NORWEGIAN PROPERTY

FOURTH QUARTER AND PRELIMINARY ANNUAL RESULTS 2009

4TH QUARTER 2009 – NEW STRATEGIC DIRECTION FOR NORWEGIAN PROPERTY

Norwegian Property ASA achieved a profit before tax and fair value adjustments of NOK 72.9 million in the fourth quarter of 2009, up 25 percent compared with the corresponding period in the preceding year. Gross rental income amounted to NOK 430.1 million, corresponding to a decrease of 4.5 percent from fourth quarter 2008 adjusted for sale of properties. Operating profit before fair value adjustments was NOK 342.2 million, compared with NOK 389.2 million in the same period of the foregoing year. Total value adjustments for the property portfolio came to -1.2 percent in the quarter, corresponding to NOK -283.2 million, of which commercial properties had a positive value adjustment of 0.2 percent whereas the hotel portfolio was adjusted downwards by 3.5 percent. Profit before tax amounted to NOK -276.3 million in the fourth quarter 2009, compared with NOK -2 508.2 million in the corresponding period of 2008.

In the fourth quarter Norwegian Property has renegotiated a total of 40 office rental agreements, which resulted in an aggregate increase in rent levels of 18.8 percent for these contracts.

Olav Line took up the position as new CEO of the Group on the 1st of January 2010. After the end of the fourth quarter the Board of Directors has completed a thorough strategic review, and initiated a process aiming to separate the company's operations into two, independent companies, within office and hotel business respectively. The Board aims to conclude such a process in the course of 2010. For both the office and hotel operations the Board intends to develop the stand-alone units as leading market players in their field, focusing on the long-term value drivers letting, property management, development, transactions and financing.

KEY FIGURES

		Quarterly results		Annual results	
		4Q 2009	**4Q 2008**	**2009**	**2008**
Profit and loss					
Gross rent	*NOK million*	**430.1**	466.0	**1 767.7**	1 866.8
Operating profit	*NOK million*	**-40.0**	-1 008.0	**-378.6**	-2 591.0
Operating profit before fair value adjustments	*NOK million*	**342.2**	389.2	**1 454.7**	1 583.1
Profit before tax and fair value adjustments	*NOK million*	**72.9**	58.3	**373.0**	312.2
Profit before tax	*NOK million*	**-276.3**	-2 508.2	**-1 399.0**	-5 118.9
Net profit	*NOK million*	**-168.2**	-2 308.8	**-1 168.9**	-4 190.7
Balance sheet					
Market value of investment portfolio	*NOK million*	**23 732.7**	27 312.6	**23 732.7**	27 312.6
Equity	*NOK million*	**4 918.0**	5 001.2	**4 918.0**	5 001.2
Interest bearing debt	*NOK million*	**18 378.8**	21 840.6	**18 378.8**	21 840.6
Equity ratio	*Percent*	**19.9 %**	17.3 %	**19.9 %**	17.3 %
Pre-tax return on equity (annualised)	*Percent*	**-21.7 %**	-167.6 %	**-28.2 %**	-86.5 %
Cash flow					
Cash flow from operating activities	*NOK million*	**455.5**	670.0	**1 480.0**	1 715.7
Cash position	*NOK million*	**248.2**	174.2	**248.2**	174.2
Key numbers, shares					
No. of shares issued	*No. of shares*	**453 270 832**	201 635 416	**453 270 832**	201 635 416
Average number of shares in period	*No. of shares*	**453 270 832**	201 635 416	**280 100 370**	157 236 500
Pre-tax profit per share	*NOK*	**-0.61**	-12.44	**-4.99**	-32.56
Basic earnings per share (EPS)	*NOK*	**-0.37**	-11.45	**-4.17**	-26.65
Operating cash flow per share	*NOK*	**1.00**	3.32	**5.28**	10.91
Interest bearing debt per share	*NOK*	**40.55**	108.32	**40.55**	108.32
Book value per share	*NOK*	**10.85**	24.80	**10.85**	24.80
Deferred property tax per share	*NOK*	**2.53**	7.47	**2.53**	7.47
Goodwill per share	*NOK*	**-1.28**	-4.39	**-1.28**	-4.39
Financial derivative instruments per share	*NOK*	**0.73**	2.25	**0.73**	2.25
Net asset value per share (EPRA)	*NOK*	**12.84**	30.14	**12.84**	30.14

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 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 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 RESULTS

RESULTS FOR THE FOURTH QUARTER

Total gross rental income for Norwegian Property was NOK 430.1 million in the fourth quarter 2009, compared with NOK 466.0 million in the same period in 2008. Adjusted for sale of properties this corresponds to a decrease in gross rental income of NOK 20.3 million compared with the fourth quarter in the preceding year. Rental income from the office portfolio increased by NOK 13.1 million whereas the hotel portfolio had a reduction of NOK 33.4 million compared with the fourth quarter 2008. As a consequence of the bankruptcy of a smaller hotel in Finland, Norgani has booked NOK 2.1 million in lost rental income in the quarter.

Maintenance and property-related expenses were NOK 38.7 million in the quarter (NOK 38.6 million[3]). Group expenses came to NOK 49,3 million (NOK 38.2 million), including one-off costs of NOK 4.2 million related to personnel changes in the quarter.

Operating profit before fair value adjustments of investment properties was NOK 342.2 million (NOK 389.3 million). Fair value adjustments to properties were NOK -283,2 million (NOK -1 175.3 million). NOK -17.1 million in one-off items have been charged to the accounts as a consequence of an increased allocation related to the rental guarantee agreement for the Grev Wedels plass 9 property which was sold in 2009. A goodwill impairment of NOK 84.3 million (NOK 221.0 million), related to value adjustments of the hotel portfolio, was recognised in the fourth quarter.

Net financial expenses were significantly reduced to NOK 236.3 million (NOK 1 500.2 million) in the fourth quarter. Financial costs amounted to NOK 278.5 million in the quarter, a reduction of NOK 60.5 million compared with NOK 339.0 million in the same period the year before, owing to reduced debt and a lower average interest rate. The income element related to financial derivatives showed a positive change in value corresponding to NOK 31.7 million (NOK -1 166.4 million). The gain is primarily related to an increase in market interest rates.

Pre-tax loss for the fourth quarter was NOK 276.3 million, compared with a loss of NOK 2 508.2 million in the fourth quarter 2008. Calculated tax in the quarter were NOK 108.2 million (equivalent to a tax income), compared with a tax income of NOK 199.4 million in the same period the year before. The net loss for the period was NOK 168.2 million (NOK 2 308.8 million).

PRELIMINARY ANNUAL RESULTS 2009

Gross rental income in 2009 was NOK 1 767.7 million, compared with NOK 1 866.8 million in 2008. Adjusted for sale of properties during the year, gross rental income was reduced by NOK 37.0 million compared with the preceding year. Income from the office portfolio increased by NOK 26.6 million, whereas the hotel portfolio had a decline in income of NOK 63.6 million compared with 2008.

Maintenance and property-related expenses were NOK 147,0 million for the year (NOK 152.2 million). Group expenses came at NOK 165,9 million (NOK 131.6 million), including total one-off charges in the third and fourth quarter of NOK 17.2 million. Operating profit before fair value adjustments to investment properties was NOK 1 454.7 million (NOK 1 583.1 million).

Fair value adjustments to properties were NOK -1 517,4 million (NOK -3 987.5 million). Goodwill impairments of NOK 308.8 million (NOK 221.0 million), related to value adjustments of the hotel portfolio, were charged to the accounts in 2009.

Net financial items in 2009 amounted to NOK -1 020.5 million, which corresponds to more than a halving compared with NOK -2 527.9 million the year before. Financial costs for the year were NOK 1 098.2, a reduction of NOK 254.9 million relative to NOK 1 353.1 million in 2008 due to reduced debt levels and a slightly lower average interest rate. The income element related to financial derivatives showed a positive change in value corresponding to NOK 35.5 million (NOK -1 201.4 million). The gain is primarily related to an increase in market interest rates during the second half of 2009.

Pre-tax loss for the year was NOK 1 399.0 million (NOK 5 118.9 million). Calculated tax was positive by NOK 230.1 million (equivalent to a tax income), compared with a tax income of NOK 928.2 million in 2008. Net loss for 2009 was NOK 1 168.9 million (NOK 4 190.7 million).

[3] Figures in brackets refer to the same period last year

VALUATION OF PROPERTIES

Two independent external valuators have valued each of the properties in the Group's office and hotel portfolio. The valuation is based on the same methods and principles as in previous periods.

An overall reduction in yield requirements, partly compensated by reduced expectations with regards to inflation levels, resulted in a continued positive value adjustment of the office portfolio in the fourth quarter of 0.2 percent, compared with a negative value adjustment of 4.3 percent in the comparable period of 2008. As per 31 December 2009, the Group's portfolio of commercial properties was valued at NOK 15 028.9 million before adjustment for deferred tax. A value adjustment of NOK 28.2 million was recognised for the commercial portfolio in the income statement for the fourth quarter.

The hotel portfolio (Norgani Hotels AS) had a negative value adjustment of 3.5 percent in the fourth quarter, compared with minus 4.1 percent in the corresponding period of the year before. As per 31 December 2009, the Group's portfolio of hotel properties was valued at NOK 8 922.1 million, and NOK -309.0 million was charged to the accounts for the fourth quarter. The decline in value was caused by a negative RevPAR development and a review of the upgrade needs of the company's properties. As a consequence of the Norwegian krone being strengthened against the Euro, the Swedish krone and the Danish krone during the quarter, the value of the hotel properties in the balance sheet was adjusted somewhat further down. Correspondingly, Norgani's debt converted into Norwegian currency has been reduced due to the currency development.

In total, the value of the properties was reduced by 1.2 percent, compared with minus 4.2 percent in the same period the year before. With that, the property values for the company's portfolio were adjusted downward by NOK 280.8 million to NOK 23 732.7 million during the quarter. In the fourth quarter 2008 aggregate value adjustments were negative by NOK 1 175.3 million.

CASH FLOW

Net cash flow from operating activities before net financial items was NOK 455.5 million (NOK 670.0 million) in the fourth quarter. Net cash flow from investing activities for the quarter was NOK -16.9 million (NOK -127.1 million). Investment-related spending during the fourth quarter of 2009 primarily reflected ordinary capital expenditure on the Group's properties. Net cash flow from financing activities was NOK -381.0 million (NOK -445.2 million), related to financial expenses and debt repayment. The net change in cash and cash equivalents during the fourth quarter was NOK 57.7 million (NOK 97.7 million).

BALANCE SHEET

Cash and cash equivalents at 31 December 2009 amounted to NOK 248.2 million (NOK 174.2 million). In addition, the Group had NOK 365.0 million in undrawn credit facilities. Total equity was NOK 4 918.0 million (NOK 5 001.2 million), corresponding to an equity ratio of 19.9 percent (17.3 percent). Carried net asset value per share was NOK 10.85 (NOK 24.80). Net asset value per share pursuant to the EPRA standard was NOK 12.84 (NOK 30.14). Number of shares as per the end of the fourth quarter was 453 270 832 (201 635 416).

FINANCING

Total consolidated interest-bearing debt after capitalised costs at 31 December 2009 was NOK 18 378.8 million (NOK 21 840.6 million). As a consequence of exchange rate changes Norgani's foreign currency debt translated into NOK was reduced by NOK 183.0 million during the quarter.

In January 2010 Norwegian Property completed the placement of a new bond issue of NOK 235 million for refinancing of the former bond issue with maturity in March 2010. With this placement, the company has refinanced all debt with maturity in 2010.

Interest bearing debt and hedging per 31.12.2009	SUM	NPRO ASA	NORGANI	OPAS
Net external debt (NOK million)	**18 428**	11 454	6 255	719
Hedging ratio*	**105.7 %**	115.7 %	99.5 %	0.0 %
Cash and cash equivalents	**248**	180	63	4
Effective hedging ratio, including cash (%)	**107.0 %**	117.0 %	101.0 %	1.0 %
Unused committed credit facilities (NOK million)	**365**	310	55	-
Average time to maturity, hedging (years)*	**3.1**	2.9	3.4	-
Average interest rate (incl. margin)	**5.33 %**	5.48 %	5.06 %	5.22 %
Average margin	**0.98 %**	0.71 %	1.24 %	3.03 %
Average remaining duration, borrowing (years)	**3.0**	2.8	3.6	2.5
Property value (gross of deferred tax at acquisition) (NOK milion)	**23 732**	14 810	8 922	-
Interest bearing debt relative to property value	**77.6 %**	77.3 %	70.1 %	78.2 %

** Interest rate swaps of NOK 2 000 million matured on January 5, 2010.*

As a result of sale of properties and capital increases completed during the year, the company has been more than 100 percent hedged against interest rate exposure in the second half of 2009. In January 2010 several larger interest rate swaps matured, and with that the hedging ratio returned to a level below 100 percent.

MARKET CONDITIONS

OFFICE RENTAL MARKET

The most recent forecasts from Statistics Norway (Statistisk sentralbyrå) showed a decline in gross domestic product (GDP) in Norway of 1.1 percent in 2009. This is the first time in 20 years that GDP has fallen in Norway. The downturn proved however to be short-lived, and GDP increased again already in the second half of 2009. The recovery has nevertheless been weak, and employment fell through the year. The weak development in employment is expected to continue in 2010. This, combined with lower market activity and higher subletting activity, could result in increased vacancy for commercial properties.

According to Akershus Eiendom's latest official statistics, office space vacancy in the Oslo area was at a level around 6.5 percent in the fourth quarter 2009, up from about 4.5 percent at the beginning of the year. According to estimates by Akershus Eiendom, vacancy is expected to exceed 7.0 percent in 2010, and further increase toward 8.5 percent in 2011.

Market rent levels fell notably in the first half of 2009, especially in prime areas in Oslo. For prime locations, the downturn continued in the second half of the year, while the trend in other segments was stabilising market rent levels. There is a general belief that market rent levels are close to the bottom for now, or that the bottom level has already been passed.

In the Stavanger region the office market is to a large extent driven by activity in the oil- and gas sector, which has resulted in a healthy market rent development in the past years. This trend has however turned as a consequence of reduced activity within oil and gas in 2008 and 2009, and market rent levels showed a decline during the year. Further, Statoil has entered into a new rental agreement for 30 000 m^2 office space in a new building at Forus. As a result, the vacated premises will add to the supply of vacant office space in the rental market.

The transactions market had increasing activity in the fourth quarter, primarily due to improved conditions for financing.

HOTEL MARKET

The hotel market is to a large extent influenced by the general macroeconomic development. Following several prosperous years in the hotel market, with a historic peak year in 2008, the development in 2009 has been characterized by the economic downturn worldwide with declining RevPAR[4] and reduced occupancy rates all over the Nordic region. Within Norgani's main markets, Finland and Norway have been hardest hit, with a notable fall in RevPAR. The development seemed however to stabilise towards the end of the year. In Sweden, where the development through the year has been somewhat less negative, positive RevPAR growth was reported in December. Slightly improved macroeconomic prospects give rise to expectations that the negative development is about to stabilise. At the same time, the market conditions for hotel in 2010 are expected to

[4] RevPAR: Revenue per available room

remain challenging given that it will take time before an improvement in macroeconomic conditions is reflected in higher occupancy rates and with that improved room prices. For Norgani, the negative market development is to some extent offset by minimum rent agreements and seller guarantees which account for about 80 percent of budgeted revenues.

Based on initiated projects, it is expected that several new hotels will be completed during the next two years. Among projects which are still in the planning phase, several are likely to be postponed or cancelled, in which case estimated capacity growth will be somewhat reduced.

PROPERTY PORTFOLIOS

THE COMMERCIAL PORTFOLIO

At the end of the quarter, Norwegian Property owned 48 office and retail properties. These are primarily located in central and attractive areas of Oslo and Bærum (83.3 percent of gross rental income), Gardermoen (2.4 percent of gross rental income) and Stavanger (14.3 percent of gross rental income). The Group's properties consist mainly of office premises with associated warehousing and parking, and retail and restaurant space.

Total gross contractual rental income for the office portfolio was NOK 1 048.9 million. The average CPI adjustment factor for the portfolio is 97.1 per cent. Total vacancy in the portfolio is 2.0 percent, up from 1.8 percent in the third quarter, and far below the market vacancy rate in the Oslo area. Norwegian Property has relatively few lease contracts that are up for renewal the next 15 months. The average remaining lease duration is 5.0 years. Valuations of the property portfolio assume an uplift potential of approximately 3.9 percent if rents were adjusted to the average market level.

During the fourth quarter, 40 new lease contracts to a total value of NOK 31.0 million have been renegotiated, representing rent levels 18.8 percent above the level of expired contracts during the period. For the full year, 121 new contracts to a total value of NOK 143.9 million have been renegotiated, with an increase in rent levels of 16.9 percent for these contracts.

HOTEL PORTFOLIO

Norgani's portfolio comprises 73 hotels and one congress centre with a total of 12 884 rooms. Its total area is 671 480 square metres.

The lease contracts for all but one of Norgani's hotels are turnover-based, with rates differentiated between accommodation income and other revenues. Most leases specify minimum rents, which are adjusted annually pursuant to the consumer price index, and to reflect any major property upgrades. Some of the hotels have seller guarantees, whereby the seller has agreed to compensate Norgani for any shortfall between guaranteed and actual turnover-based rents. In total, seller guarantees and minimum rents account for about 80 per cent of gross rents paid in 2009. The average remaining duration of the lease contracts is 9.5 years.

In Finland, the independent operator of the Korpilampi Hotel has filed for bankruptcy. There is an ongoing process to secure continued operations with a new operator.

In the fourth quarter, Norgani has entered into a new rental agreement for Hotel Europa in Copenhagen with Finnish Omenahotelli Oy. The contract, which has 15 years' duration, replaces the existing agreement which expires in 2010. The rental agreement is considered to be attractive and is based on fixed rent with annual CPI adjustment. In addition, Norgani will receive a share of turnover when occupancy exceeds a given level. Norgani Hotels will upgrade the hotel in cooperation with Omenahotelli, and has received satisfactory bank guarantees from a solid new tenant. Omenahotelli's concept is based on a highly automated procedure, and customers receive a cost effective service. Through its establishment in Copenhagen Omena introduce their concept to a new geographical area.

SHAREHOLDER INFORMATION

At the end of the fourth quarter the company had a total of 3 275 registered shareholders, corresponding to a 1.7 percent increase compared with the end of the previous quarter, and an increase of 134.8 percent relative to the end of fourth quarter 2008. Non-Norwegian shareholding accounted for 38.9 percent of the share capital at the end of the quarter, compared with 34.4 percent in the previous quarter. Liquidity in the share is good, with an average turnover in the fourth quarter of about 3.6 million shares per day. Average daily turnover for the full year was 2.7 million shares, which gave a turnover of 152.2 percent[5]. Total share capital in the company as per 31.12.2009 was NOK 226 635 416 divided among 453 270 082 shares with a par value per share of NOK 0.50.

The largest shareholders registered with the Norwegian Central Securities Depository (VPS) as per 31 December 2009 are presented below:

Name	Percentage (%)	Share	Account type	Nationality
CANICA AS	5.2 %	23 374 467		NORWAY
AWILHELMSEN CAPITAL AS	5.1 %	23 254 334		NORWAY
FOLKETRYGDFONDET	4.2 %	19 264 000		GREAT BRITAIN
SKAGEN VEKST	3.5 %	16 000 000		NORWAY
BGL BNP PARIBAS	3.3 %	14 773 022	NOM	LUXEMBOURG
STATE STREET BANK & TRUST CO.	2.8 %	12 803 023	NOM	U.S.A.
STATE STREET BANK AND TRUST CO.	2.0 %	9 257 960	NOM	U.S.A.
BANK OF NEW YORK MELLON SA/NV	1.8 %	8 076 920		BELGIUM
AWILHELMSEN CAPITAL II AS	1.5 %	6 934 000		NORWAY
BANK OF NEW YORK MELLON	1.5 %	6 845 570	NOM	U.S.A.
MORGAN STANLEY & CO INC. NEW YORK	1.4 %	6 156 877	NOM	U.S.A.
TRONDHEIM KOMMUNALE PENSJONSKASSE	1.3 %	6 099 700		NORWAY
VITAL FORSIKRING ASA	1.3 %	6 089 907		NORWAY
BANK OF NEW YORK MELLON SA/NV	1.3 %	6 006 031		BELGIUM
REKA AS	1.3 %	6 000 000		NORWAY
FGCS NV RE TREATY	1.2 %	5 645 701	NOM	NETHERLANDS
FRAM HOLDING AS	1.2 %	5 500 000		NORWAY
HOLBERG NORGE	1.2 %	5 500 000		NORWAY
AWECO INVEST AS	1.2 %	5 486 765		NORWAY
RBC DEXIA INVESTOR SERVICES BANK	1.2 %	5 428 000	NOM	LUXEMBOURG
Sum 20 largest	**43.8 %**	**198 496 277**		
Remaining shareholders	56.2 %	254 774 555		
Total	**100.0 %**	**453 270 832**		

ORGANISATION

In December 2009 it was announced that Svein Hov Skjelle had been appointed as Chief Financial and Investment Officer (CFO) in Norwegian Property. Skjelle came from the position as CFO in Entra Eiendom, and has previously been employed as CFO in Norwegian Property during the period from 2006 to 2009. Skjelle succeeded Mari Thjømøe.

EVENTS AFTER THE REPORTING PERIOD

On the 1st of January 2010 Olav Line took up the position as CEO of the company. Svein Hov Skjelle joined the company as CFO later the same month.

In January 2010 Norwegian Property completed the placement of a new bond issue of NOK 235 million to refinance the bond loan with maturity in March 2010.

On the 3rd of February 2010 Norwegian Property held an extraordinary general meeting. It was resolved to amend paragraph 8 of the articles of association, as well as to grant the Board of Directors powers of attorney to increase the share capital.

NEW STRATEGIC DIRECTION

In the beginning of 2010 the Board has, in cooperation with the management team headed by new CEO Olav Line, completed a thorough strategic review. The Group’s hotel and office operations have different value drivers and characteristics. Today, the two business segments operate as more or less independent units, and benefit, in the Board’s opinion, only in a limited extent from synergy effects. As a result, the Board has initiated a process aiming to separate the company’s operations into two, independent companies by the end of 2010. The Board has engaged ABG Sundal Collier as financial advisers to facilitate the separation process.

[5] Estimate based on total number of shares being 453 270 832 shares

For both the office and hotel operations the Board intends to develop the stand-alone units as leading market players in their field. Norwegian Property aims that both the hotel and office operations shall be fully integrated professional property companies, focusing on the complete value chain, including letting, property management, development, transactions and financing.

OUTLOOK

The underlying macroeconomic development, measured by changes in GDP, moved in a positive direction during the quarter. There is however still considerable uncertainty concerning macroeconomic prospects, and relatively low growth is expected for the global economy as a result of high unemployment rates and government debt in several countries. The Norwegian economy has been robust through the economic recession and less influenced by international matters than many other countries. Vacancy has increased during the last couple of years, but is expected to level out next year. For the office market rent levels are about to stabilise. Norwegian Property is well positioned in the commercial property market, with a portfolio of attractive properties, with low vacancy and predominantly long contracts. Only a moderate share of the company's contract portfolio expires in 2010, while an increasing number of rental agreements mature in 2011 and 2012. Renegotiation of contracts at improved terms is a highly prioritised area.

In the economic cycles there is normally a slight time-lag in the hotel market relative to the office market. The negative RevPAR development seemed to stabilise towards the end of the year, but it is expected that also 2010 will be a weak year for the hotel market. This will however have limited effect for the company as Norgani Hotels through its contract structures, with minimum rents and the largest hotel operators as contracting party, has secured future revenues to a significant extent. With revenue based rental agreement Norgani Hotels will also be well positioned when the hotel market again shows a positive development.

Following the financial restructuring in 2009, Norwegian Property has an improved equity position and renegotiated loan agreements. With the placement of a new bond issue in January 2010 all debt maturing in 2010 is refinanced. Going forward, the company will focus on extending the maturity of the Group's remaining loan facilities.

With a market leading portfolio of attractive hotel and office properties, combined with renewed focus on value drivers within the property market value chain, Norwegian Property's operations have a solid foundation for being leading players within the hotel and office market respectively.

Norwegian Property ASA
Board of Directors, 22 February 2010

For further information about Norwegian Property, including presentational material accompanying this quarterly report as well as the group's financial calendar, please see www.npro.no.

FINANCIAL INFORMATION

ACCOUNTING PRINCIPLES AND CONSOLIDATED ENTITIES

The interim report has been prepared in accordance with IAS 34 on interim financial reporting. Interim results have been prepared in accordance with the current 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 2008. Properties sold are included in the accounts until the closing of the transaction[6]. The report has not been audited.

CONSOLIDATED INCOME STATEMENT

	Quarterly results		Annual results	
Figures in NOK 1.000	**4Q 2009**	**4Q 2008**	**2009**	**2008**
Rental income from properties	430 090	465 979	1 767 665	1 866 774
Gross rental income	**430 090**	**465 979**	**1 767 665**	**1 866 774**
Maintenance and property related costs	(38 655)	(38 615)	(147 031)	(152 151)
Other operating expenses	(49 246)	(38 116)	(165 901)	(131 562)
Total operating cost	**(87 901)**	**(76 731)**	**(312 932)**	**(283 713)**
Operating profit before fair value adjustments and gains	**342 189**	**389 248**	**1 454 733**	**1 583 062**
Gain from fair value adjustment of investment property	(280 806)	(1 175 324)	(1 517 369)	(3 987 503)
Gain from sales of investment property	(17 058)	(990)	(7 104)	34 362
Impairment of goodwill	(84 334)	(220 968)	(308 832)	(220 968)
Operating profit	**(40 008)**	**(1 008 034)**	**(378 571)**	**(2 591 048)**
Financial income	10 450	5 195	42 233	26 627
Financial costs	(278 451)	(338 974)	(1 098 198)	(1 353 046)
Change in market value of financial derivative instruments	31 678	(1 166 410)	35 518	(1 201 439)
Net financial items	**(236 324)**	**(1 500 190)**	**(1 020 447)**	**(2 527 858)**
Profit before income tax	**(276 332)**	**(2 508 224)**	**(1 399 018)**	**(5 118 905)**
Income tax expense	108 146	199 423	230 076	928 194
Profit after income tax	**(168 186)**	**(2 308 800)**	**(1 168 942)**	**(4 190 711)**
Minority interests	-	-	-	132 322
Profit after minority interest	**(168 186)**	**(2 308 800)**	**(1 168 942)**	**(4 058 389)**
Comprehensive income				
Financial derivatives	(35 168)	(7 343)	69 997	(81 118)
Tax expense related to comprehensive income	9 847	2 056	(19 599)	22 713
Currency translation differences	(179 050)	410 902	(433 824)	442 295
Total comprehensive income	**(204 371)**	**405 615**	**(383 426)**	**383 890**
Total profit after tax	**(372 557)**	**(1 903 186)**	**(1 552 368)**	**(3 806 822)**

[6] The sale of the Grev Wedels plass 9 property was agreed in September 2008 and the transaction was closed on 15 January. The sale of the Drammensveien 144 property was agreed in February, with the closing of the transaction on 9 March 2009. Disposal of the obligation to acquire the Park Inn hotel property (under development) was completed on 11 February.

FINANCIAL RESULTS BY BUSINESS SEGMENT

	Quarterly results		Annual results	
Figures in NOK 1.000	4Q 2009	4Q 2008	2009	2008
Commercial properties	261 859	264 370	1 043 861	1 079 420
Hotel properties	168 231	201 610	723 804	787 354
Gross rental income	**430 090**	**465 980**	**1 767 665**	**1 866 774**
Commercial properties	(14 882)	(13 876)	(63 675)	(70 985)
Hotel properties	(23 773)	(24 739)	(83 356)	(81 165)
Maintenance and property related costs	**(38 655)**	**(38 615)**	**(147 031)**	**(152 151)**
Commercial properties	(34 089)	(14 730)	(100 919)	(60 728)
Hotel properties	(15 240)	(22 736)	(64 941)	(69 766)
Oslo Properties	83	(649)	(42)	(1 067)
Other operating cost	**(49 246)**	**(38 115)**	**(165 901)**	**(131 562)**
Commercial properties	**214 581**	**235 764**	**877 576**	**947 707**
Hotel properties	**127 526**	**154 135**	**577 199**	**636 423**
Oslo Properties	**83**	**(649)**	**(42)**	**(1 067)**
Operating profit before fair value adjustments and gains	**342 189**	**389 250**	**1 454 733**	**1 583 062**
Gain from fair value adjustment of commercial properties	28 192	(750 934)	(474 032)	(2 905 192)
Gain from fair value adjustment of hotel properties	(308 998)	(424 391)	(1 043 337)	(1 082 311)
Gain from sales of commercial properties	(17 058)	-	(7 104)	7 174
Gain from sales of hotel properties	-	(990)	-	27 188
Impairment of goodwill	(84 334)	(220 968)	(308 832)	(220 968)
Commercial properties	**225 715**	**(515 170)**	**396 440**	**(1 950 312)**
Hotel properties	**(265 806)**	**(492 214)**	**(774 970)**	**(639 668)**
Oslo Properties	**83**	**(649)**	**(42)**	**(1 067)**
Operating profit after fair value adjustments and gains	**(40 008)**	**(1 008 033)**	**(378 571)**	**(2 591 048)**
Net financial items for commercial properties	(171 727)	(197 748)	(633 063)	(767 453)
Net financial items for hotel properties	(85 998)	(94 347)	(338 169)	(351 595)
Net financial items for Oslo Properties/acquisition financing	(10 277)	(41 684)	(84 734)	(207 370)
Financial derivative instruments for commercial properties	10 662	(790 797)	68 329	(763 635)
Financial derivative instruments for hotel properties	21 016	(375 613)	(32 811)	(437 804)
Net financial items	**(236 324)**	**(1 500 189)**	**(1 020 448)**	**(2 527 858)**
Commercial properties	**64 650**	**(1 503 715)**	**(168 293)**	**(3 481 400)**
Hotel properties	**(330 788)**	**(962 174)**	**(1 145 950)**	**(1 429 068)**
Oslo Properties/acquisition financing	**(10 194)**	**(42 333)**	**(84 775)**	**(208 437)**
Profit before income tax	**(276 332)**	**(2 508 222)**	**(1 399 019)**	**(5 118 905)**
Income tax expense	108 146	199 423	230 076	928 194
Profit after income tax	**(168 186)**	**(2 308 799)**	**(1 168 943)**	**(4 190 711)**
Minority interests	-		-	132 322
Profit after minority interest	**(168 186)**	**(2 308 799)**	**(1 168 943)**	**(4 058 389)**

CONSOLIDATED BALANCE SHEET

Figures in NOK 1.000	31.12.2009	31.12.2008
ASSETS		
Non-current assets		
Financial derivative instruments	12 190	37 333
Goodwill	580 230	885 642
Investment property	23 732 704	27 312 567
Fixtures and equipment	6 997	9 858
Shares and interests	1 691	2 014
Receivables	8 883	11 192
Total non-current assets	**24 342 695**	**28 258 607**
Current assets		
Financial derivative instruments	24 273	127 475
Accounts receivable	93 037	172 125
Other receivables	4 825	193 896
Cash and cash equivalents	248 216	174 220
Total current assets	**370 351**	**667 716**
Total assets	**24 713 046**	**28 926 323**
EQUITY		
Paid in equity	9 206 357	7 738 094
Other reserves	8 282	390 766
Retained earnings	(4 296 643)	(3 127 701)
Total equity	**4 917 996**	**5 001 160**
LIABILITIES		
Non-current liabilities		
Deferred tax liability	365 497	565 496
Financial derivative instruments	-	106 272
Interest bearing liabilities	17 781 346	21 021 975
Total non-current liabilities	**18 146 844**	**21 693 743**
Current liabilities		
Financial derivative instruments	498 959	689 854
Interest bearing liabilities	597 492	818 611
Accounts payable	15 486	29 432
Other liabilities	536 270	693 523
Total current liabilities	**1 648 206**	**2 231 420**
Total liabilities	**19 795 050**	**23 925 163**
Total equity and liabilities	**24 713 046**	**28 926 323**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in NOK 1.000	31.12.2009	31.12.2008
Total equity including minority interests, beginning of year	**5 001 160**	**6 830 904**
Total profit after tax according to the comprehensive income statement	(1 552 368)	(3 806 822)
Share issue, net of cost and after tax	1 469 204	2 389 033
Dividend payments	-	(263 704)
Changes of minority interests	-	(148 251)
Total equity including minority interests, end of period	**4 917 996**	**5 001 160**

	Equity attributable to shareholders of the company						
Figures in NOK 1.000	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Minority interests	Total Equity
Total equity 31.12.2007	**2 637 039**	**1 211 081**	**1 500 000**	**7 818**	**1 310 962**	**164 003**	**6 830 904**
Share issue, June 2008	2 403 846	96 154	-	-	-	-	2 500 000
Total cost related to share issues, net of tax	-	(110 967)	-	-	-	-	(110 967)
Financial derivatives accounted to equity	-	-	-	(58 405)	-	-	(58 405)
Dividend payments	-	-	-	-	(263 704)	-	(263 704)
Currency translation differences	-	-	-	442 295	-	-	442 295
Profit after income tax	-	-	-	-	(4 058 389)	(132 322)	(4 190 711)
Changes of minority interests	-	-	-	-	(116 570)	(31 681)	(148 251)
Total equity 31.12.2008	**5 040 885**	**1 196 268**	**1 500 000**	**391 708**	**(3 127 701)**	**-**	**5 001 160**
Equity decrease	(4 940 068)	-	4 940 068	-	-	-	-
Equity increase	125 818	1 383 995	-	-	-	-	1 509 813
Total cost related to share issues, net of tax	-	(40 609)	-	-	-	-	(40 609)
Financial derivatives accounted to equity	-	-	-	50 398	-	-	50 398
Currency translation differences	-	-	-	(433 824)	-	-	(433 824)
Profit for the period	-	-	-	-	(1 168 942)	-	(1 168 942)
Total equity 30.06.2009	**226 635**	**2 539 654**	**6 440 068**	**8 282**	**(4 296 643)**	**-**	**4 917 996**

CONSOLIDATED CASH FLOW STATEMENT

	Quarterly results		Annual results	
Figures in NOK 1.000	4Q 2009	4Q 2008	2009	2008
Profit before income tax	(276 332)	(2 508 223)	(1 399 018)	(5 118 905)
Paid taxes in the period	(24 507)	(8 894)	(24 862)	(8 894)
Depreciation of tangible assets	1 737	608	3 976	2 141
Gain from sale of investment property	17 058	990	7 104	(34 362)
Gain from fair value adjustment of investment property	280 806	1 175 325	1 517 369	3 987 504
Gain from fair value adjustment of financial derivative instruments	(31 678)	1 166 409	(35 518)	1 201 439
Impairment of goodwill	84 334	220 968	308 832	220 968
Net financial items ex. market value adj. of financial derivative instruments	268 001	333 780	1 055 965	1 326 419
Change in short-term items	136 083	289 051	46 185	139 368
Net cash flow from operating activities	**455 502**	**670 014**	**1 480 033**	**1 715 677**
Received cash from sale of tangible fixed assets and single purpose entities	-	-	1 052 387	1 311 029
Payments for purchase of tangible fixed assets and single purpose entities	(16 852)	(120 425)	(77 439)	(308 302)
Payments for purchase of subsidiaries	-	(6 678)	-	(155 521)
Net cash flow from investing activities	**(16 852)**	**(127 103)**	**974 948**	**847 206**
Net change in interest bearing debt	(106 471)	(155 914)	(2 730 818)	(3 843 536)
Net financial items ex. market value adj. and currency gain/loss	(268 001)	(289 260)	(1 055 965)	(1 270 799)
Capital increase	-	-	1 450 638	2 345 879
Dividend payments	-	-	-	(263 704)
Payments related to other financing activities	(6 497)	-	(35 109)	-
Net cash flow from financial activities	**(380 969)**	**(445 173)**	**(2 371 254)**	**(3 032 159)**
Net change in cash and cash equivalents	**57 681**	**97 737**	**83 727**	**(469 276)**
Cash and cash equivalents at the beginning of the period	190 540	68 626	174 220	635 476
Exchange rates	(5)	7 856	(9 731)	8 020
Cash and cash equivalents at the end of the period	**248 216**	**174 220**	**248 216**	**174 220**

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