.

BALANCE SHEET

Cash and cash equivalents as of 30 September 2011 totaled NOK 120.9 million (NOK 150.1 million as of 30 September 2010 for continued operations). The company also had NOK 1 066.0 million (NOK 760 million) in unutilized credit facilities. Total equity amounted to NOK 5 376.7 million (NOK 4 635.4 million), which corresponds to an equity ratio of 32.5 per cent (19.5 per cent). Book value per share was NOK 10.78 (NOK 9.30). Book value per share based on the EPRA standard was NOK 12.10 (NOK 10.52). The number of shares in issue at the end of the third quarter was 498 596 832 (498 596 832).

FINANCING

Interest bearing debt and hedging as of 30.09.2011		
Interest bearing debt	NOK million	10 239.7
Vendor financing	NOK million	600.0
Cash and cash equivalents	NOK million	120.9
Interest hedging ratio, including cash (%)	Per cent	81.7
Unused credit facilities	NOK million	1 066.0
Average time to maturity, hedging	Year	5.3
Average interest rate (incl. margin)	Per cent	5.22
Average margin	Per cent	1.07
Average residual term, borrowing	Year	5.2
Property value	NOK million	15 802.8
Interest bearing debt / value (LTV)	Per cent	64.8
Net interest bearing debt / value (net LTV)	Per cent	64.0
Net interest bearing debt deducting vendor financing / value (net LTV)	Per cent	60.2

INTEREST HEDGES

Maturity profile interest hedges		< 1 year	1 > 2 years	2 > 3 years	3 > 4 years	4 > 5 years	> 5 years
Amount	NOK million	2 030.9	981.7	405.0	1 107.8	955.0	4 759.3
Average interest rate	Per cent	2.9	2.8	3.8	4.1	4.4	4.7
Share of total liabilities	Per cent	19.8	9.6	4.0	10.8	9.3	46.5

The company has historically had a very high interest hedging ratio, and had a hedging ratio of 81.7 per cent at the end of the third quarter. Based on improved financial freedom of action the company intends to reduce the hedging ratio somewhat going forward, as existing interest rate derivatives expire. Still, as a consequence of low long term market interest rates, the company continues to pursue a strategy which involves a relatively high degree of interest hedging.

INTEREST BEARING LIABILITIES

As of 30 September 2011 total interest-bearing liabilities after capitalized costs totaled NOK 10 239.7 million (NOK 10 628.9 million). With the exception of scheduled repayments on interest-bearing liabilities, none of Norwegian Property's borrowing facilities mature in 2011 or 2012.

OPERATIONS

COMMERCIAL PROPERTY MARKET

Despite the dampening effect from weak international economic growth and global financial turmoil on Norwegian recovery, macroeconomic indicators for Norway show a positive trend compared with many other nations. According to recent prognoses from Statistics Norway (SSB) onshore Gross National Product will rise by 2.7 per cent in 2011, following an increase in onshore Gross National Product (GNP) of 2.1 per cent in 2010.

The employment level is estimated to increase by 1.2 per cent in 2011 according to SSB's prognoses, and the unemployment rate is trending downwards from 3.6 per cent of the workforce last year to an expected 3.4 per cent of the workforce in the current and next year. Population projections show that total population in Norway will increase notably in the coming decades. For the Oslo area, an annual population growth of between 2.0 and 2.5 per cent is expected until 2015 (source: SSB, September 2011).

According to Akershus Eiendom's latest official measure, the vacancy rate in Oslo was about 7.5 per cent of total office space (source: Akershus Eiendom, September 2011). Improved employment forecasts, in combination with a limited supply of new office space in 2011, indicate a continued a reduction of office space vacancy in Oslo. Akershus Eiendom expects vacancy to drop to around 6.5 per cent by the end of 2011.

Rent level development of office properties in Oslo during the past 12 months show that centrally located office premises with good standard have experienced considerable growth whereas older buildings and secondary locations had flat or slightly declining rent levels. This confirms the theory that the division between attractive and unattractive properties is growing, and modern, environmentally friendly and space-efficient offices situated near public infrastructure are increasingly in demand.

While the supply of new office space in Oslo in 2011 is only 60 000 m^2, new space of significant size is being completed in 2012 and 2013. Although there is limited extent of speculative newbuilding, the large volumes being completed as from 2012 may lead to some pressure in specific geographical areas. At the same time, there are indications that conversion into residential use is considered for some older office buildings, alternatively demolition and new zoning of the plot.

High activity is reported in the transaction market and total volume at the end of the third quarter exceeds NOK 20 billion. Syndicates, property companies and life insurance companies dominate among the buyers. The prognosis of Akershus Eiendom for total transaction volume for the current year is adjusted slightly downwards, but is still estimated at about NOK 35 billion.

THE PROPERTY PORTFOLIO

At the end of the quarter Norwegian Property owned 47 office and commercial properties. These properties are primarily located in central areas of Oslo and Bærum (82.8 per cent of gross rental income), Gardermoen (2.5 per cent of gross rental income) and in Stavanger (14.7 per cent of gross rental income). The Group's properties mainly comprise of office premises with associated warehousing and parking, and commercial and restaurant space.

During the second quarter Norwegian Property acquired four office sections located in the Terminal building at Aker Brygge for the sum of NOK 121.7 million. The four sections comprise of approximately 2 500 m^2 of office area with an annual income around NOK 7.0 million. Norwegian Property regards the transaction as attractive both in financial and operational terms. The company has launched extensive plans for upgrading and modernization of Aker Brygge, aiming to make the area even more attractive both as an office cluster and as a city centre in Oslo. These plans also include the Terminal building, thus the acquisition is regarded as strategic. Norwegian Property now owns all sections in the Terminal building.

In September Norwegian Property entered into an agreement for the sale of Kolstadgata 1 at Tøyen in Oslo. The property had neither any tenant nor rental income and is on leasehold. The property value was NOK 32 million, which is NOK 3.3 million below valuation. Kolstadgata 1 is outside the strategic focus area of Norwegian Property and the property has not had rental income for more than a year. As a result of the sale the space vacancy of the company was reduced by approximately 1 percentage point. The sale is in line with Norwegian Property's strategy to actively develop the portfolio. The transaction was completed in October 2011.

The new restaurant complex *Onda* at Aker Brygge was completed and handed over to the tenant in September. Planning and quality-testing of the development projects in the rest of the portfolio are proceeding as planned.

After the end of the quarter, the company entered into an agreement to buy a plot in Drammensveien 149, centrally located at Skøyen in Oslo, for NOK 101.5 million. The plot is part of a joint property with Norwegian Property's existing office building in Drammensveien 149. The total size of the joint property is 9 007 m^2. Norwegian Property anticipates to build an office building of about 10 000 to 12 000 m^2 at the acquired plot after zoning permit is granted. The transaction is expected to be closed around new-year 2011/2012, but is conditional upon final approval from the seller's Board of Directors.

Total gross contractual rental income for the office portfolio amounted to NOK 1 020.2 million at the end of the third quarter. This represents an increase from NOK 998.5 million at the end of the second quarter, which is attributable to new contracts taking effect, rental uplift for the DnB NOR contract and reduced vacancies in the portfolio. As of 30 September 2011 total vacancy in the portfolio was 5.1 per cent, which represents a decrease from 6.2 per cent at the end of the second quarter 2011, and is lower than the general market vacancy rate in the Oslo area. The reduction in vacancy is mainly caused by the sale of the property in Kolstadgata 1 which was vacant and added approximately 1 percentage point to total portfolio vacancy.

During the third quarter 21 contracts were entered into or renegotiated, with a total value of NOK 49 million, resulting in a comparable rental decrease for these contracts of 1.9 per cent.

The largest contract renewal is the agreement with Statoil to extend the lease contract for Grenseveien 21 in Stavanger. The lease is extended for the entire property, which has a total area of 27 721 m^2, until 30 June 2015 at existing terms without any investments from the lessor. The extension is based on the tenant's option clause pursuant to the former lease contract and also implies that the tenant as from 1 July 2013 has the right to reduce the rented area either in part or completely.

In addition, Norwegian Property has entered into an agreement with Codan Forsikring to rent office premises in Drammensveien 134 (building 5) at Skøyen. The contract comprises 4 776 m^2 of the total area of the property of 7 642 m^2. The premises are already sublet to Codan from Atea, and the property will be let without any major investments. The rent is at market level, although lower than the current payable rent from Atea. This is the main reason for the reduction in comparable rent for contracts entered into in the third quarter.

Norwegian Property has relatively few leases up for renewal in the next 12 months. The average residual lease term is 5.2 years. When valuing the property portfolio, the current market rate for rents is estimated as being around 2.5 per cent higher than the contractual rent. The average CPI adjustment factor for the portfolio is 98.1 per cent.

CORPORATE SOCIAL RESPONSIBILITY

According to Norwegian Property’s strategy for corporate social responsibility, the company is in process of developing an infrastructure for sustainability reporting based on recommendations by EPRA. At the end of the third quarter the infrastructure for measurement and follow-up for selected properties is about to be finalized. The remaining infrastructure will be established during the fourth quarter, and as from 2012 full reporting and follow-up will be launched. Properties which are completely rehabilitated will have the infrastructure installed in connection with the reconstruction.

SHAREHOLDER INFORMATION

At the end of the third quarter of 2011 the company had 2 123 registered shareholders, which equates to 161 fewer than at the end of the previous quarter, and a reduction of 619 shareholders compared with 12 months previously. Non-Norwegian shareholdings accounted for 59.1 per cent of the share capital at the end of the quarter, compared with 53.7 per cent at the end of the previous quarter. The average number of shares traded per day in the third quarter amounted to 0.9 million, which is a decrease from an average of 1.3 million shares per day in the period April to June 2011. As of 30 September 2011 the company’s total share capital amounted to NOK 249 298 416, allocated to 498 596 832 shares with a par value per share of NOK 0.50. The largest shareholders registered with the Norwegian Central Depository (VPS) as of 30 September 2011 are presented below.

#	Name	Share (%)	No. of shares	Account type	Nationality
1	CANICA AS	5.59	27 895 467	ORD	NOR
2	STATE STREET BANK AN A/C CLIENT OMNIBUS F	5.17	25 786 591	NOM	USA
3	FOLKETRYGDFONDET	4.77	23 782 248	ORD	NOR
4	AWILHELMSEN CAPITAL OMLØP	4.66	23 254 334	ORD	NOR
5	BANK OF NEW YORK MEL S/A BNYM AS EMEA ASI	4.50	22 418 494	NOM	USA
6	BANK OF NEW YORK MEL S/A MELLON NOMINEE 1	3.00	14 956 293	NOM	USA
7	CITIBANK N.A. (LONDO A/C STICHTING PGGM D	2.89	14 430 646	NOM	NLD
8	BNP PARIBAS SECS SER S/A BP2S LUX/FIM/LUX	2.84	14 169 693	NOM	LUX
9	SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT	2.62	13 039 404	NOM	SWE
10	STATE STREET BANK & A/C CLIENT FUND NUMB	2.03	10 138 347	NOM	USA
11	JPMORGAN CHASE BANK NORDEA RE:NON-TREATY	1.64	8 187 839	NOM	GBR
12	EUROCLEAR BANK S.A./ 25% CLIENTS	1.39	6 939 097	NOM	BEL
13	AWILHELMSEN CAPITAL	1.39	6 934 000	ORD	NOR
14	CITIBANK N.A.. LONDO A/C CIP A.T.F.STD.LI	1.29	6 429 616	NOM	GBR
15	Vital Forsikring ASA	1.23	6 111 087	ORD	NOR
16	TRONDHEIM KOMMUNALE	1.22	6 090 723	ORD	NOR
17	FRAM HOLDING AS	1.20	6 000 000		NOR
18	BNP PARIBAS SECS SER S/A TR PROPERTY INVE	1.16	5 770 898	NOM	GBR
19	JPMORGAN CHASE BANK NORDEA TREATY ACCOUN	1.12	5 598 506	NOM	GBR
20	AWECO INVEST AS	1.10	5 486 765	ORD	NOR
	Total 20 largest shareholders	**50.81**	**253 420 048**		**8/20 NOR**

OUTLOOK

Weak international economic growth and global financial turmoil have a dampening effect on the Norwegian economy. Nevertheless, according to recent forecasts from Statistics Norway, positive growth within key macroeconomic indicators for Norway is expected. Population projections show that total population in Norway will increase notably in the coming decades. Improved employment forecasts, in combination with a limited supply of new office space in 2011, indicate a continued a reduction of office space vacancy in Oslo.

Rent level development of office properties in Oslo during the past 12 months show that centrally located offices with good standard have experienced considerable growth whereas older buildings and secondary locations had flat or slightly declining rent levels. This confirms the theory that the division between more or less attractive properties is growing, and modern, environmentally friendly and space-efficient offices situated near public infrastructure are increasingly in demand.

Norwegian Property focuses on prime properties near traffic hubs in the most central and attractive parts of Oslo and Stavanger. In line with Norwegian Property's strategy of active portfolio development, the company has during the third quarter entered into an agreement to buy office sections with strategic location adjacent to properties already owned by Norwegian Property. In addition, the company has entered into an agreement for the sale one property which is considered to be outside the strategic focus area of Norwegian Property. As a result of the sale the space vacancy of the company was reduced, and came to 5.1 per cent at the end of the third quarter.

The company will continue the efforts to reduce the vacancy of the portfolio, and securing new contracts and renegotiating lease renewals at improved terms remain a highly prioritized area for the company. In the second quarter of 2011 Norwegian Property announced that the company will carry out a comprehensive reconstruction and modernization project at Aker Brygge. At the moment, there is high activity with the planning and quality control of the different stages of the project. The mentioned upgrades will at times lead to increased strategic vacancies in the portfolio.

The results from the customer survey conducted by Norsk Leietakerindeks show a notable progress within different parameters for customer satisfaction among the company's tenants. It is gratifying that the emphasis on customer service already has resulted in measurable improvements. Norwegian Property considers this progress an inspiration to step up the efforts to reach the long term goal of being perceived as the most customer-oriented property company in Norway.

The Board of Directors of Norwegian Property

Oslo, 26 October 2011

FINANCIAL INFORMATION (UNAUDITED)

ACCOUNTING POLICIES AND CONSOLIDATED ENTITIES

This interim report has been prepared in accordance with IAS 34 – Interim Financial Reporting. The results for the period have been prepared in line with applicable IFRS standards and interpretations. The accounting policies applied in the preparation of the interim financial statements are consistent with the principles applied in the annual financial statements for 2010. Sold properties are recognised in the financial statements until the relevant transactions have been completed. This report has not been audited.

CONSOLIDATED INCOME STATEMENT

The specification of results from discontinued operations is presented in Note 1.

Amounts in NOK million	3Q 2011	3Q 2010	YTD 2011	YTD 2010	2010
Gross income	**259.2**	**250.7**	**765.4**	**774.7**	**1 025.1**
Maintenance and other operating expenses	**-24.6**	-20.0	**-64.5**	-64.1	-90.3
Other property-related expenses	**-4.0**	-1.1	**-11.6**	-4.3	-5.5
Property-related expenses	**-28.6**	**-21.1**	**-76.1**	**-68.4**	**-95.8**
Operating profit before administrative expenses	**230.6**	**229.6**	**689.2**	**706.4**	**929.3**
Administrative expenses	**-16.1**	-12.3	**-49.8**	-44.9	-58.9
Profit before net financial cost and value adjustments	**214.5**	**217.3**	**639.4**	**661.4**	**870.4**
Financial income	**9.3**	7.0	**28.6**	16.3	24.0
Financial cost	**-139.2**	-138.2	**-416.8**	-436.5	-566.7
Profit before income tax and value adjustments	**84.6**	**86.1**	**251.2**	**241.2**	**327.7**
Change in market value of investment property	**24.8**	28.6	**498.8**	206.6	170.6
Change in market value of financial derivative instruments	**-366.7**	26.1	**-330.3**	-171.4	-69.9
Unrealized gains and losses	**-341.8**	**54.7**	**168.6**	**35.3**	**100.7**
Gain/(loss) related to property sales	**-**	-	**1.0**	11.8	9.4
Realized gains and losses	**-**	**-**	**1.0**	**11.8**	**9.4**
Profit before income tax for continued operations	**-257.2**	**140.7**	**420.8**	**288.3**	**437.8**
Deferred income tax for continued operations	**79.0**	-64.7	**21.9**	-82.6	-86.7
Profit for continued operations	**-178.3**	**76.0**	**442.6**	**205.7**	**351.2**
Profit for discontinued operations	**-**	-985.5	**-**	-1 014.1	-810.8
Profit for the period	**-178.3**	**-909.5**	**442.6**	**-808.4**	**-459.6**
Profit attributable to non-controlling interests	**-**	-	**-**	-	-
Profit attributable to owners of the Company	**-178.3**	**-909.5**	**442.6**	**-808.4**	**-459.6**
Other comprehensive income					
Currency translation differences for discontinued operations	**-**	-96.9	**-**	-137.9	126.3
Gain/loss on financial derivative instruments for continued operations	**-1.5**	-6.8	**-6.5**	-0.6	-2.1
Gain/loss on financial derivative instruments for discontinued operations	**-**	4.6	**-**	-6.6	-6.6
Income tax related to comprehensive income for continued operations	**0.4**	1.9	**1.8**	0.2	0.6
Income tax related to comprehensive income for discontinued operations	**-**	-1.3	**-**	1.8	1.8
Reclassification of currency translation differences for discontinued operations	**-**	129.0	**-**	129.0	-134.8
Reclassification of financial derivative instruments for discontinued operations	**-**	13.7	**-**	13.7	13.7
Total other comprehensive income	**-1.1**	**44.2**	**-4.7**	**-0.4**	**-1.0**
Total comprehensive income	**-179.3**	**-865.3**	**438.0**	**-808.8**	**-460.6**
Total comprehensive income attributable to owners of the Company	**-179.3**	-865.3	**438.0**	-808.8	-460.6
Total comprehensive income attributable to non-controlling interests	**-**	-	**-**	-	-

CONSOLIDATED BALANCE SHEET

Amounts in NOK million	30.09.2011	30.09.2010	31.12.2010
ASSETS			
Financial derivative instruments	**7.1**	11.6	24.3
Deferred tax asset	**94.0**	60.1	70.0
Investment property[4]	**15 607.8**	14 848.0	14 862.5
Property, plant and equipment	**34.2**	1.5	2.4
Receivables	**600.0**	600.0	600.0
Total non-current assets	**16 343.1**	**15 521.2**	**15 559.3**
Financial derivative instruments	**4.6**	25.0	1.8
Accounts receivable	**24.8**	88.2	51.9
Other receivables	**45.5**	2.7	15.5
Cash and cash equivalents	**120.9**	150.1	248.4
Assets held for sale	**-**	7 979.0	-
Total current assets	**195.8**	**8 245.0**	**317.6**
Total assets	**16 538.9**	**23 766.2**	**15 876.8**
EQUITY AND LIABILITIES			
Paid in equity	**9 737.5**	9 732.6	9 737.5
Other reserves	**2.6**	-134.8	7.3
Retained earnings	**-4 363.4**	-4 962.4	-4 756.2
Total equity	**5 376.7**	**4 635.4**	**4 988.6**
Financial derivative instruments	**616.8**	-	317.4
Interest bearing liabilities	**8 833.5**	10 479.1	10 203.8
Total non-current liabilities	**9 450.3**	10 479.1	10 521.3
Financial derivative instruments	**32.3**	**437.2**	**9.3**
Interest bearing liabilities	**1 406.2**	149.8	90.7
Trade payables	**24.2**	9.2	14.7
Other liabilities	**249.2**	480.5	252.2
Liabilities held for sale	**-**	7 575.0	-
Total current liabilities	**1 711.9**	**8 651.7**	**366.9**
Total liabilities	**11 162.2**	**19 130.8**	**10 888.2**
Total equity and liabilities	**16 538.9**	**23 766.2**	**15 876.8**

[4] After deduction of deferred taxes at time of acquisition of NOK 195.0 million as of 30 September 2011, NOK 198.2 million as of 30 September 2010, and NOK 199.9 million as of 31 December 2010.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	30.09.2011	30.09.2010
Total equity including minority interests, beginning of the period	**4 988.6**	**4 918.0**
Total comprehensive income	**438.0**	-460.6
Paid dividends	**-49.9**	-
Share issue, net of cost and after tax	**-**	531.2
Total equity including minority interests, end of period	**5 376.7**	**4 988.6**

Amounts in NOK million	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Total equity
Total equity 31.12.2009	**226.6**	**2 539.7**	**6 440.1**	**8.3**	**-4 296.6**	**4 918.0**
Share issue	22.6	521.3	-	-	-	543.9
Total cost related to share issues, net of tax (28%)	-	-12.7	-	-	-	-12.7
Financial derivatives accounted to equity, net of tax (28%)	-	-	-	-6.2	-	-6.2
Currency translation differences	-	-	-	126.3	-	126.3
Reclassification of currency translation differences, discontinued operations	-	-	-	-134.8	-	-134.8
Reclassification of financial derivative instruments, discontinued operations	-	-	-	13.7	-	13.7
Profit for the period	-	-	-	-	-459.6	-459.6
Total equity 31.12.2010	**249.3**	**3 048.2**	**6 440.1**	**7.3**	**-4 756.2**	**4 988.6**
Financial derivatives accounted to equity, net of tax (28%)	-	-	-	-4.7	-	-4.7
Paid dividends	-	-	-	-	-49.9	-49.9
Profit for the period	-	-	-	-	442.6	442.6
Total equity 30.09.2011	**249.3**	**3 048.2**	**6 440.1**	**2.6**	**-4 363.4**	**5 376.7**

CONSOLIDATED CASH FLOW

The cash flow statement includes both continuing and discontinued operations for 2010.

Amounts in NOK million	3Q 2011	3Q 2010[5]	YTD 2011	YTD 2010[5]	2010[5]
Profit before income tax	**-257.2**	-1 041.3	**420.8**	-927.5	-721.7
Paid taxes in the period	**-**	1.9	**-**	1.9	-16.8
Depreciation of tangible assets	**0.6**	0.2	**1.7**	1.4	1.6
Gain from sale of investment property and operations	**-**	-	**-1.0**	-11.8	-69.1
Gain from fair value adjustment of investment property	**-24.8**	668.4	**-498.8**	505.9	534.6
Gain from fair value adjustment of financial derivative instruments	**366.7**	17.0	**330.3**	302.5	201.1
Impairment of goodwill	**-**	527.3	**-**	570.9	570.9
Change in short-term items	**120.5**	-150.7	**-28.9**	-329.7	-136.5
Net cash flow from operating activities	**205.7**	**22.8**	**224.0**	**113.7**	**364.1**
Received cash from sale of investment property and discontinued operations	**-**	-	**1.0**	169.3	1 122.6
Payments for purchase of investment property	**-169.7**	-7.3	**-275.0**	-25.0	-68.0
Net cash flow from investing activities	**-169.7**	**-7.3**	**-274.0**	**144.3**	**1 054.6**
Net repayment of interest bearing debt	**-3.7**	-431.6	**-27.6**	-814.0	-1 944.5
Capital increase	**-**	-	**-**	526.2	526.2
Paid dividend	**-**	-	**-49.9**	-	-
Net cash flow from financial activities	**-3.7**	**-431.6**	**-77.5**	**-287.7**	**-1 418.3**
Net change in cash and cash equivalents	**32.3**	**-416.1**	**-127.5**	**-29.8**	**0.4**
Cash and cash equivalents at the beginning of the period	**88.6**	634.6	**248.4**	248.2	248.2
Currency translation differences	**-**	-0.3	**-**	-0.3	-0.3
Cash and cash equivalents at the end of the period	**120.9**	**218.2**	**120.9**	**218.2**	**248.4**

[5] The cash effect of net financial costs are included in net cash flow from operating activities from 2011, and restated accordingly in the comparative figures for 2010 (reclassified from “net cash flow from financing activities”).

NOTE 1 DISCONTINUED OPERATIONS

The hotel business, Norgani Hotels, was sold in 2010. Below is a breakdown of results for discontinued operations, which are presented net on a single line in the income statement.

Amounts in NOK million	3Q 2011	3Q 2010	YTD 2011	YTD 2010	2010
Operating revenue	-	192.5	-	540.1	540.1
Operating cost	-	-32.3	-	-102.9	-102.9
Profit before net financial cost and value adjustments	**-**	**160.2**	**-**	**437.2**	**437.2**
Net financial cost	-	-82.2	-	-245.7	-249.1
Profit before income tax and value adjustments	**-**	**78.0**	**-**	**191.5**	**188.0**
Change in market value of investment property	-	-689.6	-	-705.2	-705.2
Change in market value of financial derivative instruments	-	-43.1	-	-131.2	-131.2
Impairment of goodwill	-	-527.3	-	-570.9	-570.9
Profit before income tax	**-**	**-1 182.1**	**-**	**-1 215.8**	**-1 219.2**
Income tax	-	339.2	-	344.3	348.8
Profit after income tax	**-**	**-842.8**	**-**	**-871.5**	**-870.5**
Gain from sale of discontinued operations	-	-142.7	-	-142.7	59.7
Income tax	-	-	-	-	-
Profit for the period	**-**	**-985.5**	**-**	**-1 014.1**	**-810.8**

Assets and liabilities as of 30 September 2010 related to Norgani Hotels are classified as held for sale.

ASSETS CLASSIFIED AS HELD FOR SALE:

Amounts in NOK million		30.09.2010
Hotel properties		8 439.1
Vendor financing		-600.0
Other non-current assets		10.9
Current assets		129.0
Sum		**7 979.0**

LIABILITIES CLASSIFIED AS HELD FOR SALE:

Amounts in NOK million		30.09.2010
Interest bearing liabilities		6 259.8
Interest bearing liabilities acquisition financing (OPAS)		681.4
Deferred tax		146.3
Financial derivative instruments		351.2
Other current liabilities		136.4
Sum		**7 575.0**

CONTACT INFORMATION

NORWEGIAN PROPERTY ASA

Postal address: P.O. Box 1657 Vika, NO-0120 Oslo, Norway

Visiting address: Bryggegata 9 (2nd floor), Aker Brygge, Oslo, Norway

Telephone: +47 22 83 40 20 | Fax: +47 22 83 40 21 | www.npro.no

CONTACT INVESTOR RELATIONS & MEDIA

Olav Line, CEO
+47 482 54 149 | ol@npro.no

Svein Hov Skjelle, CFO
+47 930 55 566 | shs@npro.no

Elise Heidenreich-Andersen, SVP IR
+47 951 41 147 | eha@npro.no

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