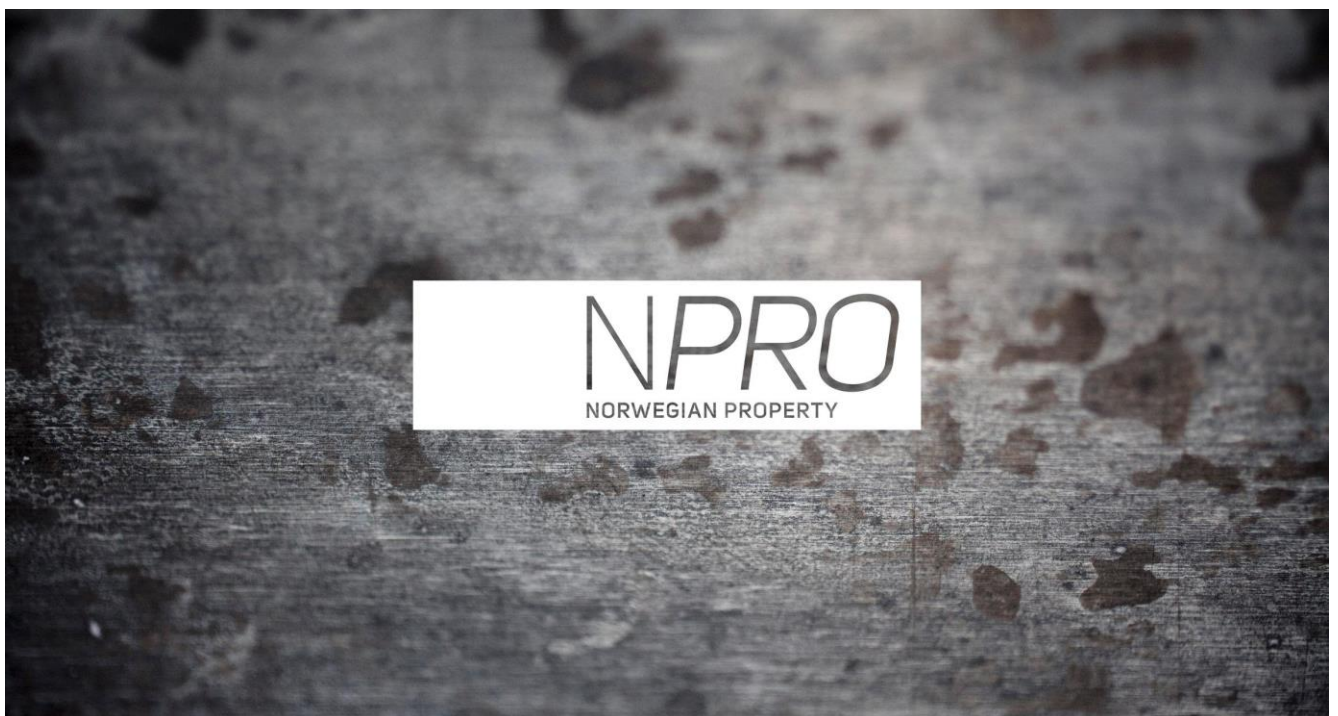


3Q 2013

## FINANCIAL REPORT FOR THE THIRD QUARTER OF 2013



## IMPORTANT EVENTS IN THE THIRD QUARTER OF 2013

### TEMPORARY EFFECTS OF HIGH CONVERSION ACTIVITY

#### Rental income and vacancy ratio temporarily affected by conversions

Norwegian Property achieved a pre-tax profit of NOK 17.7 million for the third quarter of 2013. Conversion projects under way in the portfolio meant a high level of temporarily vacant space and a decline in rental income for several large properties. Rental income totalled NOK 172 million, yielding an operating profit before fair-value adjustments of NOK 139.5 million. After realised financial items, profit before fair-value adjustments came to NOK 20.2 million.

Negative fair-value adjustments for investment properties totalled NOK 66.1 million for investment properties, while positive fair-value adjustments for financial derivatives came to NOK 63.5 million. After NOK 3.8 million in tax income, profit for the period came to NOK 21.5 million. This yielded ordinary earnings per share (EPS) of NOK 0.04 for the third quarter. Carried equity per share came to NOK 9.32 per share at 30 September 2013, up from NOK 9.29 per share at 30 June 2013 (Epra: NOK 10.19 at 30 September 2013).

#### Letting activity

Twenty-six new or expanded leases, with a total annual rental income of NOK 22.3 million, were awarded during the period. The biggest leases went to Fresh Fitness in Svanholmen 2, Biovisjon in Gullhaug Torg 3 and Get in Maridalsveien 323. Activity in the letting market remains good.

#### The development projects

The Bryggegaten 7-9 project was completed during the period, and the area covered by the conversion is fully leased with the exception of a small retail area. The first phase of Stranden 3 is being completed gradually during the second half of this year. Some tenants have moved in, and the first part of the shopping street has been opened. More tenants will gradually move in up to the end of the year. Work has begun on the second phase of Stranden 3.

Work is in full swing on the Stranden 1, Stranden 5 and Drammensveien 134 projects. These properties are largely without rental income while conversion work is under way. Good progress is also being made with the extension project at Finnstadveien 44, with completion expected during the second quarter of 2014.

#### Sale of Oslo Properties AS

Norwegian Property ASA has entered into an agreement on the sale of all the shares in Oslo Properties AS to Petter A. Stordalen. At the time the agreement was entered into, Oslo Properties was the owner of the outstanding seller credit of NOK 400 million related to the sale of Norgani Hotels AS in 2010. Closure of the transaction is expected in October 2013. Following the announcement of the transaction, the seller credit has been redeemed in its entirety.

#### Bond loan issued

Norwegian Property issued a bond loan of NOK 500 million during September, and is thereby again active in the Norwegian bond market. The loan has a term of three years, with an interest rate of three-month Nibor plus 130 basis points.

#### Customer satisfaction

The Norwegian Lessee Index has conducted its annual survey of customer satisfaction. Despite the fact that many of Norwegian Property's tenants, particularly at Aker Brygge, are currently being inconvenienced by the substantial building activity, the company achieved a score of 69. This is identical with the average result for all the companies participating in the index, and a significant improvement on the 2010 score of 60.

## KEY FIGURES

Profit and loss		3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Gross income	NOK mill.	172.0	226.7	600.2	702.3	925.0
Operating profit before adm. expenses	NOK mill.	139.5	201.8	512.2	621.9	822.6
Operating profit before value adjustments	NOK mill.	123.7	185.0	465.6	572.6	750.4
Profit before income tax and value adjustments	NOK mill.	20.2	70.8	152.9	215.2	277.5
Profit before income tax	NOK mill.	17.7	-278.8	-218.0	-232.3	-18.7
Profit after income tax	NOK mill.	21.5	-262.1	-174.2	-286.6	-124.9

Balance sheet		3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Market value of investment portfolio	NOK mill.	14 444.1	14 523.4	14 444.1	14 523.5	14 852.5
Equity	NOK mill.	5 113.0	4 844.2	5 113.0	4 844.2	5 393.7
Interest bearing debt	NOK mill.	8 631.5	9 431.9	8 631.5	9 431.9	9 421.7
Equity ratio	Per cent	34.7	31.2	34.7	31.2	33.5
Pre-tax return on equity (annualized)	Per cent	1.3	-4.0	-5.5	1.8	-0.3

Cash flow		3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Cash flow from operating activities	NOK mill.	-25.6	99.4	22.2	154.3	243.2
Cash position	NOK mill.	85.5	233.5	85.5	233.5	712.0

Key numbers, shares		3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
No. of shares issued	Number	548 425 596	498 596 832	548 425 596	498 596 832	548 425 596
Average number of shares in period	Number	548 425 596	498 596 832	548 425 596	498 596 832	505 932 707
Pre-tax profit per share <sup>1</sup>	NOK	0.03	-0.56	-0.40	-0.47	-0.04
Basic earnings per share (EPS) <sup>1</sup>	NOK	0.04	-0.53	-0.32	-0.57	-0.25
Operating cash flow per share	NOK	-0.05	0.20	0.04	0.31	0.48
Interest bearing debt per share	NOK	15.74	18.92	15.74	18.92	17.18
Book value per share	NOK	9.32	9.72	9.32	9.72	9.83
Deferred property tax per share	NOK	0.11	0.26	0.11	0.26	0.31
Financial derivative instr. per share	NOK	0.76	1.19	0.76	1.19	1.01
Net asset value per share (EPRA) <sup>2</sup>	NOK	10.19	11.16	10.19	11.16	11.15

<sup>1</sup> Diluted earnings per share are the same as the basic earnings per share.

<sup>2</sup> Ordinary book value of equity (excl. minority interests) per share adjusted for deferred property tax-, goodwill- and financial derivative instruments per share. 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 2013<sup>3</sup>

Rental income for Norwegian Property totalled NOK 172 million for the third quarter of 2013. That compares with NOK 226.7 million in the same period of 2012. Adjusted for the acquisition and sale of properties after 1 July 2012, this represented a decline of NOK 47.5 million in rental income for the third quarter of 2013 and reflected vacant space as a result of current rehabilitation projects.

Maintenance and other operating costs totalled NOK 18.8 million (NOK 20.1 million) for the quarter. Other property-related expenses came to NOK 13.7 million (NOK 4.8 million), while administrative expenses were NOK 15.9 million (NOK 16.8 million). Operating profit before fair-value adjustments thereby amounted to NOK 123.7 million (NOK 185 million) for the third quarter.

Fair-value adjustments to the property portfolio yielded an unrealised decrease of NOK 66.1 million, compared with a decrease of NOK 219 million for the same period of last year. Net realised financial expenses came to NOK 103.5 million (NOK 114.2 million) for the third quarter.

Market interest rates rose somewhat during the third quarter, and the income element related to financial derivatives increased in value by NOK 63.5 million (decrease of NOK 130.6 million).

Pre-tax profit for the third quarter was NOK 17.7 million (loss of NOK 278.8 million). The change in non-payable deferred tax for the quarter was positive at NOK 3.8 million (NOK 16.8 million). Net profit was thereby NOK 21.5 million (loss of NOK 262.1 million).

### VALUATION OF PROPERTIES

Two independent external valuers have valued all the properties in the group's portfolio of offices based on the same methods and principles applied in previous periods. The accounting valuation at 30 September 2013 is based on an average of the two valuations.

At 30 September 2013, the group's portfolio of commercial properties was valued at NOK 14 444.1 million (NOK 14 523.4 million). Properties used by the owner are hereunder carried separately on the balance sheet in the amount of NOK 51.7 million at 30 September, and recognised at fair value.

The negative fair-value adjustment came to NOK 66.1 million (NOK 219 million) in the third quarter. The negative fair-value adjustment related primarily to properties with vacancy or a short remaining lease term. Viewed overall, fair-value development for other properties and development projects during the quarter was flat. The fair-value adjustment includes a gain of NOK 10 million on the sale of a small premises related to the Maridalsveien 323 property.

### CASH FLOW

Net cash flow from operating activities before financial items was negative at NOK 25.6 million (positive at NOK 99.4 million) for the third quarter.

Investment in non-current assets in the third quarter totalled NOK 320.7 million (NOK 117.4 million), and primarily embraced investments in the property portfolio related to the conversion of certain large properties. After receipts of NOK 410 million from redemption of the seller credit and the sale of investment properties, net positive cash flow from investing activities was NOK 89.3 million (negative at NOK 117.4 million).

<sup>3</sup> Figures in brackets refer to the corresponding period of the year before.

Net cash flow from financing activities was negative at NOK 13.5 million (NOK 430.7 million) for the quarter following the redemption of interest-bearing debt.

The net increase in cash and cash equivalents was NOK 50.1 million (net decrease of NOK 448.7 million) in the third quarter.

## BALANCE SHEET

The company held NOK 85.5 million in cash and cash equivalents at 30 September (31 December 2012: NOK 712 million). In addition came NOK 1 716 million (NOK 1 216 million) in unutilised credit facilities. Equity totalled NOK 5 113 million (NOK 5 393.7 million), representing an equity ratio of 34.7 per cent (33.5 per cent). Carried equity per share was NOK 9.32 (NOK 9.83). Equity per share based on the Epra standard was NOK 10.19 (NOK 11.15). Outstanding shares at 30 September totalled 548 425 596 (548 425 596).

## FINANCING

The table below presents interest-bearing debt and hedges at 30 September 2013.

Interest bearing debt and hedging as of 30 September 2013		30 September 2013
Interest bearing debt	NOK million	8 631.5
Vendor financing	NOK million	0.0
Cash and cash equivalents	NOK million	85.5
Interest hedging ratio, including vendor financing (%)	Per cent	97.1
Unused credit facilities	NOK million	1 716.0
Average time to maturity, hedging	Year	4.9
Average interest rate (incl. margin)	Per cent	5.17
Average margin	Per cent	1.41
Average residual term, borrowing	Year	2.9
Property value	NOK million	14 444.1
Interest bearing debt / value (LTV)	Per cent	59.8
Net interest bearing debt / value (net LTV)	Per cent	59.2
Net interest bearing debt deducting vendor financing / value (net LTV)	Per cent	59.2

## 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	436	823	750	1 550	1 100	4 000
Average interest rate	Per cent	1.5	3.2	3.2	3.7	4.3	4.5
Share of total liabilities	Per cent	5	10	9	18	13	46

In addition, the effect of interest rate swaps with a forward start date amounts to 26 basis points.

Norwegian Property has historically had a very high interest hedge ratio, and the effective hedge ratio was 97.1 per cent at 30 September. The increase in the interest hedge ratio from 31 December 2012 reflects the redemption of debt as a result of property sales and redemption of the seller credit. The company works continuously to tailor interest hedges to a lower level of interest rates.

## INTEREST-BEARING LIABILITIES

Interest-bearing liabilities after capitalised costs totalled NOK 8 631.5 million (NOK 9 421.7 million) at 30 September. In addition to scheduled repayments of interest-bearing liabilities, one of the group's loans related to certain Skøyen properties matures in December 2013.

## OPERATIONS

### COMMERCIAL PROPERTY MARKET

Growth in Norway's mainland GDP was 3.4 per cent in 2012, but is set to decline towards two per cent in 2013. The labour market survey from Statistics Norway also indicates a somewhat quieter trend with a stable development in employment, which could somewhat reduce growth in office demand. Following the completion of many new buildings in 2012 and early 2013, the trend for vacant space in Oslo as a whole has been rising slightly.

However, office vacancy in Oslo develops differently between the various business districts. While it is declining in the most attractive areas around Aker Brygge and Vika (the central business district), vacancy is stable or rising in less attractive locations such as Helsefyr, Brun, Økern and Ulven. Tenants remain selective over the location and quality of sought-after office premises. Willingness to pay remains high in the most attractive locations and for properties with the highest quality standards. The supply of offices over next few years will relate primarily to the completion of rehabilitated properties, while new building activity remains low. This still indicates that the rental market will remain strong and that the risk of declining rents is limited over the next few years.

Demand for offices in Stavanger continues to be driven by the high level of activity in the oil and gas sector. Certain oil companies appear to be considering the rate of growth in the level of investment for new production, but experience indicates that reduced direct capital spending prompts an increase in maintenance activity. Demand for office premises is accordingly expected to remain robust. New building activity remains high and provides competition for existing office premises.

Following an active first half in the transaction market, the third quarter was somewhat quieter. The availability of competitive financing is improving for many players, but financial institutions remain selective in their lending. Property companies and developers remain the most active buyer group. The biggest sellers are the life insurance companies, but the signals are that they are approaching the end of their portfolio adjustments. Foreigners are increasingly active, and have also conducted certain transactions.

### THE PROPERTY PORTFOLIO

Norwegian Property owned a total of 41 office and commercial properties at 30 September. These are located in central areas of Oslo and Bærum (78.4 per cent of gross current rental income at 30 September 2013), at Gardermoen (3.9 per cent of gross rental income) and in Stavanger (17.7 per cent of gross rental income). The group's properties primarily embrace offices with associated warehousing and parking, and commercial and restaurant space.

Total contractual rental income from the portfolio was NOK 685.6 million at 30 September 2013, an increase of NOK 3.6 million from NOK 681.9 million at 30 June. Vacancy in the property portfolio (areas not generating rental income) totalled 27.0 per cent of total space at 30 September 2013. Vacancy also includes expanded areas for rehabilitation projects that have not previously been included and is thus equivalent to a reduction from comparable 27.3 per cent at the end of June 2013. The buildings being converted at Aker Brygge and Skøyen had a vacancy of 83.3 per cent at 30 September 2013, compared with 82.7 per cent at 30 June. Vacancy for available space was 10.5 per cent at 30 September, down from 11.5 per cent at 30 June 2013. This increase primarily reflects the fact that some tenants have moved into Lysaker Torg 35.

A total of 26 new leases were awarded or renegotiated during the third quarter, with a combined annual value of about NOK 22.3 million. The average remaining term of the leases is 8.1 years. In the valuation of the property portfolio, today's

market rate for rents is estimated to be about 8.9 per cent higher than the average contractual rent. The average rent adjustment factor for the consumer price index is 97.6 per cent of the total portfolio.

## SHAREHOLDER INFORMATION

The company had 1 596 registered shareholders at 30 September, a reduction of 29 from 30 June. Non-Norwegian shareholders held 63.7 per cent of the share capital at 30 September 2013, compared with 62.7 per cent at 30 June. The number of shares traded during the third quarter averaged 0.3 million per day, compared with a 2012 average of 0.7 million per day. The company's share capital totalled NOK 274 223 416 at 30 September, divided between 548 446 832 shares with a par value of NOK 0.50 per share. Of these, Norwegian Property held 21 236 as treasury shares at 30 September. The largest shareholders registered with the Norwegian Central Securities Depository (VPS) at 30 September 2013 are presented below.

#	Name	Share (%)	No. of shares	Account type	Nationality
1	CANICA AS	10.80	59 208 232	ORD	NOR
2	FOLKETRYGDFONDET	9.16	50 220 030	ORD	NOR
3	STATE STREET BANK F	8.74	47 923 946	NOM	USA
4	THE BANK OF NEW YORK	4.97	27 283 505	NOM	USA
5	SKANDINAVISKA ENSKIL	4.92	27 003 862	NOM	SWE
6	CITIBANK NA S/A STICHTING PGGM	3.21	17 597 315	NOM	NLD
7	THE BANK OF NEW YORK	2.80	15 335 130	NOM	USA
8	STATE STREET BANK &	2.47	13 542 013	NOM	USA
9	BNP PARIBAS SECS SER	2.47	13 521 740	NOM	LUX
10	MERRILL LYNCH	2.01	11 040 859	NOM	GBR
11	FONDSFINANS SPAR	1.84	10 100 000	ORD	NOR
12	STATE STREET BANK	1.70	9 305 606	NOM	USA
13	BNP PARIBAL	1.52	8 350 980	NOM	GBR
14	ILMARINEN MUTUAL PEN	1.50	8 225 409	ORD	FIN
15	STATE STREET BANK	1.36	7 477 300	NOM	IRL
16	VERDIPAPIRFONDET DNB	1.35	7 423 461	ORD	NOR
17	VERDIPAPIRFONDET DNB	1.34	7 353 236	ORD	NOR
18	JP MORGAN CHASE	1.14	6 238 931	NOM	GBR
19	THE BANK OF NEW YORK	1.08	5 927 083	NOM	USA
20	STATE STREET BANK	1.02	5 669 838	NOM	GBR
<b>Total 20 largest shareholders</b>		<b>65.41</b>	<b>358 748 473</b>		<b>5/20 NOR</b>

## ORGANISATION

Bjørn Holm (52) joined Norwegian Property on 1 October as director of development. Holm has long and relevant experience of project development, managing project organisations and project execution, most recently as head of projects and development at Entra Eiendom AS.

## OUTLOOK

Signs can be seen of a certain slowing down in the Norwegian economy, and thereby a rather more stable trend for employment than earlier expected. However, low new building activity implies stable or declining vacant space, which indicates in turn stable development in the letting market and limited risk of a fall in rents. Some improvement in capital availability and a robust transaction market also suggest a stable trend for the value of commercial property

Norwegian Property focuses on high-quality properties close to traffic hubs in the most central and attractive areas of Oslo and Stavanger. The group is pursuing a substantial investment programme with its properties, particularly at Aker Brygge and Skøyen, in order to modernise its property portfolio and meet the requirements of the best-paying tenants for new premises. Tenant requirements for premises are increasingly characterised by a concentration on high quality, functionality and energy efficiency. The company is currently involved in its most demanding project phase, with parallel rehabilitation projects in four of its largest properties (Stranden 1, Stranden 3, Stranden 5 and Drammensveien 134, buildings 1-4). Upgrading and conversion work is also under way at several of the company's other projects. The amount of space not generating rental income was accordingly substantially higher at 30 September 2013 than it has been historically. At the same time, however, leases have been awarded for many of the converted premises.

The company has worked systematically in recent years to strengthen its financial position. In a demanding financial market, a sound balance sheet secures access to competitive external capital and the ability to execute the group's rehabilitation projects.

Norwegian Property is paying close attention to project execution and management. At the same time, leasing vacant space in the portfolio and premises being completed in connection with the extensive upgrading projects is the top priority. The company's financial results will be affected for a time by strategic vacancy and completion of the development projects.

**The board of directors of Norwegian Property ASA**

Oslo, 23 October 2013



## FINANCIAL INFORMATION

### CONSOLIDATED CONDENSED INCOME STATEMENT

Amounts in NOK million	Note	3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
<b>Gross income</b>		<b>172.0</b>	226.7	600.2	702.3	925.0
Maintenance and other operating expenses		-18.8	-20.1	-47.4	-48.9	-60.5
Other property-related expenses		-13.7	-4.8	-40.7	-31.5	-41.8
<b>Total property-related expenses</b>		<b>-32.5</b>	<b>-24.9</b>	<b>-88.0</b>	<b>-80.4</b>	<b>-102.3</b>
Administrative expenses		-15.9	-16.8	-46.7	-49.3	-72.2
<b>Total operating expenses</b>		<b>-48.4</b>	<b>-41.7</b>	<b>-134.7</b>	<b>-129.7</b>	<b>-174.5</b>
<b>Operating profit before value adjustments</b>		<b>123.7</b>	<b>185.0</b>	<b>465.6</b>	<b>572.6</b>	<b>750.4</b>
Change in market value of investment property	3	-66.1	-219.0	-507.9	-226.7	-70.7
<b>Operating profit</b>		<b>57.6</b>	<b>-34.0</b>	<b>-42.4</b>	<b>345.9</b>	<b>679.7</b>
Financial income	2	4.9	9.3	19.7	30.9	40.3
Financial cost	2	-108.4	-123.5	-332.3	-388.3	-513.2
<b>Realized net financial items</b>		<b>-103.5</b>	<b>-114.2</b>	<b>-312.6</b>	<b>-357.4</b>	<b>-472.9</b>
Change in market value of financial derivative instruments	2, 4	63.5	-130.6	136.9	-220.8	-225.5
<b>Net financial items</b>		<b>-39.9</b>	<b>-244.8</b>	<b>-175.7</b>	<b>-578.2</b>	<b>-698.4</b>
<b>Profit before income tax</b>		<b>17.7</b>	<b>-278.8</b>	<b>-218.0</b>	<b>-232.3</b>	<b>-18.7</b>
Income tax	7	3.8	16.8	43.8	-54.4	-106.2
<b>Profit for the period</b>		<b>21.5</b>	<b>-262.1</b>	<b>-174.2</b>	<b>-286.6</b>	<b>-124.9</b>
Profit attributable to non-controlling interests		-	-	-	-	-
<b>Profit attributable to controlling interests</b>		<b>21.5</b>	<b>-262.1</b>	<b>-174.2</b>	<b>-286.6</b>	<b>-124.9</b>
Gain/loss on financial derivative instruments	4	-	-	-	-1.7	-1.7
Income tax related to comprehensive income	7	-	-	-	0.5	0.5
Value adjustment of owner-occupied property	3	-0.9	3.4	3.2	3.7	2.2
<b>Total other comprehensive income</b>		<b>-0.9</b>	<b>3.4</b>	<b>3.2</b>	<b>2.5</b>	<b>0.9</b>
<b>Total comprehensive income</b>		<b>20.6</b>	<b>-258.7</b>	<b>-171.0</b>	<b>-284.1</b>	<b>-123.9</b>
Total comprehensive income attributable to controlling interests		20.6	-258.7	-171.0	-284.1	-123.9
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-

## CONSOLIDATED CONDENSED BALANCE SHEET

Amounts in NOK million	Note	30.09.2013	30.09.2012	31.12.2012
<b>ASSETS</b>				
Financial derivative instruments	4	8.2	5.0	5.1
Investment property	3	14 392.4	14 491.8	14 113.2
Owner-occupied property	3	51.7	31.6	45.5
Other fixed assets		63.3	15.5	18.7
Receivables	6	-	400.0	400.0
<b>Total non-current assets</b>		<b>14 515.6</b>	<b>14 943.9</b>	<b>14 582.6</b>
Financial derivative instruments	4	-	0.1	-
Receivables	6	114.0	339.1	103.6
Cash and cash equivalents	6	85.5	233.5	712.0
Assets held for sale	3	-	-	693.7
<b>Total current assets</b>		<b>199.5</b>	<b>572.7</b>	<b>1 509.3</b>
<b>Total assets</b>		<b>14 715.1</b>	<b>15 516.6</b>	<b>16 091.9</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		274.2	249.3	274.2
Share premium		3 412.2	3 047.9	3 412.2
Other paid in equity		6 440.1	6 440.1	6 440.1
Retained earnings		-5 013.5	-4 893.1	-4 732.8
<b>Total equity</b>		<b>5 113.0</b>	<b>4 844.2</b>	<b>5 393.7</b>
Deferred tax	7	173.1	168.9	217.0
Financial derivative instruments	4	585.1	829.2	767.1
Interest bearing liabilities	6	7 673.4	9 385.2	8 443.0
<b>Total non-current liabilities</b>		<b>8 431.6</b>	<b>10 383.2</b>	<b>9 427.1</b>
Financial derivative instruments	4	1.9	0.2	4.4
Interest bearing liabilities	6	958.2	46.8	978.7
Other liabilities		210.5	242.3	288.1
<b>Total current liabilities</b>		<b>1 170.5</b>	<b>289.2</b>	<b>1 271.1</b>
<b>Total liabilities</b>		<b>9 602.1</b>	<b>10 672.4</b>	<b>10 698.2</b>
<b>Total equity and liabilities</b>		<b>14 715.1</b>	<b>15 516.6</b>	<b>16 091.9</b>

## CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Total equity
<b>Total equity 31.12.2011</b>	<b>249.3</b>	<b>3 048.2</b>	<b>6 440.1</b>	<b>1.2</b>	<b>-4 510.4</b>	<b>5 228.4</b>
Total comprehensive income	-	-	-	-1.2	-282.9	-284.1
Paid dividends	-	-	-	-	-99.7	-99.7
Treasury shares	-	-0.3	-	-	-	-0.3
<b>Total equity 30.09.2012</b>	<b>249.3</b>	<b>3 047.9</b>	<b>6 440.1</b>	<b>-</b>	<b>-4 893.1</b>	<b>4 844.2</b>
Total comprehensive income	-	-	-	-	160.2	160.2
Capital increase	24.9	373.9	-	-	-	398.8
Cost of private placement, net after tax (28 %)	-	-9.6	-	-	-	-9.6
<b>Total equity 31.12.2012</b>	<b>274.2</b>	<b>3 412.2</b>	<b>6 440.1</b>	<b>-</b>	<b>-4 732.8</b>	<b>5 393.7</b>
Total comprehensive income	-	-	-	-	-171.0	-171.0
Paid dividends	-	-	-	-	-109.7	-109.7
<b>Total equity 30.09.2013</b>	<b>274.2</b>	<b>3 412.2</b>	<b>6 440.1</b>	<b>-</b>	<b>-5 013.5</b>	<b>5 113.0</b>

## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW

Amounts in NOK million	Note	3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Profit before income tax		17.7	-278.8	-218.0	-232.3	-18.7
Depreciation of tangible assets		1.4	0.6	4.3	1.6	4.5
Fair value adjustment of investment property	3	66.1	219.0	507.9	226.7	70.7
Fair value adjustment of financial derivative instruments	4	-83.9	130.6	-187.5	177.4	119.6
Agio/disagio		0.3	-0.4	-0.1	1.3	2.7
Change in short-term items		-27.2	28.4	-84.3	-20.4	64.4
<b>Net cash flow from operating activities</b>		<b>-25.6</b>	<b>99.4</b>	<b>22.2</b>	<b>154.3</b>	<b>243.2</b>
Received cash from sale of investment property		10.0	-	704.1	1 897.1	1 897.6
Payments for purchase and development of investment property		-320.7	-117.4	-847.8	-992.6	-1 175.1
Other investment activities		400.0	-	400.0	-	200.0
<b>Net cash flow from investing activities</b>		<b>89.3</b>	<b>-117.4</b>	<b>256.3</b>	<b>904.4</b>	<b>922.4</b>
Net change of interest bearing debt	6	-13.5	-430.7	-795.4	-739.7	-752.1
Capital increase		-	-	-	-	385.5
Paid dividend		-	-	-109.7	-99.7	-99.7
Other financing activities		-	-	-	-0.3	-0.3
<b>Net cash flow from financial activities</b>		<b>-13.5</b>	<b>-430.7</b>	<b>-905.1</b>	<b>-839.7</b>	<b>-466.6</b>
<b>Net change in cash and cash equivalents</b>		<b>50.1</b>	<b>-448.7</b>	<b>-626.6</b>	<b>219.1</b>	<b>699.1</b>
Cash and cash equivalents at the beginning of the period		35.8	681.8	712.0	15.6	15.6
Exchange rate effects		-0.3	0.4	0.1	-1.3	-2.7
<b>Cash and cash equivalents at the end of the period</b>		<b>85.5</b>	<b>233.5</b>	<b>85.5</b>	<b>233.5</b>	<b>712.0</b>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### NOTE 1 GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Norwegian Property ASA is a real estate group, established in 2006. The group owns commercial properties in Oslo and Stavanger. The holding company, Norwegian Property ASA, is a public limited company with its headquarters in Bryggegata 9, Oslo (Norway). The company's shares are listed on the Oslo Stock Exchange under the ticker NPRO.

This interim report is prepared in accordance with IAS 34 - Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting policies used in preparing the interim report is in accordance with the principles applied in the preparation of the annual accounts for 2012. The interim report presents condensed financial statements, and do not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2012. There are no significant changes in accounting policies compared with those used when preparing the financial statements for 2012.

The financial statements include Norwegian Property ASA and subsidiaries. Sold properties are included in the accounts until the completion of the transactions. Acquired properties are included in the financial statements from the acquisition.

Norwegian Property's business consists of ownership and management of commercial properties in Norway. No material differences in risks and returns exist in the economic environments in which the company operates. Consequently, the company is only present in one business segment and one geographic market, and no further segment information has been prepared.

Management makes estimates and assumptions concerning the future. The accounting estimates will by definition seldom be fully in accordance with the final outcome. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are primarily related to the valuation of investment property.

The interim report of Norwegian Property ASA was approved at a Board meeting on 23 October 2013. This report has not been audited.

### NOTE 2 NET FINANCIAL ITEMS

Below is a breakdown of net financial items in the income statement.

Amounts in NOK million	3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Interest income on bank deposits	0.9	1.8	5.0	8.4	11.8
Interest income on seller's credit	4.6	7.5	14.6	22.5	28.5
Currency gain on bank deposits	-	-	0.1	-	-
<b>Total financial income</b>	<b>5.5</b>	<b>9.3</b>	<b>19.7</b>	<b>30.9</b>	<b>40.3</b>
Interest expense on borrowings	-108.6	-123.9	-332.3	-387.0	-510.5
Currency loss on bank deposits	-0.3	0.4	-	-1.3	-2.7
<b>Total financial cost</b>	<b>-108.9</b>	<b>-123.5</b>	<b>-332.3</b>	<b>-388.3</b>	<b>-513.2</b>
<b>Realized net financial items</b>	<b>-103.5</b>	<b>-114.2</b>	<b>-312.6</b>	<b>-357.4</b>	<b>-472.9</b>
Change in market value of financial derivative	63.5	-130.6	136.9	-220.8	-225.5
<b>Net financial items</b>	<b>-39.9</b>	<b>-244.8</b>	<b>-175.7</b>	<b>-578.2</b>	<b>-698.4</b>

### NOTE 3 INVESTMENT PROPERTY

Changes in the carrying amount of investment property is specified in the table below.

Amounts in NOK million	Note	3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Total value of investment property, opening balance		14 206.6	14 621.9	14 852.5	15 655.0	15 655.0
Disposals of properties at book value	1	-	-	-693.7	-1 893.4	-1 893.4
Additions through acquisition and on-going investments of properties		314.7	117.3	799.7	987.8	1 164.7
Total fair value adjustment of investment property		-66.1	-219.0	-507.9	-226.7	-70.7
Fair value adjustment of properties sold	1	-10.0	-	-8.9	-2.4	-4.4
Fair value adjustment of owner-occupied property		-1.2	3.3	2.5	3.3	1.4
<b>Total value of investment property, ending balance</b>		<b>14 444.1</b>	<b>14 523.4</b>	<b>14 444.1</b>	<b>14 523.5</b>	<b>14 852.5</b>
Of which investment property held for sale	2	-	-	-	-	-693.7
<b>Total book value for all properties</b>		<b>14 444.1</b>	<b>14 523.4</b>	<b>14 444.1</b>	<b>14 523.5</b>	<b>14 158.7</b>
Owner-occupied property	3	-51.7	-31.6	-51.7	-31.6	-45.5
<b>Book value of investment property</b>		<b>14 392.4</b>	<b>14 491.8</b>	<b>14 392.4</b>	<b>14 491.9</b>	<b>14 113.2</b>

1) Disposals in 2013 applies to Drammensveien 149 and a smaller area in connection with the Maridalsveien 323 property. Similarly for 2012 apply to Ibsenkvartalet (C. J. Hambros Plass 2) and Middelthunsgate 17.

2) In 2012, Norwegian Property received an indicative offer for the property Drammensveien 149 at Skøyen in Oslo. In February 2013, Norwegian Property entered into an agreement to sell the property. The transaction includes the existing property that Norwegian Property acquired in connection with the establishment of the group in 2006, and the neighboring property acquired in 2012. The sales value amounts to NOK 693.7 million. At the end of 2012, the property was valued at estimated realizable value and classified as assets held for sale.

3) Owner-occupied property is accounted for at fair value and revaluation is included in other comprehensive income.

### NOTE 4 FINANCIAL DERIVATIVES

Change in net derivatives in the balance sheet (interest rate and currency derivatives) is specified in the table below.

Amounts in NOK million	3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Net book value of derivatives, opening balance	-662.8	-693.6	-766.4	-645.1	-645.1
Fair value adjustments of derivatives, included as hedge accounting	-	-	-	-1.7	-1.7
Buyout of derivatives, not included as hedge accounting	20.4	-	50.6	43.3	105.9
Net fair value adjustments of derivatives, not included as hedge accounting	63.5	-130.6	136.9	-220.8	-225.5
<b>Net book value of derivatives, ending balance</b>	<b>-578.8</b>	<b>-824.2</b>	<b>-578.8</b>	<b>-824.2</b>	<b>-766.4</b>
Of which classified as non-current assets	8.2	5.0	8.2	5.0	5.1
Of which classified as current assets	-	0.1	-	0.1	-
Of which classified as non-current liabilities	-585.1	-829.2	-585.1	-829.2	-767.1
Of which classified as current liabilities	-1.9	-0.2	-1.9	-0.2	-4.4

## NOTE 5 FINANCIAL INSTRUMENTS

Book value and fair value of financial instruments are specified in the table below.

Amounts in NOK million	30.09.2013		30.09.2012	
	Book value	Fair value	Book value	Fair value
Non-current derivatives	8.2	8.2	5.0	5.0
Non-current receivables	-	-	400.0	417.4
Current derivatives	-	-	0.1	0.1
Current receivables	56.5	56.5	270.7	271.3
Cash and cash equivalents	85.5	85.5	233.5	233.5
<b>Total financial assets</b>	<b>150.2</b>	<b>150.2</b>	<b>909.3</b>	<b>927.3</b>
Non-current derivatives	585.1	585.1	829.2	829.2
Non-current interest-bearing liabilities	7 673.4	7 649.2	9 385.2	9 272.4
Current derivatives	1.9	1.9	0.2	0.2
Current interest-bearing liabilities	958.2	956.1	46.8	41.2
Other current liabilities	174.5	174.5	207.2	207.2
<b>Total financial liabilities</b>	<b>9 393.1</b>	<b>9 366.8</b>	<b>10 468.4</b>	<b>10 350.0</b>

Estimated fair value of financial instruments is based on market prices and valuation methods. For cash and cash equivalents, fair value is assumed to be equal to the book value. Interest-bearing receivables and liabilities are measured at the present value of future cash flows. It is taken into account the estimated difference between the current margin and market conditions (lower market value than book value of debt in the listing indicates a positive equity effect when applicable borrowing margin is more favorable than the current market conditions). Fair value of financial derivatives, including forward currency contracts swaps and interest rate swaps, is the estimated present value of future cash flows, calculated by using quoted swap curves and exchange rates at the balance sheet date. The technical calculations are performed by the banks. Other receivables and other current liabilities are principally carried at fair value and subsequently measured at amortized cost. However, discounting is usually not considered to have any significant effect on this type of assets and liabilities.

Financial instruments at fair value through profit or loss are specified in the table below, by valuation method.

Amounts in NOK million	30.09.2013			
	Level 1	Level 2	Level 3	Total
Non-current derivatives (assets)	-	8.2	-	8.2
Current derivatives (assets)	-	-	-	-
Non-current derivatives (liabilities)	-	-585.1	-	-585.1
Current derivatives (liabilities)	-	-1.9	-	-1.9
<b>Total</b>	-	<b>-578.8</b>	-	<b>-578.8</b>

Amounts in NOK million	30.09.2012			
	Level 1	Level 2	Level 3	Total
Non-current derivatives (assets)	-	5.0	-	5.0
Current derivatives (assets)	-	0.1	-	0.1
Non-current derivatives (liabilities)	-	-829.2	-	-829.2
Current derivatives (liabilities)	-	-0.2	-	-0.2
<b>Total</b>	-	<b>-824.2</b>	-	<b>-824.2</b>

Level 1: Observable market value for similar assets or liabilities, Level 2: Significant other observable inputs for similar assets, Level 3: Significant other unobservable inputs.

## NOTE 6 NET INTEREST BEARING POSITION

Change in the net interest-bearing position is specified in the table below.

Amounts in NOK million	Note	3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Loan facilities at par value, opening balance		8 672.8	9 897.8	9 454.7	9 909.1	10 206.8
Increase of loan facilities		500.0	-	500.0	-	1 344.0
Reduction of loan facilities		-513.6	-430.7	-1 295.5	-442.0	-2 096.1
<b>Loan facilities at par value, ending balance</b>		<b>8 659.2</b>	<b>9 467.1</b>	<b>8 659.2</b>	<b>9 467.1</b>	<b>9 454.7</b>
Capitalized borrowing cost		-27.7	-35.2	-27.7	-35.2	-33.0
<b>Book value of interest-bearing debt</b>		<b>8 631.5</b>	<b>9 431.9</b>	<b>8 631.5</b>	<b>9 431.9</b>	<b>9 421.7</b>
Of which classified as non-current liabilities		7 673.4	9 385.2	7 673.4	9 385.2	8 443.0
Of which classified as current liabilities		958.2	46.8	958.2	46.8	978.7
Interest-bearing debt	1	-8 631.5	-9 431.9	-8 631.5	-9 431.9	-9 421.7
Interest-bearing receivable (seller's credit)	2	-	600.0	-	600.0	400.0
Cash and cash equivalents		85.5	233.5	85.5	233.5	712.0
<b>Net interest-bearing position</b>		<b>-8 546.0</b>	<b>-8 598.4</b>	<b>-8 546.0</b>	<b>-8 598.4</b>	<b>-8 309.7</b>

1) Undrawn credit facilities totaled NOK 1 716 million at 30 September 2013 and NOK 1 216 million 31 December 2012 and 30 September 2012

2) In connection with the sale of Norgani Hotels in 2010 it was granted an interest bearing seller's credit of NOK 600 million to the buyer, with a fixed annual interest rate of 5 percent and maturity of two years from the date of sale of NOK 200 million (repaid in 2012) and five years of NOK 400 million (maturing in 2015). In September 2013, Norwegian Property ASA entered into an agreement to sell all shares in the subsidiary Oslo Properties AS. Oslo Properties AS was the owner of the seller's credit from the sale of Norgani Hotels in 2010. The seller's credit was repaid in September 2013, after entering into an agreement for the sale of Oslo Properties AS. Implementation of the share sale are planned in the fourth quarter of 2013 and gains included in net operating income from the sale will amount to approximately NOK 4 million and the recognition of tax positions as income tax expense related to the company will amount to approximately NOK 17 million.

The group is exposed to interest rate risk on floating rate borrowings. The policy of Norwegian Property is a minimum of 70 percent of the company's floating rate loans must be secured. As of 30.09.2013 was 97.1 percent of such loans secured (30.09.2012: 85.1 percent). To reduce interest rate risk, the group has entered into interest rate swap agreements totaling 8323 million (30.09.2012: 8 420 million). The total average margin on variable rate loans was 141 basis points (30.09.2012: 121 basis points). The loan portfolio has an average interest rate of 5.17 percent [30.09.2012: 5.02 percent). Average remaining maturity of hedging contracts was 4.90 years (30.09.2012: 5.65 years).

## NOTE 7 DEFERRED TAX AND INCOME TAX

Below is a breakdown of income tax in the income statement and deferred tax liabilities in the balance sheet.

Amounts in NOK million	Note	3Q 2013	3Q 2012	YTD 2013	YTD 2012	Year 2012
Profit before income tax		17.7	-278.8	-218.0	-232.3	-18.7
Income tax calculated at 28 per cent		4.9	-78.1	-61.1	-65.0	-5.2
Deferred tax asset not capitalized	1	6.8	61.3	37.5	63.5	61.6
Permanent differences		-15.5	-	-20.3	55.9	49.8
<b>Income tax</b>		<b>-3.8</b>	<b>-16.8</b>	<b>-43.8</b>	<b>54.3</b>	<b>106.2</b>
Deferred tax, opening balance		177.0	185.6	217.0	115.0	115.0
Recognized through profit and loss		-3.8	-16.8	-43.8	54.3	106.2
Tax on financial derivatives recognized through comprehensive income		-	-	-	-0.5	-0.5
Tax on issue expense charged to equity		-	-	-	-	-3.7
<b>Deferred tax, ending balance</b>		<b>173.1</b>	<b>168.9</b>	<b>173.1</b>	<b>168.9</b>	<b>217.0</b>

1) Relates primarily to deferred tax assets in connection with investment property, which is not recognized when the fair value is greater than the taxable value but lower than cost for the group.

**NOTE 8 RELATED-PARTY DISCLOSURES**

In February 2013, Norwegian Property sold the property Drammensveien 149 to Orkla Eiendom AS (see Note 3). Chairman of Norwegian Property ASA, Nils Selte, is CFO of Canica AS. Canica AS is the largest shareholder in both Norwegian Property ASA and Orkla ASA. Nils Selte has not participated in the Board discussions or Board decisions relating to the sale.

A subsidiary of Norwegian Property ASA, Aker Brygge AS, is in the period 2013 to 2015 subletting offices from Canica AS in the property Dronning Maudsgate 1-3 in Oslo. Aker Brygge is subletting the space to a tenant that has temporarily moved from Aker Brygge due to the ongoing refurbishment projects. Annual rent for Aker Brygge AS is approximately NOK 6 million which is in line with the amount Canica AS is paying to the landlord. Aker Brygge AS receives rent from the tenant in line with the previous rent at Aker Brygge.

**NOTE 9 EVENTS AFTER THE BALANCE SHEET DATE**

There are no significant events after 30 September 2013 that provides information of conditions that existed at the balance sheet date resulting in adjustments of the financial statements, or events after the balance sheet date that do not require such adjustments.



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For further information on Norwegian Property, including presentation material relating to this interim report and financial information, please visit [www.npro.no](http://www.npro.no).

### DISCLAIMER

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