



NORWEGIAN PROPERTY



REPORT FOR THE  
FOURTH QUARTER - 2007



## HIGHLIGHTS FOR THE QUARTER

- Rental income was NOK 450.2 million in the fourth quarter of 2007 (NOK 202.5 million in the same quarter in 2006) and profit before tax was NOK 111.4 million (NOK 522.4 million). Net asset value per share (EPRA) was NOK 70.84.
- Norwegian Property is operating in strong markets. Overall office vacancy in Oslo is now at 4% and still decreasing. Strong rental increases is seen both in Stavanger and Oslo. The hotel markets in the Nordic region are strong with RevPAR growth between 7 and 13%.
- External valuation completed for all hotels in Norgani. Total value of hotel portfolio is NOK 10.700 million compared to NOK 9.034 at the end of September. NOK 850 million of the increase is related to the four hotels acquired in October 2008. Total value for the office portfolio before tax adjustments was NOK 20 778 million implying a fair value adjustment of NOK 93 million in the fourth quarter.
- Divestment process of non-core assets is proceeding according to plan. Agreements are entered regarding sale of 5 non-core office properties with a property value of NOK 1.1 bn. Process is ongoing regarding sale of 20 hotels with gross rental income of NOK 140.9 million.
- The Board of Directors will propose a dividend of NOK 2,50 per share for 2007 to the general assembly in May.

## NORWEGIAN OFFICES - MARKET

The international financial and macroeconomic turmoil has so far had limited impact on the Norwegian economy. Employment continues to rise, even though unemployment is approaching record low levels. Only a limited amount of new office space will be available in the market over the next few years. Demand however continue to be strong fuelled by rising employment, thus driving vacancy levels for the larger Oslo down to around 4% at the end of 2007. In central areas (CBD) vacancy does virtually not exist. Rents thus continue to increase. Akershus Eiendom, an independent commercial property advisor, cooperating with Jones Lang LaSalle, forecasts that vacancy will reach 2.5% in 2009. Rents are expected to continue to increase.

The market for property transactions has slowed somewhat down as a consequence of the increase in long term interest rates and the credit turmoil, however to a lesser extent than in other countries. There are some tendencies to increasing yield requirements on less attractive properties and properties with long term leases.

## ACCOUNTING PRINCIPLES AND CONSOLIDATED ENTITIES

The fourth quarter report has been prepared in accordance with IAS 34 – Interim Financial Reporting. The quarterly result has been prepared in accordance with the current IFRS-standards and interpretations. The accounting policies applied in the preparation of the quarterly result are consistent with the principles applied in the financial statements for 2006.

In the consolidated group accounts Oslo Properties and Norgani Hotels have been included from 24 September 2007. The P&L is adjusted for revenues and expenses related to the period before the acquisition.

Norgani's acquisitions of four hotels (Scandic Alvik, Scandic Hasselbacken, Radisson SAS Linköping and Hotell Bastion) were closed on October 1, and the four hotels are fully consolidated in the fourth quarter.

Norwegian Property entered agreements to sell Mauritz Kartevolds plass 1 and Kokstadveien 23 in the fourth quarter. Both properties were included in the P&L for the full quarter, whereas the sale of Kokstadveien 23 was concluded at the end of the fourth quarter.

## KEY NUMBERS

		4th Quarter 01.10 - 31.12		Year to date 01.01 - 31.12.07 / 09.06 - 31.12.06	
		2007	2006	2007	2006
<b>Profit and loss</b>					
Gross rent	NOK million	450.2	202.5	1 195.7	414.8
Operating profit	NOK million	474.8	563.8	2 255.5	745.0
Operat. prof. ex. fair value adj.	NOK million	382.1	170.6	1 036.3	351.7
Profit before tax	NOK million	111.4	522.4	1 650.6	539.5
Net profit	NOK million	81.7	378.6	1 189.9	390.9
<b>Balance sheet</b>					
Market value of investment portfolio	NOK million	31 113.9	13 919.6		
Market value of total prop. portfolio		31 113.9	18 057.0		
Equity	NOK million	6 830.9	5 373.2		
Interest bearing debt	NOK million	23 267.5	10 977.6		
- of which hedged	NOK million	16 040.2	9 936.0		
Interest bearing debt, incl. liability to acquire shares in Oslo Properties AS	1) NOK million	24 863.3	10 977.6		
Equity %	%	20.1 %	31.8 %		
Pre tax return on equity (annualised)	%	6.5 %	77.8 %	55.1 %	35.8 %
<b>Cash flow</b>					
Operational cash flow	NOK million	363.0	43.8	1 005.3	499.6
Cash position	NOK million	635.5	1 252.5		
<b>Key numbers, shares</b>					
No. of shares issued	Million	105.5	98.5		
Average number of shares in period	Million	105.5	85.4	103.8	75.7
Pre tax profit per share	NOK	1.06	6.12	15.90	7.13
Basic earnings per share (EPS)	2) NOK	0.77	4.43	11.46	5.16
Operating cash flow per share	NOK	3.44	0.51	9.68	6.60
Interest bearing debt per share	NOK	220.58	111.43		
Book value per share	NOK	63.20	54.09		
Deferred property tax per share	NOK	22.18	3.65		
Goodwill per share	NOK	(10.10)	-		
Financial derivative instr. per share	NOK	(4.45)	(1.21)		
Net asset value per share (EPRA)	3) NOK	70.84	56.53		

1) Norwegian Property ASAs interest bearing liability (put/call option agreement) to acquire shares in Oslo Properties AS.

NOK 1 120 million plus accrued interest may be settled with shares in Norwegian Property ASA at the discretion of Norwegian Property.

2) Diluted earnings per share are the same as the basic earnings per share.

3) Ordinary book value of equity (excl. minority interests) per share adjusted for deferred property tax-, goodwill- and financial derivative instr. per share.

Deferred property tax per share include both ordinary deferred tax related to properties and tax compensation at purchase (accounted for as a reduction of investment properties). Goodwill per share is calculated from the single item in the balance sheet, while financial derivative instr. per share is calculated based on the asset and liability items (market values of interest-/exchange rate swap contracts and similar) in the balance sheet after tax.

## RESULT

The report for the fourth quarter 2007 includes the operation of 58 commercial properties (investment properties), 73 hotels and one conference center in Norgani Hotels for the full quarter. In addition Norwegian Property had one development property, Aker Hus at Fornebu, which was completed in November and reclassified to investment property. Gross rental income for the fourth quarter was NOK 450.2 million (NOK 202.5 million in the same period in 2006). In addition Norwegian Property has received rental payments for Aker Hus (NOK 6.5 million) and payments under rental guarantees (NOK 3.9 million) totalling NOK 10.4 million in the fourth quarter, which are not included in the P&L.

Maintenance and property related expenses for the quarter were NOK 35.4 million (NOK 11.0 million) corresponding to 7.9 % of gross rental income. The increase reflects the acquisition of Norgani. Group and administrative expenses were NOK 32.7 million (NOK 20.9 million), somewhat higher than normalised administrative expenses and reflect the integration of Norgani. Operating profit before value adjustment was NOK 382.1 million (NOK 170.6 million).

DTZ Realkapital has for the office portfolio, based on the same methods and principles as in the previous quarters, performed an external and independent valuation of properties. Continued increases in the market rents have contributed to an increase in values, whereas increasing entrepreneurial costs (maintenance and operation of the properties) and a selective increase in some of the discount factors have had a negative effect on the values. The company has carried out independent assessments of the parameters which affect the value of the group's properties, including development in interest rates, market rents, occupancy and yield requirements on similar transactions. Based on these considerations the Company has applied DTZ's valuation. Total value of the Group's portfolio of investment properties after adjustment for deferred tax was thus NOK 20,413 million as of 31 December 2007. NOK 92.7 million (NOK 393.2 million) in gain from fair value adjustment of investment properties has been realised in the fourth quarter, of which NOK 81.7 million is related to the reclassification of the Aker Hus project from development project to investment property.

The hotel portfolio has been externally valued by DTZ Realkapital and Maakanta (see separate description of this revaluation). The full revaluation has been recognised in the purchase consideration, and consequently there is no gain/loss from fair value adjustments of the hotel portfolio in the fourth quarter.

Net financial items were NOK -372.7 million (NOK -41.4 million) in the fourth quarter. Net financial items include NOK -45.5 million (NOK 106.3 million) relating to negative changes in market value of financial derivatives. Interest expenses relating to the acquisition financing of Norgani Hotels / Oslo Properties was NOK 65.7 million. Financial costs include NOK 3.6 million relating to interest expenses on Aker Hus prior to completion.

Profit before tax for the fourth quarter was NOK 111.4 million (NOK 522.4 million). The result has been charged with NOK 29.7 million in tax (NOK 143.8 million), primarily relating to deferred tax, which does not have any cash flow impact. Ordinary profit for the period was thus NOK 81.7 million (NOK 378.6 million).

## CASH FLOW

Net cash from operating activities was NOK 363.0 million (NOK 43.8 million) in the fourth quarter. Net cash flow from investing activities was NOK -2,890.4 million and mainly relates to the settlement of the acquisitions of Norgani Hotels and the settlement of the four hotels acquired by Norgani in October. Ordinary capital expenditures relating to the group's investment properties (offices) were NOK 8.0 million and to the hotel portfolio NOK 0.4 million in the fourth quarter.

## BALANCE SHEET

Cash and cash equivalents as of 31 December 2007 were NOK 635 million (NOK 1,252 million at the end of fourth quarter last year). In addition the group had NOK 300 million in unused committed credit facilities. Total equity was NOK 6,831 million (NOK 5,373 million), corresponding to an equity ratio of 20.1 % (31.8 %). After deduction of minority interests the Net Asset Value per share was NOK 63.20 (NOK 54.09). Net Asset Value based on EPRA's standard was NOK 70.84 (NOK 56.53).

In the purchase consideration on Norgani deferred tax has been calculated according to IFRS on the difference between carry value and tax value at the time of acquisition (NOK 1 126 million). As a consequence a residual value of NOK 1 065 million is allocated to goodwill (see note 1). The decomposition of deferred tax liability is described in the table below:

Deferred tax properties (on fair value adjustments)	1 975
- Deferred tax asset from carry forward losses	- 453
<b>Deferred tax liability</b>	<b>1 522</b>
<b>Deferred tax liability (booked as reduction on investment property)</b>	<b>365</b>

## FINANCING

Total consolidated interest bearing debt as of 31 December 2007 was NOK 23,267 million (NOK 10,977 million). In addition Norwegian Property had a potential liability to acquire shares in Oslo Properties AS (OPAS) based on put / call options. The discounted value of this obligation was NOK 1,596 million. NOK 16,040 million (NOK 8,027 million) of the interest bearing debt has been hedged, corresponding to a hedging ratio of 69%. Average interest for the interest bearing debt (including the bank acquisition financing in Oslo Properties) was 5.40% and average loan margins on the same debt is 76 basis points.

<b>Interest bearing debt and hedging, 31 December 2007</b>	<b>Norwegian Property</b>	<b>Norgani</b>	<b>Property financing</b>	<b>OPAS – acquisition financing</b>	<b>Incl. bank acquisition financing</b>
Total interest bearing debt (NOK million)	14 477	6 920	21 367	1 900	23 267
- Of which hedged (NOK million)	11 375	4 665	16 040	0	16 040
Hedging ratio (%)	79 %	67 %	75 %	0 %	69 %
Cash and cash equivalents	586	6	592	47	639
Effective hedging ratio including cash (%)	81 %	68 %	78%	2 %	72 %
Comitted, unutilised credit lines (short and long term)	225	75	300		300
Average interest, interest bearing debt	5.32%	5.11%	5.25%	7.09%	5.40%
Average margin, interest bearing debt	0.56%	0.99%	0.70%	1.50%	0.76%
Average duration, hedging contracts (years)	5.1	5.1	5.1	-	5.1
Average duration, borrowing	4.9	4.5	4.8	2.9	4.6

In addition Norwegian Property ASA has a potential liability to acquire shares in Oslo Properties based on put / call options with a discounted value of NOK 1,596 million.

Norwegian Property completed the restructuring of the office financing with the signing of an amended syndicated facility totalling NOK 11 bn in February 2008. Two separate facilities were merged into one facility and the duration on parts of this facility was extended. An LTV-based amortisation was introduced, effectively improving the annual cash flow by in excess of NOK 80 million.

During the first half of 2008 Norwegian Property plan to review and restructure the financing facilities of Norgani Hotels. The purpose is to increase the effective borrowing rate (LTV) and reduce the cost of funding.

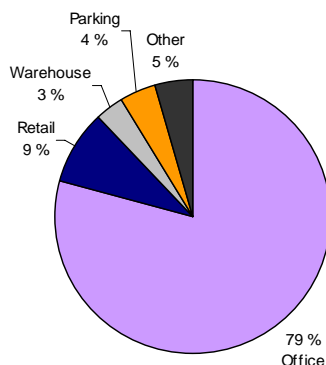
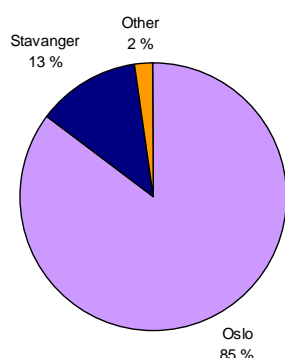
### Oslo Properties AS

Oslo Properties AS is financed through equity commitments of NOK 2,005 million, of which Norwegian Property has subscribed for NOK 350 million. Loan agreements are entered with Nordea Bank Norge ASA and Skandinaviska Enskilda Banken ASA for a three year NOK 1,700 million acquisition facility and a one year NOK 450 million junior acquisition facility (with Norwegian Property ASA as borrower). The full financing structure of the Norgani acquisition is described in more detail in an Information Memorandum dated 8 November 2007, which is available on Norwegian Property's web page or on Oslo Stock Exchange's web page.

At the end of fourth quarter interest bearing debt in Oslo Properties AS was NOK 1,813 million.

## PROPERTIES – OFFICE PORTFOLIO

As of 31 December 2007 Norwegian Property owned 58 office and retail properties. Norwegian Property has entered an agreement to sell Mauritz Kartevolds plass 1. The transaction was completed in February 2008. Detailed information on each property is continually updated on the company's web page, [www.norwegianproperty.no](http://www.norwegianproperty.no). Norwegian Property's properties are mainly located in central parts of Oslo and Stavanger. The company's properties mainly comprise office areas, warehouses, shopping areas and parking in connection with the office areas. On Aker Brygge the group also owns a shopping centre with outlets and restaurants.



Figures: Geographical location and portfolio mix (by gross rental income)

## THE RENTAL SITUATION – OFFICE PORTFOLIO

As of 31 December 2007 the total annual contracted gross rental income for the office portfolio was NOK 1,149.1 million compared to NOK 923 million at the end of 2006 and NOK 1,137 million at the end of the third quarter (adjusted for sold properties). Average ratio for CPI-adjustment for the portfolio is 95%. The average vacancy in the portfolio was 0.7%. Average remaining duration of the rental contracts was 6.5 years (6.7 years at the end of the third quarter). Over the next four years an estimated contract volume of NOK 337 million is up for renewal.

## SOLID AND ATTRACTIVE TENANTS – OFFICE PORTFOLIO

The office portfolio has a tenant mix of attractive and solid organizations and companies. More than 65% of the rental income as of 31 December 2007 is derived from the 25 largest tenants. Average contract duration for these tenants is 7.6 years.

### 25 LARGEST TENANTS AS OF 31 DECEMBER 2007 (OFFICE PORTFOLIO)

Tenant	Privat/ Public	Listed	Rent 2008 (NOKm)	%	Duration (years)
1 EDB Business Partner ASA	Pr	Yes	79.3	10.5 %	
2 Aker ASA	Pr	Yes	80.1	10.6 %	
3 DnB NOR Bank ASA	Pr	Yes	67.3	8.9 %	
4 Nordea	Pr	Yes	43.8	5.8 %	
5 SAS Consortium	Pr	Yes	41.1	5.5 %	
6 If Skadeforsikring	Pr	Yes	38.5	5.1 %	
7 StatoilHydro	Publ	Yes	36.9	4.9 %	
8 Total E&P	Pr	Yes	29.7	3.9 %	
9 Get AS	Pr		26.6	3.5 %	
10 Telenor Eiendom Holding AS	Pr	Yes	26.0	3.5 %	
11 Leif Höegh & Co AS	Pr		25.3	3.4 %	
12 NetCom AS	Pr	Yes	23.0	3.0 %	
13 Aker Kværner Offshore Partner	Pr		23.0	3.1 %	
14 Astrup Fearnley AS	Pr		22.4	3.0 %	
15 Skanska Norge AS	Pr	Yes	21.4	2.8 %	
16 Rikshospitalet	Publ		20.3	2.7 %	
17 Fokus bank	Pr	Yes	19.8	2.6 %	
18 Hafslund ASA	Publ	Yes	18.1	2.4 %	
19 GlaxoSmithKlein	Pr	Yes	17.8	2.4 %	
20 Ementor Norge AS	Pr	Yes	17.7	2.4 %	
21 Oslo Sporveie	Publ		17.0	2.3 %	
22 Arbeidsdirektoratet	Publ		15.4	2.0 %	
23 TDC Norge AS	Pr		15.3	2.0 %	
24 Simonsen Advokatfirma AS	Pr		14.5	1.9 %	
25 TietoEnator	Pr		12.5	1.7 %	
<b>Total 25 largest tenants</b>			<b>752.7</b>	<b>65.5 %</b>	<b>7.6</b>
Other tenants			396.4	34.5 %	4.5
<b>TOTAL ALL TENANTS</b>			<b>1 149.1</b>	<b>100.0 %</b>	<b>6.5</b>

## SHAREHOLDERS

Total number of shares as of 31 December 2007 were 105 481 570. The largest shareholders are listed below. At the end of December 2007 foreign shareholders controlled 60.1% (56.1% at the end of last year). The company had a total of 925 registered shareholders at the end of December.

<b>Largest shareholders</b>	<b>Country</b>	<b>Shares</b>	<b>Stake</b>
A. Wilhelmsen Capital AS	NOR	12 165 000	11,53 %
JPMorgan Chase Bank (nom)	GBR	10 300 884	9,77 %
State Street Bank and Trust Co. (nom)	USA	8 368 729	7,93 %
Fram Holding AS	NOR	4 000 000	3,79 %
Fram Realinvest AS	NOR	4 000 000	3,79 %
Bank of New York, Brussels Branch, Alpine Int.	BLE	3 660 295	3,47 %
Vital Forsikring ASA	NOR	3 578 700	3,39 %
Aweco Invest AS	NOR	2 870 282	2,72 %
Mellon Bank AS Agent for ABN Amro (nom)	USA	2 154 305	2,04 %
Bank of New York, Brussels Branch, Alpine Int.	BLE	2 126 600	2,02 %
Fortis Global Custody Services (nom)	NEL	2 055 739	1,95 %
Spencer Trading Inc.	NOR	2 000 000	1,90 %
Mellon Bank as agent for clients (nom)	USA	1 772 141	1,68 %
Opplysningsvesenets fond	NOR	1 662 731	1,58 %
BNP Paribas Securities Services (nom)	FRA	1 601 000	1,52 %
JPMorgan Chase Bank (nom)	GBR	1 590 131	1,51 %
Lani Development AS	NOR	1 497 900	1,42 %
Morgan Stanley & Co (nom)	GBR	1 450 448	1,38 %
Credit Suisse Securities	GBR	1 383 415	1,31 %
Bank of New York, Brussels Branch, clients account	BEL	1 325 403	1,26 %
Other shareholders		35 917 866	34,05 %
<b>Total number of shares as of 31 December 2007</b>		<b>105 481 570</b>	<b>100,00 %</b>

The share price at the end of the fourth quarter was NOK 66.50 versus NOK 65.00 at the end of last year. A dividend of NOK 2,50 per share was distributed in May. Considering the dividend paid, the return for 2007 was 6.2%. Generally property shares around the world saw a major reduction in values in 2007. FTSE EPRA NAREIT's Global Real Estate Index Europe was down 31.9% in the same period, whereas GPR 250 Europe was down 30.1%.

## NORGANI – THE HOTEL MARKET

The growth in the Nordic hotel market is closely linked to the GDP-growth and the GDP-growth continues to be robust in the Nordic region, though at a slightly slowing pace. New capacity added to the market is significantly lower than the increase in demand. Consequently both occupancy and room rates continue to grow in all four Nordic countries. RevPAR increase in the Nordic region was between 7% and 10%.

<b>RevPAR in NOK</b>	<b>NOK</b>	<b>NOK</b>	
<b>January to November</b>	<b>2006</b>	<b>2007</b>	<b>% change</b>
Norway	461	407	13.0 %
Finland	315	337	7.1 %
Sweden (January to December)	343	374	9.0 %

Norway – RevPAR increased by 13.0% in 2007, reaching NOK 461. The increase was resulting from a 4.0% growth in occupancy and an 8.7% growth in the average room rate (ARR).

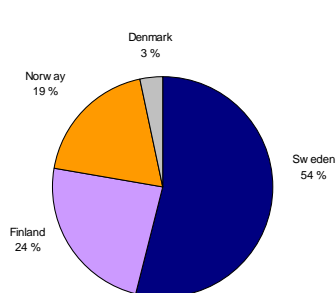
Sweden – RevPAR increased by 9.0% in 2007, reaching SEK 443. The increase was a result of a 2.8% increase in occupancy and a 6.1% growth in ARR.

Finland – RevPAR increased by 7.1% in the first nine months of 2007, reaching EURO 42. The increase was resulting from a 3.3% increase in occupancy and a 3.7% increase in ARR.

Denmark – Occupancy increased by 2.5% to 58.9% in the first eleven months of 2007. ARR are not available in Denmark.

## NORGANI – THE HOTEL PORTFOLIO

At the end of December 2007, Norgani's portfolio comprised 73 hotels and one congress centre with a total of 12,804 rooms and 671,080 sqm. In December 2007 Norgani entered an agreement to buy Park Inn Hotel in Oslo upon completion in 2009. The hotel will comprise 118 room, conference- and restaurant facilities and will be operated by Rezidor Hotel Group. The acquisition price is agreed to NOK 174 million.



Figures: Geographical location (rooms)

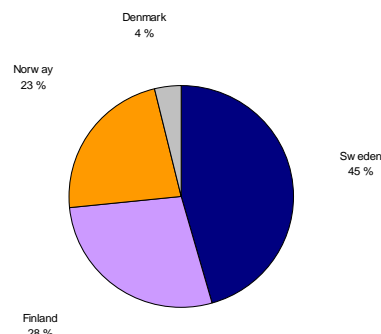


Figure: Geographical location (revenues)

## NORGANI – THE HOTEL LEASE CONTRACTS

By the end of the fourth quarter, all Norgani's hotels were operating under performing contracts with only immaterial vacancies. Except for one hotel the contracts are turnover based leases, mostly with differentiated rates between lodging and food/beverages. Most contracts have minimum leases, on average at around 64% of current gross rent (CPI adjusted minimum leases). For some of the hotels there are vendor rental guarantees, which means that the seller has agreed to compensate Norgani for any shortfall between the guaranteed level and actual turnover based rent. The average duration of the lease agreements was 11.0 years, including the renegotiated Scandic agreement.

Operators	% Rooms	% Revenue *)
Scandic	57%	59%
Choice	21%	21%
Rezidor	5%	5%
Hilton	3%	5%
First	3%	2%
Best Western	2%	1%
Rica	2%	2%
Others	7%	5%

\*) After renegotiation of Scandic

## NORGANI – RENEGOTATED LEASE CONTRACT WITH SCANDIC HOTELS

Individual long term contracts for each of the hotels operated by Scandic and Hilton have now been agreed based on the principles in the strategic agreement entered between Scandic Hotels AB and Norgani Hotels in September 2007. The main terms are:

- The rent levels for the portfolio was from 1 January 2008 increased by EUR 10.5 million
- New minimum rent levels at 70% of agreed rent has been imposed
- Average duration for the lease contracts is extended from 6 to 13 years.
- Norgani has committed investments of Euro 10.5 million for 2008. For the years after 2008 further investments are conditional upon separate agreements and agreed budgets between the Norgani Hotels and Scandic.

## NORGANI – VALUATION OF HOTEL PORTFOLIO

As of 31 December 2007 the hotel portfolio was valued by DTZ Realkapital (Sweden, Denmark and Norway) and Maakanta (Finland). Total valuation in the external valuation was NOK 10.700 million, based on the discounted cash flow method. In parallel Norgani has carried out internal valuations based on the principles previously applied by Norgani Hotels. The internal valuations



concluded with a slightly higher value of NOK 10.731 million. The internal valuations are based on a net present value calculation of the property's future operating net serving the foundation for calculating property values. This means in principle that a property is valued by discounting expected revenues, and expenditures with a discount rate. The cash flow period is 10 years. As for Norwegian Property the external valuation has been applied for the valuation in the group accounts.

## **NORGANI - RESULT**

In the consolidated group accounts Norgani Hotels is included with the calculated result after 24 September 2007. The P&L statement is adjusted for items relating to the period before the acquisition.

Revenues in the fourth quarter were NOK 175.3 million compared to NOK 185.4 in the same period last year. Reduction in the number of rooms operated is the main reason for the reduction while positive development in RevPAR has positively affected the revenue.

Operating expenses and administrative expenses were NOK 19.0 million and NOK 18.8 million respectively. The administrative expenses in the fourth quarter partly reflect expenses related to Oslo Properties' acquisition of Norgani Hotels (severance payments, transaction cost and bonuses).

Net financial items were NOK -88.5 million. Fair value adjustments on properties were NOK 0.0 million, whereas fair value adjustments on financial instruments were NOK -12.2 million mainly due to a reduction in the long term interest rates and changes in currencies.

Profit before tax was consequently NOK 36.2 million.

## **NORGANI – FINANCING STRUCTURE**

Gross interest bearing debt as of 31 December 2007 in Norgani was NOK 7,105.3 million (NOK 7,230.9 million at the end of the fourth quarter last year). Gross value of financial derivatives (interest swaps and currency hedging) was NOK 190.6 million. Further details on the financing is described under the group financing structure.

## **OUTLOOK**

Norwegian Property has a strategic ambition of being a consolidator of the property business and of growing the business through accretive acquisitions. The main focus is still on the prime office markets in the larger Norwegian cities. But through the investment in Oslo Properties (and Norgani), Norwegian Property has entered the Nordic hotel market. The high degree of revenue based contracts implies a faster leverage on the strong economic growth in the region. In the short to medium term Norwegian Property's main focus will be on consolidation of the combined company, including integration of the organisations, take out of synergies, refinancing of Norgani and divestment of non-core assets. However Norwegian Property will also continue the work of evaluating accretive acquisitions, mainly in the form of structural transactions.

Norwegian Property's current portfolio of 57 high quality office properties in Oslo, Stavanger and Bergen and 74 hotel properties in the Nordic region is well positioned to benefit from the strong economic growth in the region. Norwegian Property will continue the strong operational focus on tenant management and rental improvement, cost reductions and asset management.

Norwegian Property ASA  
The board of directors, 14 February 2008

FINANCIAL CALENDAR  
1st Quarter 2008: 28<sup>th</sup> April 2008  
For additional information on Norwegian Property, see [www.npro.no](http://www.npro.no)

# CONSOLIDATED INCOME STATEMENT

	4th Quarter 01.10 - 31.12		Year to date 01.01 - 31.12.07 / 09.06 - 31.12.06	
	Norwegian Property, incl. Osl. Pr./Norgani	Norwegian Property	Norwegian Property, incl. Osl. Pr./Norgani	Norwegian Property
	2007	2006	2007	2006
<i>Figures in NOK 1.000</i>				
Rental income from properties	449 301	198 383	1 193 189	410 133
Other revenue	875	4 156	2 497	4 640
<b>Gross rental income</b>	<b>450 176</b>	<b>202 539</b>	<b>1 195 686</b>	<b>414 773</b>
Maintenance and property related costs	(35 386)	(11 028)	(81 424)	(20 216)
Other operating expenses	(32 654)	(20 929)	(77 943)	(42 846)
<b>Total operating cost</b>	<b>(68 040)</b>	<b>(31 957)</b>	<b>(159 367)</b>	<b>(63 062)</b>
<b>Operating profit before fair value adj. of investment property</b>	<b>382 136</b>	<b>170 582</b>	<b>1 036 319</b>	<b>351 711</b>
Gain from fair value adjustment of investment property	92 690	393 244	1 219 138	393 244
Gain from sales of investment property	9 262	-	9 281	-
<b>Operating profit</b>	<b>484 088</b>	<b>563 826</b>	<b>2 264 738</b>	<b>744 955</b>
Financial income	16 029	9 914	67 972	13 521
Financial costs	(343 215)	(157 621)	(958 863)	(295 762)
Change in market value of financial derivative instruments	(45 510)	106 287	276 749	76 743
<b>Net financial items</b>	<b>(372 696)</b>	<b>(41 420)</b>	<b>(614 143)</b>	<b>(205 498)</b>
<b>Profit before income tax</b>	<b>111 392</b>	<b>522 405</b>	<b>1 650 595</b>	<b>539 458</b>
Income tax expense	(29 724)	(143 790)	(460 736)	(148 565)
<b>Profit for the period</b>	<b>81 668</b>	<b>378 615</b>	<b>1 189 859</b>	<b>390 893</b>
Minority interests	8 168	(1 078)	(4 829)	(1 256)
<b>Profit after minority interest</b>	<b>89 837</b>	<b>377 537</b>	<b>1 185 030</b>	<b>389 636</b>

1) Oslo Properties AS/Norgani Hotels AS is consolidated as a part of the Norwegian Property ASA Group from 24.09.2007.

	4th Quarter 01.10 - 31.12		Year to date 01.01 - 31.12.07 / 09.06 - 31.12.06			
	Oslo Property	Norwegian Properties/ Norgani	Norwegian Property, incl. Osl. Pr./Norgani	Norwegian Property	Oslo Properties/ Norgani	Norwegian Property, incl. Osl. Pr./Norgani
	2007	2007	2007	2007	2007	2007
<i>Figures in NOK 1.000</i>						
Rental income from properties	275 023	174 278	449 301	1 008 010	185 179	1 193 189
Other revenue	875	-	875	2 497	-	2 497
<b>Gross rental income</b>	<b>275 898</b>	<b>174 278</b>	<b>450 176</b>	<b>1 010 507</b>	<b>185 179</b>	<b>1 195 686</b>
Maintenance and property related costs	(16 380)	(19 006)	(35 386)	(61 498)	(19 926)	(81 424)
Other operating expenses	(14 283)	(18 372)	(32 654)	(58 468)	(19 475)	(77 943)
<b>Total operating cost</b>	<b>(30 663)</b>	<b>(37 378)</b>	<b>(68 040)</b>	<b>(119 966)</b>	<b>(39 401)</b>	<b>(159 367)</b>
<b>Operating profit before fair value adj. of investment property</b>	<b>245 235</b>	<b>136 900</b>	<b>382 136</b>	<b>890 541</b>	<b>145 778</b>	<b>1 036 319</b>
Gain from fair value adjustment of investment property	92 739	(48)	92 690	1 219 138	-	1 219 138
Gain from sales of investment property	9 281	(19)	9 262	9 281	-	9 281
<b>Operating profit</b>	<b>347 255</b>	<b>136 834</b>	<b>484 088</b>	<b>2 118 960</b>	<b>145 778</b>	<b>2 264 738</b>
Financial income	7 797	9 548	16 029	59 411	9 876	67 972
Financial costs	(180 788)	(163 743)	(343 215)	(790 995)	(169 184)	(958 863)
Change in market value of financial derivative instruments	(33 293)	(12 217)	(45 510)	292 564	(15 815)	276 749
<b>Net financial items</b>	<b>(206 284)</b>	<b>(166 413)</b>	<b>(372 696)</b>	<b>(439 019)</b>	<b>(175 123)</b>	<b>(614 143)</b>
<b>Profit before income tax</b>	<b>140 971</b>	<b>(29 579)</b>	<b>111 392</b>	<b>1 679 940</b>	<b>(29 345)</b>	<b>1 650 595</b>
Income tax expense	(38 092)	8 368	(29 724)	(469 003)	8 267	(460 736)
<b>Profit for the period</b>	<b>102 879</b>	<b>(21 211)</b>	<b>81 668</b>	<b>1 210 937</b>	<b>(21 078)</b>	<b>1 189 859</b>
Minority interests	4 217	3 951	8 168	(8 667)	3 837	(4 829)
<b>Profit after minority interest</b>	<b>107 096</b>	<b>(17 260)</b>	<b>89 837</b>	<b>1 202 271</b>	<b>(17 241)</b>	<b>1 185 030</b>

1) Oslo Properties AS/Norgani Hotels AS is consolidated as a part of the Norwegian Property ASA Group from 24.09.2007.

# CONSOLIDATED BALANCE SHEET

<i>Figures in NOK 1.000</i>	Norwegian Property, incl. Osl. Pr./Norgani	Norwegian Property
	31.12.2007	31.12.2006
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial derivative instruments	9 550	105 102
Goodwill	1 064 987	-
Investment property	31 113 889	13 919 570
Development property	-	1 150 801
Fixtures and equipment	2 813	9 443
Shares and interests	1 623	-
Receivables	1 575	-
<b>Total non-current assets</b>	<b>32 194 437</b>	<b>15 184 916</b>
<b>Current assets</b>		
Financial derivative instruments	678 673	187 233
Seller guarantee for future rent	6 352	91 370
Accounts receivable	186 369	78 303
Other receivables	216 113	93 647
Cash and cash equivalents	635 476	1 252 462
<b>Total current assets</b>	<b>1 722 983</b>	<b>1 703 015</b>
<b>Total assets</b>	<b>33 917 420</b>	<b>16 887 931</b>
<b>EQUITY</b>		
Paid in equity	5 349 061	4 862 994
Other reserves	6 876	75 763
Retained earnings	1 310 962	389 636
Minority interests	1 688 867	44 834
- Liability to acquire shares in subsidiaries	1) (1 524 863)	-
<b>Total equity</b>	<b>6 830 903</b>	<b>5 373 227</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liability	1 521 767	119 610
Interest bearing liabilities	21 761 280	10 876 787
<b>Total non-current liabilities</b>	<b>23 283 047</b>	<b>10 996 397</b>
<b>Current liabilities</b>		
Financial derivative instruments	26 075	21 518
Interest bearing liabilities	1 506 193	100 800
Liability to acquire shares in subsidiaries	1) 1 595 837	-
Accounts payable	44 086	109 197
Other liabilities	631 279	286 792
<b>Total current liabilities</b>	<b>3 803 469</b>	<b>518 307</b>
<b>Total liabilities</b>	<b>27 086 516</b>	<b>11 514 704</b>
<b>Total equity and liabilities</b>	<b>33 917 420</b>	<b>16 887 931</b>

1) Norwegian Property ASAs interest bearing liability (put/call option agreement) to acquire shares in Oslo Properties AS.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the company						Total Equity
	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Minority interests	
<i>Figures in NOK 1.000</i>							
<b>Opening balance equity 09.06.2006</b>	<b>100</b>						<b>100</b>
Write-down	(100)						(100)
Total share issues	2 462 823	2 550 323					5 013 146
Total cost related to share issues, net of tax		(150 152)					(150 152)
Capital reallocation		(1 500 000)	1 500 000				-
Financial derivatives accounted to equity				75 763			75 763
Profit for the period					389 636	1 256	390 893
Minority interests						43 578	43 578
<b>Total equity 31.12.2006</b>	<b>2 462 823</b>	<b>900 171</b>	<b>1 500 000</b>	<b>75 763</b>	<b>389 636</b>	<b>44 834</b>	<b>5 373 227</b>
Share issue (March 2007)	174 216	325 784					500 000
Total cost related to share issues, net of tax		(13 932)					(13 932)
Dividend payments					(263 704)		(263 704)
Financial derivatives accounted to equity				(68 887)			(68 887)
Profit for the period					1 185 030	4 829	1 189 859
Minority interests						1 639 203	1 639 203
Liability to acquire shares in subsidiaries						(1 524 863)	(1 524 863)
<b>Total equity 31.12.2007</b>	<b>2 637 039</b>	<b>1 212 022</b>	<b>1 500 000</b>	<b>6 876</b>	<b>1 310 962</b>	<b>164 003</b>	<b>6 830 903</b>

## CONSOLIDATED CASH FLOW STATEMENT

	4th Quarter		Year to date	
	01.10 - 31.12		01.01 - 31.12.07 / 09.06 - 31.12.06	
	Norwegian Property, incl. Osl. Pr./Norgani		Norwegian Property, incl. Osl. Pr./Norgani	
	2007	2006	2007	2006
<i>Figures in NOK 1.000</i>				
Profit before income tax	111 392	522 405	1 650 595	539 457
- Paid taxes in the period	(2 042)	-	(2 042)	-
+ Depreciation of tangible assets	166	310	766	560
+/- Gain from sale of investment property	(9 281)	-	(9 281)	-
+/- Gain from fair value adjustment of investment property	(92 690)	(393 244)	(1 219 138)	(393 244)
+/- Gain from fair value adjustment of financial derivative instruments	45 510	(106 287)	(276 749)	(76 743)
+/- Net financial items ex. market value adj. of financial derivative instruments	327 187	41 421	890 892	205 498
+/- Change in short-term items	(17 266)	(20 809)	(29 768)	224 040
<b>= Net cash flow from operating activities</b>	<b>362 977</b>	<b>43 796</b>	<b>1 005 277</b>	<b>499 568</b>
+ Received cash from sale of tangible fixed assets	227 393	-	227 393	-
- Payments for purchase of tangible fixed assets	(887 294)	(3 043 306)	(5 126 458)	(14 703 875)
- Payments for purchase of subsidiaries	(2 230 544)	-	(3 439 025)	-
- Payments for purchase of financial derivative instruments	-	(96 421)	-	(120 021)
<b>= Net cash flow from investing activities</b>	<b>(2 890 445)</b>	<b>(3 139 727)</b>	<b>(8 338 090)</b>	<b>(14 823 896)</b>
+ Net change in interest bearing debt	1 728 781	1 131 049	7 272 211	10 977 587
- Net financial items ex. market value adj. of financial derivative instruments	(327 187)	(41 421)	(890 892)	(205 498)
+ Capital increase	-	2 836 601	480 287	4 804 601
- Dividend payments	-	-	(263 704)	-
+/- Payments related to other financing activities	833 707	-	114 352	-
<b>= Net cash flow from financial activities</b>	<b>2 235 300</b>	<b>3 926 229</b>	<b>6 712 253</b>	<b>15 576 690</b>
<b>= Net change in cash and cash equivalents</b>	<b>(292 168)</b>	<b>830 298</b>	<b>(620 560)</b>	<b>1 252 362</b>
+ Cash and cash equivalents at the beginning of the period	924 070	422 164	1 252 462	100
+/- Exchange rates	3 573	-	3 573	-
<b>Cash and cash equivalents at the end of the period</b>	<b>635 475</b>	<b>1 252 462</b>	<b>635 476</b>	<b>1 252 462</b>

## NOTE 1

### - PURCHASE CONSIDERATION OF NORGANI HOTELS / OSLO PROPERTIES

Oslo Properties AS owns all the shares in Norgani Hotels AS. For accounting purposes Norwegian Property ASA controls Oslo Properties AS, and Oslo Properties/Norgani Hotels is consolidated as a part of the Norwegian Property Group from 24 September 2007. Norwegian Property owns 17,5 per cent of the shares and has entered into put/call option agreements to acquire a total of 93,5 per cent of the shares in Oslo Properties. Management functions in Oslo Properties are appointed by Norwegian Property, and Norwegian Property also has the right to designate 3 out of 5 board members in Oslo Properties (including the Chairman).

The purchase consideration of Norgani Hotels Group is calculated as follows:

<b>Figures in NOK million</b>	<b>24.09.2007</b>
Non-current assets	9 850 053
Cash and cash equivalents	348 610
Non-current liabilities	(7 484 455)
Net working capital	81 919
Net assets acquired	2 796 127
Total purchase consideration	3 861 114
Goodwill	1 064 987

The acquisition of Oslo Properties/Norgani Hotels is treated as a business combination according to IFRS 3. All previous acquisitions made by Norwegian Property have been purchases of single purpose entities.

Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction of a single purpose entity. In a business combination deferred income tax must be accounted for related to all temporary differences between the book value and the tax basis of assets and liabilities. Investment properties are normally divested as shares or interests in a company without the calculation of payable tax. Goodwill calculated in the purchase consideration is mainly related to the fact that deferred income tax must be accounted for as described in a business combination.

The valuation of investment properties in the purchase consideration is fully based on external valuations.

## NOTE 2

### – NORGANI HOTELS ASA CONSOLIDATED FINANCIAL STATEMENTS

<b>CONSOLIDATED INCOME STATEMENT</b>					
NOK million	Q4 2007	Q4 2006	24.9 - 31.12 2007	1.1 - 31.12 2007	1.1 - 31.12 2006
<b>Property management</b>					
Rental revenue	167.4	182.3	178.0	644.8	553.7
Rental guarantees	6.9	3.1	7.1	54.3	20.6
Operating expenses	(19.0)	(18.8)	(19.9)	(65.0)	(59.4)
<b>Operating net</b>	<b>155.3</b>	<b>166.6</b>	<b>165.2</b>	<b>634.1</b>	<b>514.9</b>
<b>Property disposal</b>					
Sales proceeds, net	-	711.3	-	148.1	738.7
Acquisition value	-	(615.8)	-	(139.3)	(635.6)
Realised fair value adjustment	-	(37.3)	-	(9.1)	(37.2)
<b>Net gain on disposals</b>	<b>-</b>	<b>58.2</b>	<b>-</b>	<b>(0.3)</b>	<b>65.8</b>
<b>Administrative expenses</b>	<b>(18.3)</b>	<b>(37.5)</b>	<b>(19.4)</b>	<b>(126.3)</b>	<b>(55.4)</b>
<b>Financial net</b>					
Financial income	7.6	17.3	7.9	14.1	21.5
Financial expenses	(96.1)	(97.8)	(101.4)	(334.4)	(286.3)
<b>Net financial items</b>	<b>(88.5)</b>	<b>(80.5)</b>	<b>(93.5)</b>	<b>(320.3)</b>	<b>(264.8)</b>
<b>Fair value adjustments</b>					
Properties	-	422.1	-	819.7	613.0
Financial instruments	(12.2)	58.7	(15.8)	131.8	58.7
<b>Total fair value adjustments</b>	<b>(12.2)</b>	<b>480.8</b>	<b>(15.8)</b>	<b>951.5</b>	<b>671.7</b>
<b>Profit before tax</b>	<b>36.2</b>	<b>587.7</b>	<b>36.6</b>	<b>1 138.7</b>	<b>932.1</b>
<b>Tax</b>					
Current tax	(0.2)	(27.7)	(0.2)	(0.7)	(27.7)
Deferred tax	(9.9)	(152.1)	(10.0)	(32.4)	(194.5)
<b>Total tax</b>	<b>(10.1)</b>	<b>(179.8)</b>	<b>(10.2)</b>	<b>(33.1)</b>	<b>(222.2)</b>
<b>Net profit</b>	<b>26.1</b>	<b>407.9</b>	<b>26.3</b>	<b>1 105.6</b>	<b>709.9</b>

<b>CONSOLIDATED BALANCE SHEET</b>		
NOK million	31.12.2007	31.12.2006
<b>Assets</b>		
Properties	10 731.5	9 452.1
Receivables	342.7	937.3
Liquid assets	6.2	105.1
<b>Total assets</b>	<b>11 080.4</b>	<b>10 494.5</b>
<b>Liabilities and shareholder's equity</b>		
Shareholder's equity	3 810.8	3 016.4
Provisions	0.7	0.3
Interest bearing liabilities	7 105.3	7 230.9
Operating liabilities	163.6	246.9
<b>Total tangible assets</b>	<b>11 080.4</b>	<b>10 494.5</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK million	1.1 - 31.12 2007	1.1 - 31.12 2006
<b>Equity at start of period</b>	<b>3 016.4</b>	<b>1 801.6</b>
New equity issues	-	496.0
Net profit for the period	1 105.6	709.9
Dividend	(158.3)	-
Cash flow hedges	37.7	(26.5)
Pension provision plans	-	(0.1)
Currency translation differences	(190.6)	35.5
<b>Equity at end of period</b>	<b>3 810.8</b>	<b>3 016.4</b>

## CASH FLOW STATEMENTS

NOK million	1.1 - 31.12 2007	1.1 - 31.12 2006
Cash flow from operations	195.6	270.0
Cash flow from changes in working capital	590.6	(699.2)
Cash flow from investment activity	(836.2)	(2 422.1)
Cash flow from financing activity	(45.8)	2 768.7
<b>Cash flow for the period</b>	<b>(95.8)</b>	<b>(82.6)</b>
Liquid assets, opening balance	105.1	175.2
Exchange rate	(3.1)	12.5
<b>Liquid assets, closing balance</b>	<b>6.2</b>	<b>105.1</b>

## SEGMENT INFORMATION

### 1.1 - 31.12.2007

NOK million	Sweden	Finland	Norway	Denmark	Unallocated	Norgani
Revenues	314.4	185.2	170.2	29.3		699.1
Operating expenses	(19.8)	(27.9)	(11.8)	(5.6)		(65.0)
Operating net	294.6	157.3	158.4	23.6		634.1
Net disposals					(0.3)	(0.3)
Fair value adjustments of properties					819.7	819.7
Administrative expenses					(126.3)	(126.3)
Financial net					(320.3)	(320.3)
Fair value adjustments of financial instruments					131.8	131.8
<b>Profit before tax</b>						<b>1 138.7</b>
Tax					(33.1)	(33.1)
<b>Net profit</b>						<b>1 105.6</b>
Investment properties	4 692.6	3 109.9	2 474.0	455.0		10 731.5
Asset allocated to properties	63.2	20.8	173.4	9.5		266.9
Unallocated assets					82.0	82.0
<b>Total assets</b>	<b>4 755.8</b>	<b>3 130.7</b>	<b>2 647.4</b>	<b>464.6</b>		<b>11 080.4</b>
<b>Interest bearing liabilities</b>	<b>2 763.0</b>	<b>1 983.1</b>	<b>1 651.4</b>	<b>272.7</b>	<b>435.0</b>	<b>7 105.3</b>