4Q 2011

FOURTH QUARTER AND PRELIMINARY ANNUAL RESULTS FOR 2011

KEY EVENTS IN THE FOURTH QUARTER OF 2011

POSITIONED FOR VALUE CREATION

Stable rental income

Norwegian Property ASA posted a profit before tax and fair-value adjustments of NOK 85.6 million in the fourth quarter of 2011, a decrease of 1.0 per cent from the corresponding prior-year period. Gross rental income amounted to NOK 255.3 million, compared with NOK 250.4 million in the fourth quarter of 2010. After fair-value adjustments, profit before tax for the fourth quarter of 2011 came in at NOK -137.2 million, down from NOK 149.6 million in the same period in 2010. The company posted a loss after tax of NOK 218.8 million for the three months to 31 December 2011, compared with a profit after tax of NOK 145.5 million in the same period of 2010. With that, the company achieved earnings per share (EPS) in the fourth quarter of NOK -0.43. Book value per share was NOK 10.36 at 31 December 2011, up from NOK 10.01 per share at the end of the fourth quarter of 2010 (EPRA: NOK 11.67 at the end of fourth quarter 2011).

Financial position further strengthened

The company had a positive cash flow from operating activities of NOK 21.4 million in the fourth quarter, compared with NOK 245.4 million in the corresponding prior-year period. At the end of the fourth quarter of the year the consolidated net loan to value ratio was 64.8 per cent, down from 66.7 per cent at the end of December 2010. Adjusted for the effect of the vendor loan note issued to the purchasers of Norgani, the net loan to value ratio at the end of the reporting period was 61.0 per cent. Estimated net loan to value ratio after completion of the announced property transactions is 62.0 per cent pro forma as of 31 December 2011 and 57.9 per cent pro forma adjusted for the vendor loan.

The board will propose to the annual general meeting to distribute NOK 0.20 per share in dividend for the financial year 2011.

Strategic transactions confirm active portfolio development

In October, an agreement was made to buy a plot located in Drammensveien 149 at Skøyen in Oslo. Norwegian Property anticipates to build a modern and attractive office building of about 10 000 to 12 000 square meters at the acquired plot which is part of a joint property with Norwegian Property's existing office building in Drammensveien 149. In addition, Norwegian Property entered into a provisional agreement to sell Middelthuns gate 17 in Oslo to a gross property value of NOK 700 million. The buyer is a company owned 50/50 by Veidekke Eiendom and Obos.

Norwegian Property has also completed an acquisition of a minor office section located in Stranden 3 (Verkstedhallene) at Aker Brygge to a price of NOK 21 million. In 2012 Norwegian Property will initiate an extensive reconstruction and modernization of the buildings at Aker Brygge, thus the acquisition is regarded as strategic.

Long-term lease agreements at Aker Brygge

Norwegian Property has during the fourth quarter entered into an agreement to extend the letting area and to lengthen the lease by 15 years for the restaurants Druen, Åpenbar and Olivia Pizzeria at Aker Brygge.

After year-end, Norwegian Property has entered into a long-term agreement with DNO International ASA for office lease in Stranden 1 at Aker Brygge. The lease agreement has duration of ten years from expected takeover in the fourth quarter 2014. The lease encompasses a total area of approximately 2 400 square meters and annual rent amounts to NOK 4 250 per square meter.

Norwegian Property confirms its position at Aker Brygge

After year-end Norwegian Property has entered into an agreement to perform a property swap where Norwegian Property acquires KLP's sections in Bryggetorget 1 at Aker Brygge for NOK 620 million, and KLP acquires Ibsenkvartalet to a price of NOK 1 220 million. Norwegian Property receives NOK 590 million in cash compensation in connection with the property swap. With this transaction, Norwegian Property confirms its position as majority owner at Aker Brygge and strengthens the company's financial position and freedom of action. With a central location at Aker Brygge in Oslo and a considerable potential for further value creation, Bryggetorget 1 lies right within the core business and geographical priority area of Norwegian Property.

KEY FIGURES

Profit and loss for continued operations		4Q 2011	4Q 2010	2011	2010
Gross income	NOK million	**255.3**	250.4	**1 020.7**	1 025.1
Operating profit before adm. expenses	NOK million	**232.5**	222.9	**921.7**	929.3
Profit before net financial cost and value adj.	NOK million	**214.9**	209.0	**854.3**	870.4
Profit before income tax and value adjustments	NOK million	**85.6**	86.5	**336.8**	327.7
Profit before income tax	NOK million	**-137.2**	149.6	**283.6**	437.8
Profit after income tax	NOK million	**-218.8**	145.5	**223.9**	351.2

Balance sheet		4Q 2011	4Q 2010	2011	2010
Market value of investment portfolio	NOK million	**15 654.9**	15 062.4	**15 654.9**	15 062.4
Equity	NOK million	**5 164.1**	4 988.6	**5 164.1**	4 988.6
Interest bearing debt	NOK million	**10 164.8**	10 294.6	**10 164.8**	10 294.6
Equity ratio	Per cent	**31.8**	31.4	**31.8**	31.4
Pre-tax return on equity (annualized)	Per cent	**-10.4**	12.4	**5.6**	8.8

Cash flow		4Q 2011	4Q 2010	2011	2010
Cash flow from operating activities	NOK million	**21.4**	113.9	**245.4**	364.1
Cash position	NOK million	**15.6**	248.4	**15.6**	248.4

Key numbers, shares		4Q 2011	4Q 2010	2011	2010
No. of shares issued	Number	**498 596 832**	498 596 832	**498 596 832**	498 596 832
Average number of shares in period	Number	**498 596 832**	498 596 832	**498 596 832**	489 034 909
Pre-tax profit per share for continued operations[1]	NOK	**-0.28**	0.30	**0.57**	0.90
Basic earnings per share for continued operations (EPS)[1]	NOK	**-0.44**	0.29	**0.45**	0.72
Basic earnings per share for total operations (EPS)[1]	NOK	**-0.43**	0.70	**0.46**	-0.94
Operating cash flow per share	NOK	**0.04**	0.23	**0.49**	0.74
Interest bearing debt per share	NOK	**20.39**	20.65	**20.39**	20.65
Book value per share	NOK	**10.36**	10.01	**10.36**	10.01
Deferred property tax per share	NOK	**0.39**	0.40	**0.39**	0.40
Financial derivative instr. per share	NOK	**0.93**	0.43	**0.93**	0.43
Net asset value per share (EPRA)[2]	NOK	**11.67**	10.84	**11.67**	10.84

[1] Diluted earnings per share are the same as the basic earnings per share.
[2] Ordinary book value of equity (excl. minority interests) per share adjusted for deferred property tax-, goodwill- and financial derivative instruments per share. Deferred property tax per share includes both ordinary deferred tax relating to properties and tax compensation at purchase (accounted for as a reduction of investment properties). Financial derivative instruments per share is calculated based on the asset and liability items (market values of interest-/exchange rate swap contracts and similar) in the balance sheet after tax.

FINANCIAL PERFORMANCE

RESULTS FOR THE FOURTH QUARTER 2011

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

Norwegian Property posted total rental income of NOK 255.3 million in the fourth quarter of 2011. The company achieved NOK 250.4 million in total rental income in the comparable period of 2010.

Maintenance and other operating expenses for the quarter totaled NOK 20.8 million (NOK 26.3 million[3]). Due to seasonal variations in maintenance activity, this item came in slightly lower than normal in the fourth quarter. Other property-related expenses came in at NOK 2.0 million (NOK 1.2 million), while administrative expenses totaled NOK 17.6 million (NOK 13.9 million). With that, profit before financial items and fair-value adjustments amounted to NOK 214.9 million (NOK 209.0 million).

Net financial costs in the fourth quarter 2011 amounted to NOK 129.4 million (NOK 122.5 million), which represents an increase of NOK 6.9 million compared with the corresponding quarter of 2010. Negative fair-value adjustments in the property portfolio gave rise to an unrealized loss of NOK 217.0 million (NOK 36.0 million). The income element relating to financial derivatives had a negative value adjustment in the fourth quarter of NOK 5.8 million. A positive value adjustment of NOK 101.5 million was booked in the corresponding prior-year period.

The profit before tax on continued operations in the fourth quarter was NOK -137.2 million, a decrease from NOK 149.6 million in the fourth quarter of 2010. Estimated, non-payable tax in the quarter was NOK -81.6 million, compared with NOK -4.1 million in the corresponding prior-year period. Profit after tax on continuing operations for the period was NOK -218.8 million (NOK 145.5.0 million).

Profit from discontinued operations was NOK 4.8 million in the fourth quarter of 2011, compared with NOK 203.3 million in the comparable period last year. The net profit for the period was thus NOK -214.0 million, compared with NOK 348.8 million in the previous year.

PRELIMINARY ANNUAL RESULTS FOR 2011

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

Gross rental income for 2011 totaled NOK 1 020.7 million, compared with NOK 1 025.1 million for 2010.

Maintenance and other operating expenses for the year as a whole came in at NOK 85.4 million (NOK 90.3 million). Maintenance and other operational costs increased temporarily during 2010 and the first half of 2011 as a consequence of increased maintenance activity and the establishment of an internal operating organization after the outsourcing agreement with Neas terminated in May, but maintenance and other operational costs are now at a normalized level. Other property-related expenses came in at NOK 13.6 million (NOK 5.5 million). The increase from 2010 is caused by expenses related to higher activity in development projects in a start-up phase Administrative expenses totaled NOK 67.4 million (NOK 58.9 million). With that, profit before financial items and fair-value adjustments amounted to NOK 854.3 million (NOK 870.4 million).

Net financial costs in 2011 amounted to NOK 517.4 million (NOK 542.7 million), which represents a reduction of NOK 25.3 million compared with the year before. Total fair-value adjustments in the property portfolio during 2011 gave rise to an unrealized gain of NOK 281.9 million (NOK 170.6 million) for the year as a whole. Movements in market interest rates in 2011 resulted in a negative value adjustment of the income element relating to financial derivatives of NOK 336.1 million at the end of the year. A negative value adjustment of NOK 69.9 million was booked in 2010.

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

The profit before tax on continuing operations for 2011 was NOK 283.6 million, a decrease from NOK 437.8 million in 2010. Estimated, non-payable tax was NOK -59.7 million, compared with NOK -86.7 million the year before. Profit after tax on continuing operations for the period was NOK 223.9 million (NOK 351.2 million).

Profit from discontinued operations was NOK 4.8 million in 2011. In 2010, discontinued operations had a negative impact of NOK 810.8 million resulting from the hotel operations. The net profit for the period was thus NOK 228.7 million, compared with NOK -459.6 million at the end of 2010.

VALUATION OF PROPERTIES

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

As of 31 December 2011, before adjustments for deferred tax, the Group's portfolio of business properties was valued at NOK 15 654.9 million (NOK 15 062.4 million). At the end of the reporting period, the company has agreed to sell the properties in Middelthunsgate 17 and C. J. Hambros plass 2 (Ibsenkvartalet). These two properties are at year-end 2011 classified as assets held for sale. Office space which is being occupied by Norwegian Property is booked as property, plant and equipment at actual value of NOK 28.2 million at year-end 2011.

After the end of the quarter, the tenant of Badehusgaten 33-39 in Stavanger has, in accordance with the existing lease contract, made use of their right to terminate the lease agreement, taking effect from 31 March 2013. In addition, relatively few contracts have been renewed in the quarter, which have resulted in a reduction in the average remaining lease duration, especially at Aker Brygge and Skøyen. In addition, increased yield requirements for some properties, especially in Stavanger, and revised investment estimates for the portfolio, have contributed to a negative adjustment of the property values in the portfolio. In sum, the negative value change totaled NOK 217.0 million for the office portfolio in the fourth quarter (NOK 36.0 million). For the year as a whole, the value of the property portfolio has increased by NOK 281.9 million (NOK 170.6 million).

CASH FLOW

Net cash flow from operating activities before financial items for the fourth quarter amounted to NOK 21.4 million (NOK 113.9 million). The cash flow includes changes in short term items of NOK -69.6 million (NOK 30.7 million), which is attributable to short-term fluctuations in working capital. In addition, changes in short term items consist of periodic effects related to short term receivables and liabilities.

Payments for purchase of investment properties and other investments in non-current assets amounted to NOK -78.2 million in the fourth quarter (NOK -43.0 million) and includes acquisition of an office section at Aker Brygge for NOK 21.5 million, investments related to the reconstruction of Aker Brygge and other ordinary investments in the property portfolio. Proceeds from sale of investment property came in at NOK 32.1 million (NOK 978.2 million) following the sale of Kolstadgata 1. With that, net cash flow from investing activities for the fourth quarter was NOK -46.1 million (NOK 935.2 million).

Net cash flow from financing activities was NOK -80.6 million (NOK -1 018.8 million) in the fourth quarter caused by repayment of debt. Draw-down on revolving credit facility of NOK 50.0 million at the end of the third quarter was repaid in the fourth quarter. No installments fell due in the fourth quarter on the main credit facilities established in 2011. Subsequent to the sale of Kolstadgata 1, the credit facilities were adjusted downwards by NOK 26.9 million. Ordinary installments in the fourth quarter amounted to NOK 3.7 million.

The net negative change in cash and cash equivalents for the quarter was NOK 105.3 million (NOK 30.3 million).

For the year as a whole, the net cash flow from operating activities before financial items was NOK 245.4 million (NOK 364.1 million). Net cash flow from investing activities was NOK -320.2 million (NOK 1 054.6 million) for the year as a whole, and comprises sale of Kolstadgata 1, and the acquisition of four office sections in Terminalbygget, two sections in Verkstedhallen, completion of the restaurant complex *Onda* and other ordinary investments at Aker Brygge and in other parts of the property portfolio. Net cash flow from financing activities was NOK -158.0 million (NOK -1 418.3 million). Net negative change in cash and cash equivalents in 2011 was NOK -232.8 million (NOK 0.4 million).

BALANCE SHEET

Cash and cash equivalents as of 31 December 2011 totaled NOK 15.6 million (NOK 248.4 million as of 31 December 2010). The company also had NOK 1 199.2 million (NOK 1 000.0 million) in unutilized credit facilities. Total equity amounted to NOK 5 164.1 million (NOK 4 988.6 million), which corresponds to an equity ratio of 31.8 per cent (31.4 per cent). Book value per share was NOK 10.36 (NOK 10.01). Book value per share based on the EPRA standard was NOK 11.67 (NOK 10.84). The number of shares in issue at the end of the fourth quarter was 498 596 832 (498 596 832).

FINANCING

The table below shows interest bearing debt and hedging per 31 December 2011. The pro forma column has been prepared as if the sale of Middelthuns gate 17, the property swap of Ibsenkvartalet / Fondbygget and the acquisition of the plot in Drammensveien 149 had been completed as of 31 December 2011. Pursuant to existing loan agreements, Norwegian Property has the opportunity to maintain the loan facilities, and the net cash compensation received is provisionally placed as bank deposit in the pro forma figures.

Interest bearing debt and hedging as of 31 December 2011			
		Pro forma 31.12	**31.12.2011**
Interest bearing debt	NOK million	10 164.8	10 164.8
Vendor financing	NOK million	600.0	600.0
Cash and cash equivalents	NOK million	1 172.8	15.6
Interest hedging ratio, including cash (%)	Per cent	81.1	81.1
Unused credit facilities	NOK million	2 356.4	1 199.2
Average time to maturity, hedging	Year	5.1	5.1
Average interest rate (incl. margin)	Per cent	5.30	5.30
Average margin	Per cent	1.13	1.13
Average residual term, borrowing	Year	4.9	4.9
Property value	NOK million	14 501.3	15 654.9
Interest bearing debt / value (LTV)	Per cent	70.1	64.9
Net interest bearing debt / value (net LTV)	Per cent	62.0	64.8
Net interest bearing debt deducting vendor financing / value (net LTV)	Per cent	57.9	61.0

INTEREST HEDGES

Maturity profile interest hedges		**< 1 year**	**1 > 2 years**	**2 > 3 years**	**3 > 4 years**	**4 > 5 years**	**> 5 years**
Amount	NOK million	2 452.8	468.4	398.0	1 099.8	1 148.0	4 597.8
Average interest rate	Per cent	2.8	3.0	3.8	4.1	4.6	4.7
Share of total liabilities	Per cent	24.1	4.6	4.0	10.8	11.3	45.1

The company has historically had a very high interest hedging ratio, and had a hedging ratio of 81.1 per cent at the end of the fourth quarter. Based on improved financial freedom of action the company intends to reduce the hedging ratio somewhat going forward, as existing interest rate derivatives expire.

INTEREST BEARING LIABILITIES

As of 31 December 2011 total interest-bearing liabilities after capitalized costs totaled NOK 10 164.8 million (NOK 10 294.6 million). With the exception of scheduled repayments on interest-bearing liabilities, none of Norwegian Property's borrowing facilities mature in 2012.

OPERATIONS

COMMERCIAL PROPERTY MARKET

Considerable economic uncertainty influenced the international financial markets in 2011. Despite the dampening effect from weak international economic growth and global financial turmoil on Norwegian recovery, macroeconomic indicators for Norway show a positive trend compared with many other nations. According to Statistics Norway (SSB) onshore Gross National Product (GNP) rose by 1.9 per cent in 2010 and 2.6 per cent in 2011. An annual GNP growth of 2.5 per cent, 2.7 per cent and 3.3 per cent is according to SSB expected for the years 2012, 2013 and 2014.

According to SSB, the employment level in Norway increased by 1.4 per cent in 2011. The unemployment rate was reduced from 3.6 per cent of the workforce in 2010 to 3.3 per cent of the workforce in 2011, but is expected to increase slightly in 2012 before stabilizing. Population projections show that total population in Norway will increase notably in the coming decades. For the Oslo area, an annual population growth of between 1.5 and 2.2 per cent is expected until 2015 (source: SSB, January 2012).

According to Akershus Eiendom's latest official measure, the vacancy rate in Oslo was about 7.5 per cent of total office space, down from 8.0 per cent at the beginning of 2011. Based on moderate degree of newbuilding activity after a strong 2012, combined with an increasing trend of redevelopment and conversion of older, unattractive office space, Akershus Eiendom expects vacancy to lie between 6.5 per cent and 8.0 per cent in the coming three years.

Rent level development of office properties in Oslo during the past 12 months show that centrally located office premises with good standard have experienced considerable growth whereas older buildings and secondary locations had flat or slightly declining rent levels. This confirms that the division between attractive and unattractive properties is growing, and modern, environmentally friendly and space-efficient offices situated near public infrastructure are increasingly in demand. Available supply of vacated office space, combined with macroeconomic uncertainty, indicate that rental growth in 2012 may be slightly lower.

While the supply of new office space in Oslo in 2011 was only 60 000 square meters, new space of significant size is being completed in 2012 and 2013. Although speculative newbuilding accounts for only a minor portion, the large volumes being completed as from 2012 may lead to some pressure in specific geographical areas.

In Stavanger demand for office space is largely driven by activity in the oil and gas sector. Office space vacancy is higher at Forus than in the city centre of Stavanger, but total vacancy for the Stavanger area lies around 5 per cent.

After a period of relatively low activity in the property transactions market in the second half of 2011, high activity is reported in the beginning of 2012. Syndicates, property companies and life insurance companies dominate among the buyers. Total transaction volume for 2011 is according to Akershus Eiendom estimated at about NOK 35 billion.

THE PROPERTY PORTFOLIO

At the end of the quarter Norwegian Property owned 47 office and commercial properties, of which two are classified as assets held for sale. These properties are primarily located in central areas of Oslo and Bærum (82.5 per cent of gross rental income), Gardermoen (2.6 per cent of gross rental income) and in Stavanger (14.9 per cent of gross rental income). The Group's properties mainly comprise of office premises with associated warehousing and parking, and commercial and restaurant space.

In the fourth quarter, Norwegian Property entered into an agreement to buy a plot in Drammensveien 149, centrally located at Skøyen in Oslo. The plot is part of a joint property with Norwegian Property's existing office building in Drammensveien 149, which has a total size of 9 007 square meters. Norwegian Property anticipates to build an office building of about 10 000 to 12 000 square meters at the acquired plot after zoning permit is granted. The transaction was completed in January 2012. Total transaction value was NOK 99.8 million.

In the fourth quarter Norwegian Property entered into a provisional agreement to sell Middelthuns gate 17 in Oslo. The property was valued at NOK 700 million, which is NOK 44 million above the current valuation. The buyer is a company owned 50/50 by Veidekke Eiendom and Obos. The property is fully let to Nordea Bank Norway ASA until 2016. A binding agreement was signed by the parties in January 2012. Transfer of the property will take place medio March 2012. Rental income from the property falls to the buyer as from ultimo January 2012.

The sale of Kolstadgata 1 in Oslo was completed in October 2011 to a property value of NOK 32 million.

Total gross contractual rental income for the office portfolio amounted to NOK 1 020.2 million at the end of the fourth quarter, which is equal to the rent level at the end of the third quarter. As of 31 December 2011 total vacancy in the portfolio was 5.5 per cent, which represents an increase from 5.1 per cent at the end of the third quarter 2011, but is lower than the general market vacancy rate in the Oslo area. The rise in vacancy is mainly caused by increased strategic vacancy related to forthcoming redevelopment projects at Aker Brygge and increased vacancy in Nydalen.

During the fourth quarter 13 contracts were entered into or renegotiated, with a total value of NOK 14.5 million, resulting in a comparable rental uplift for these contracts of 8.3 per cent. The new contracts entered into in the quarter mainly consist of letting of smaller space and several short-term contracts. Among the most substantial stand-alone contracts is the agreement with Europark for letting of office space in Gullhaugveien 9-13 in Nydalen. In addition, the lease with Europark in Terminalbygget at Aker Brygge has been extended. In total, these leases account for NOK 5.1 million in annual rent. In addition, Norwegian Property has during the fourth quarter entered into an agreement to extend the letting area and to lengthen the lease by 15 years for the restaurants Druen, Åpenbar and Olivia Pizzeria at Aker Brygge.

Norwegian Property has relatively few leases up for renewal in the next 12 months. The average residual lease term is 5.1 years. When valuing the property portfolio, the current market rate for rents is estimated as being around 10.0 per cent higher than the contractual rent. The average CPI adjustment factor for the portfolio is 98.1 per cent.

CORPORATE SOCIAL RESPONSIBILITY

In line with Norwegian Property's strategy for corporate social responsibility, the company has during 2011 established an infrastructure for sustainability reporting based on recommendations by EPRA. At the end of the fourth quarter the infrastructure for measurement and follow-up is completed for the majority of the portfolio. Properties which are completely rehabilitated will have the infrastructure installed in connection with the reconstruction. The system for reporting and follow-up will be operational as from the first quarter of 2012.

EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period Norwegian Property has entered into an agreement with KLP to perform a property swap which involves KLP's sections in Bryggetorget 1 at Aker Brygge ("Fondbygget") and C.J. Hambros plass 2 ("Ibsenkvartalet") owned by Norwegian Property. The transaction model implies that Norwegian Property acquires KLP's sections in Bryggetorget 1 for NOK 620 million. Simultaneously, KLP acquires the companies owning Ibsenkvartalet to a price of NOK 1 220 million, which is NOK 22 million higher than book value as per 30 September 2011. A deduction of NOK 10 million is made as a result of the tax position of the companies owning Ibsenkvartalet, and consequently Norwegian Property will receive NOK 590 million in cash compensation in connection with the property swap. With a central location at Aker Brygge in Oslo and a considerable potential for further value creation, Bryggetorget 1 lies right within the core business and geographical priority area of Norwegian Property. The transaction was completed in February 2012.

In addition, the acquisition of a plot in Drammensveien 149 was completed in January 2012 and a binding agreement to sell Middelthuns gate 17 was signed in January 2012.

As a consequence of buy-backs of the company's own bond to a total value of NOK 121 million done in 2010 and 2011, Norwegian Property redeemed the bond by a total of NOK 121 million in January 2012. The remaining outstanding amount after the redemption is NOK 114 million with maturity in March 2012.

SHAREHOLDER INFORMATION

At the end of the fourth quarter of 2011 the company had 2 048 registered shareholders, which equates to 75 fewer than at the end of the previous quarter, and a reduction of 460 shareholders compared with 12 months previously. Non-Norwegian shareholdings accounted for 56.2 per cent of the share capital at the end of the quarter, compared with 59.1 per cent at the end of the previous quarter. The average number of shares traded per day in the fourth quarter amounted to 0.9 million, which is equal to the volume traded per day in the period July to September 2011. As of 31 December 2011 the company's total share capital amounted to NOK 249 298 416, allocated to 498 596 832 shares with a par value per share of NOK 0.50. The largest shareholders registered with the Norwegian Central Depository (VPS) as of 31 December 2011 are presented below.

#	Name	Share (%)	No. of shares	Account type	Nationality
1	FOLKETRYGDFONDET	7.89	39 345 495	ORD	NOR
2	CANICA AS	5.59	27 895 467	ORD	NOR
3	BNYM AS EMEA ASIA 25 OMNIBUS	4.71	23 501 678	NOM	USA
4	AWILHELMSEN CAPITAL AS	4.66	23 254 334	ORD	NOR
5	STATE STREET BANK AND TRUST CO.	3.38	16 830 777	NOM	USA
6	SKANDINAVISKA ENSKILDA BANKEN	3.18	15 840 872	NOM	SWE
7	BNP PARIBAS SECS SERVICES PARIS	3.16	15 749 359	NOM	FRA
8	CITIBANK NA LONDON BRANCH	3.12	15 572 315	NOM	GBR
9	BANK OF NEW YORK MELLON	2.40	11 984 971	NOM	USA
10	JPMORGAN CHASE BANK	1.72	8 571 724	NOM	GBR
11	FONDSFINANS SPAR	1.56	7 792 590	ORD	NOR
12	JPMORGAN CHASE BANK	1.56	7 761 335	NOM	GBR
13	STATE STREET BANK & TRUST CO.	1.54	7 669 013	NOM	USA
14	EUROCLEAR BANK S.A./N.V. ('BA')	1.49	7 411 501	NOM	BEL
15	VITAL FORSIKRING ASA	1.23	6 108 018	ORD	NOR
16	TRONDHEIM KOMMUNALE PENSJONSKASS	1.22	6 090 723	ORD	NOR
17	FRAM HOLDING AS	1.20	6 000 000	ORD	NOR
18	BNP PARIBAS SECS SERVICES PARIS	1.13	5 655 995	NOM	FRA
19	BNP PARIBAS SEC SERVICE PARIS	1.12	5 574 269	NOM	FRA
20	AWECO INVEST AS	1.10	5 486 765	ORD	NOR
	Total 20 largest shareholders	**52.97**	**264 097 201**		**8/20 NOR**

OUTLOOK

Weak international economic growth and global financial turmoil creates uncertainty in the Norwegian economy. Nevertheless, macroeconomic indicators for Norway show a positive trend compared with many other nations. Total vacancy in Oslo was according to Akershus Eiendom about 7.5 per cent at the end of 2011, and is expected to be in the range between 6.5 per cent and 8.0 per cent in the coming three years.

Rent level development of office properties in Oslo during the past 12 months show that centrally located office premises with good standard have experienced considerable growth whereas older buildings and secondary locations had flat or slightly declining rent levels. Available supply of vacated office space, combined with macroeconomic uncertainty, indicate that rental growth in 2012 may be slightly lower.

Norwegian Property focuses on prime properties near traffic hubs in the most central and attractive parts of Oslo and Stavanger. In line with Norwegian Property's strategy of active portfolio development, the company has during 2011 entered into several agreements to buy properties with strategic location.

Extensive reconstruction and upgrading projects will be started in 2012 in order to strengthen Aker Brygge's position as Oslo's most attractive office area and district. The company has established a competent organization with dedicated responsibility for the development projects, and during 2011 the organization has accomplished comprehensive project planning, risk assessments and quality control of the various stages of the projects. The reconstruction period is expected to go on for about four years, and will periodically lead to increased vacancy in the parts of the portfolio involved in the project. Going forward, attracting new tenants to the renovated buildings will be a key priority.

After year-end, Norwegian Property has entered into an agreement to perform a property swap where the company acquires the office sections in Bryggetorget 1 at Aker Brygge. With a central location and a considerable potential for further value creation, Bryggetorget 1 lies right within the core business and geographical priority area of Norwegian Property. With this transaction, Norwegian Property confirms its position as majority owner at Aker Brygge and strengthens the company's financial position and freedom of action.

Going into 2012, the company appears well equipped to implement the investment plans which are laid in order to release the potential of the company's property portfolio.

The Board of Directors of Norwegian Property

Oslo, 28 February 2012

FINANCIAL INFORMATION (UNAUDITED)

ACCOUNTING POLICIES AND CONSOLIDATED ENTITIES

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

CONSOLIDATED INCOME STATEMENT

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

Amounts in NOK million	Note	4Q 2011	4Q 2010	2011	2010
Gross income		**255.3**	**250.4**	**1 020.7**	**1 025.1**
Maintenance and other operating expenses		**-20.8**	-26.3	**-85.4**	-90.3
Other property-related expenses		**-2.0**	-1.2	**-13.6**	-5.5
Property-related expenses		**-22.8**	**-27.5**	**-99.0**	**-95.8**
Operating profit before administrative expenses		**232.5**	**222.9**	**921.7**	**929.3**
Administrative expenses		**-17.6**	-13.9	**-67.4**	-58.9
Profit before net financial cost and value adjustments		**214.9**	**209.0**	**854.3**	**870.4**
Financial income		**8.3**	7.7	**37.0**	24.0
Financial cost		**-137.7**	-130.2	**-554.4**	-566.7
Profit before income tax and value adjustments		**85.6**	**86.5**	**336.8**	**327.7**
Change in market value of investment property		**-217.0**	-36.0	**281.9**	170.6
Change in market value of financial derivative instruments		**-5.8**	101.5	**-336.1**	-69.9
Unrealized gains and losses		**-222.8**	**65.5**	**-54.2**	**100.7**
Gain/(loss) related to property sales		**-**	-2.4	**1.0**	9.4
Realized gains and losses		**-**	**-2.4**	**1.0**	**9.4**
Profit before income tax for continued operations		**-137.2**	**149.6**	**283.6**	**437.8**
Deferred income tax for continued operations		**-81.6**	-4.1	**-59.7**	-86.7
Profit for continued operations		**-218.8**	**145.5**	**223.9**	**351.2**
Profit for discontinued operations	1	**4.8**	203.3	**4.8**	-810.8
Profit for the period		**-214.0**	**348.8**	**228.7**	**-459.6**
Profit attributable to non-controlling interests		**-**	-	**-**	-
Profit attributable to owners of the Company		**-214.0**	**348.8**	**228.7**	**-459.6**
Other comprehensive income					
Currency translation differences for discontinued operations		**-**	264.3	**-**	126.3
Gain/loss on financial derivative instruments for continued operations		**-1.9**	-1.5	**-8.4**	-2.1
Gain/loss on financial derivative instruments for discontinued operations		**-**	-	**-**	-6.6
Income tax related to comprehensive income for continued operations		**0.5**	0.4	**2.4**	0.6
Income tax related to comprehensive income for discontinued operations		**-**	-	**-**	1.8
Reclassification of currency translation differences for discontinued operations		**-**	-263.8	**-**	-134.8
Reclassification of financial derivative instruments for discontinued operations		**-**	-	**-**	13.7
Value adjustment of owner-occupied property	2	**2.7**	-	**2.7**	-
Total other comprehensive income		**1.3**	**-0.6**	**-3.3**	**-1.0**
Total comprehensive income		**-212.6**	**348.2**	**225.3**	**-460.6**
Total comprehensive income attributable to owners of the Company		**-212.6**	348.2	**225.3**	-460.6
Total comprehensive income attributable to non-controlling interests		**-**	-	**-**	-

CONSOLIDATED BALANCE SHEET

Amounts in NOK million	Note	31.12.2011	31.12.2010
ASSETS			
Financial derivative instruments		**5.0**	24.3
Deferred tax asset		**12.8**	70.0
Investment property[4]	2	**13 561.3**	14 862.5
Property, plant and equipment	2	**40.1**	2.4
Receivables		**400.0**	600.0
Total non-current assets		**14 019.2**	**15 559.3**
Financial derivative instruments		**2.3**	1.8
Accounts receivable		**69.9**	51.9
Other receivables		**235.3**	15.5
Cash and cash equivalents		**15.6**	248.4
Assets held for sale	2	**1 873.4**	-
Total current assets		**2 196.5**	**317.6**
Total assets		**16 215.7**	**15 876.8**
EQUITY AND LIABILITIES			
Paid in equity		**9 737.5**	9 737.5
Other reserves		**1.2**	7.3
Retained earnings		**-4 574.7**	-4 756.2
Total equity		**5 164.1**	**4 988.6**
Financial derivative instruments		**628.8**	317.4
Interest bearing liabilities		**8 798.6**	10 203.8
Total non-current liabilities		**9 427.3**	**10 521.3**
Financial derivative instruments		**23.7**	9.3
Interest bearing liabilities		**1 366.2**	90.7
Trade payables		**14.3**	14.7
Other liabilities		**220.0**	252.2
Liabilities held for sale		**1 624.2**	**366.9**
Total current liabilities		**11 051.6**	**10 888.2**
Total liabilities		**16 215.7**	**15 876.8**

[4] After deduction of deferred taxes at time of acquisition of NOK 192.1 million as of 31 December 2011 and NOK 199.9 million as of 31 December 2010.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	31.12.2011	31.12.2010
Total equity including minority interests, beginning of the period	**4 988.6**	**4 918.0**
Total comprehensive income	**225.3**	-460.6
Paid dividends	**-49.9**	-
Share issue, net of cost and after tax	**-**	531.2
Total equity including minority interests, end of period	**5 164.1**	**4 988.6**

Amounts in NOK million	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Total equity
Total equity 31.12.2009	**226.6**	**2 539.7**	**6 440.1**	**8.3**	**-4 296.6**	**4 918.0**
Share issue	22.6	521.3	-	-	-	543.9
Total cost related to share issues, net of tax (28%)	-	-12.7	-	-	-	-12.7
Financial derivatives accounted to equity, net of tax (28%)	-	-	-	-6.2	-	-6.2
Currency translation differences	-	-	-	126.3	-	126.3
Reclassification of currency translation differences, discontinued operations	-	-	-	-134.8	-	-134.8
Reclassification of financial derivative instruments, discontinued operations	-	-	-	13.7	-	13.7
Profit for the period	-	-	-	-	-459.6	-459.6
Total equity 31.12.2010	**249.3**	**3 048.2**	**6 440.1**	**7.2**	**-4 756.2**	**4 988.6**
Financial derivatives accounted to equity, net of tax (28%)	-	-	-	-6.0	-	-6.0
Paid dividends	-	-	-	-	-49.9	-49.9
Profit for the period	-	-	-	-	228.7	228.7
Value adjustment of owner-occupied property	-	-	-	-	2.7	2.7
Total equity 31.12.2011	**249.3**	**3 048.2**	**6 440.1**	**1.2**	**-4 574.7**	**5 164.1**

CONSOLIDATED CASH FLOW

The cash flow statement includes both continuing and discontinued operations.

Amounts in NOK million	4Q 2011	4Q 2010[5]	2011	2010[5]
Profit before income tax	**-132.4**	348.5	**288.4**	-721.7
Paid taxes in the period	**-**	-	**-**	-16.8
Depreciation of tangible assets	**0.7**	0.2	**2.4**	1.6
Gain from sale of investment property and operations	**-**	-200.0	**-1.0**	-69.1
Gain from fair value adjustment of investment property	**217.0**	36.0	**-281.9**	534.6
Gain from fair value adjustment of financial derivative instruments	**5.8**	-101.5	**336.1**	201.1
Impairment of goodwill	**-**	-	**-**	570.9
Change in short-term items	**-69.6**	30.7	**-98.5**	-136.5
Net cash flow from operating activities	**21.4**	**113.9**	**245.4**	**364.1**
Received cash from sale of investment property and discontinued operations	**32.1**	978.2	**33.1**	1 122.6
Payments for purchase of investment property	**-78.2**	-43.0	**-353.2**	-68.0
Net cash flow from investing activities	**-46.1**	**935.2**	**-320.2**	**1 054.6**
Net repayment of interest bearing debt	**-80.6**	-1 018.8	**-108.2**	-1 944.5
Capital increase	**-**	-	**-**	526.2
Paid dividend	**-**	-	**-49.9**	-
Net cash flow from financial activities	**-80.6**	**-1 018.8**	**-158.0**	**-1 418.3**
Net change in cash and cash equivalents	**-105.3**	**30.3**	**-232.8**	**0.4**
Cash and cash equivalents at the beginning of the period	**120.9**	218.2	**248.4**	248.2
Currency translation differences	**-**	-	**-**	-0.3
Cash and cash equivalents at the end of the period	**15.6**	**248.4**	**15.6**	**248.4**

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

NOTE 1 DISCONTINUED OPERATIONS

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

Amounts in NOK million	4Q 2011	4Q 2010	2011	2010
Operating revenue	-	-	-	540.1
Operating cost	-	-	-	-102.9
Profit before net financial cost and value adjustments	-	-	-	437.2
Net financial cost	-	-3.5	-	-249.1
Profit before income tax and value adjustments	-	**-3.5**	-	**188.0**
Change in market value of investment property	-	-	-	-705.2
Change in market value of financial derivative instruments	-	-	-	-131.2
Impairment of goodwill	-	-	-	-570.9
Profit before income tax	-	**-3.5**	-	**-1 219.2**
Income tax	-	4.5	-	348.8
Profit after income tax	-	**1.0**	-	**-870.5**
Gain from sale of discontinued operations	**4.8**	202.3	**4.8**	59.7
Income tax	-	-	-	-
Profit for the period	**4.8**	**203.3**	**4.8**	**-810.8**

NOTE 2 INVESTMENT PROPERTY AND ASSETS CLASSIFIED AS HELD FOR SALE

At year-end 2011 Norwegian Property has agreed to sell the properties in Middelthunsgate 17 and C. J. Hambros plass 2 (Ibsenkvartalet). The transaction which involves C.J. Hambros plass 2 was completed in February 2012. The sale of Middelthuns gate 17 will be concluded by the end of the first quarter 2012.

The aforementioned properties are at year-end 2011 estimated at a total net sales value of NOK 1 873.4 million and classified as assets held for sale.

Office property used by owner Norwegian Property is included in the item property, plant and equipment by NOK 28.2 million at year-end 2011, and booked at actual value.

The value adjustment for 2011 is included in other comprehensive income.

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