NORWEGIAN PROPERTY

Sale of Norgani Hotels AS

Oslo, 24 August 2010

Norwegian Property in process of selling Norgani Hotels AS

Preliminary Agreement with Pandox and its owners

- Sale of Norgani delivers the most effective solution for separation of the hotel and office businesses
- Leaves Norwegian Property and the office business in a solid financial position, and with an industrial and focused competitive edge
- Strengthens the financial position
  - Based on current plans removes the need for another equity issue
  - Reduces Net Loan to Value including seller credit to 64.1 per cent
  - Total cash release of NOK 1.6 bn, of which NOK 1.0 bn will be immediate
    - OPAS acquisition financing will be repaid with NOK 0.7 bn
    - NOK 0.6 bn will remain as seller credit for a period of up to 5 years
- Norwegian Property finally emerges as well positioned to proactively explore value creating opportunities, with NOK 0.9 bn available (including Private Placement in 1Q2010).

Norwegian Property in process of selling Norgani Hotels AS

Key terms

Buyer	Pandox AB and the owners of Pandox AB (Eiendomsspar AS and Sundt AS)
Commercial terms	Property Values: NOK 8,300 million Seller credit: Approximately NOK 600 million Market standard treatment of tax and other items
Timing	Closing in November 2010 (tentatively)
Major conditions	Buyer bank financing Sales and Purchase agreement Competition Authority approval

NORWEGIAN PROPERTY

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BACKGROUND

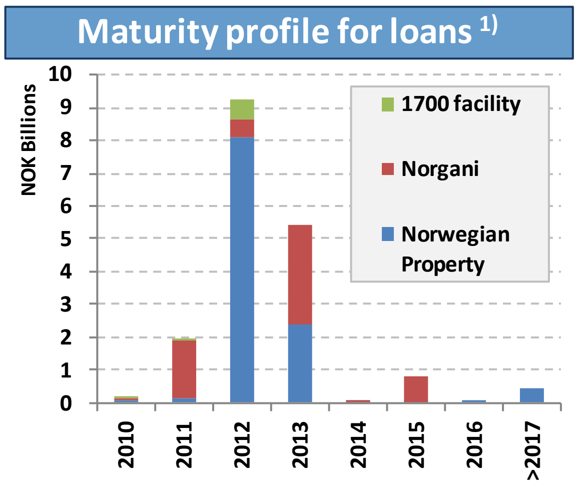
Process initiated in January 2010

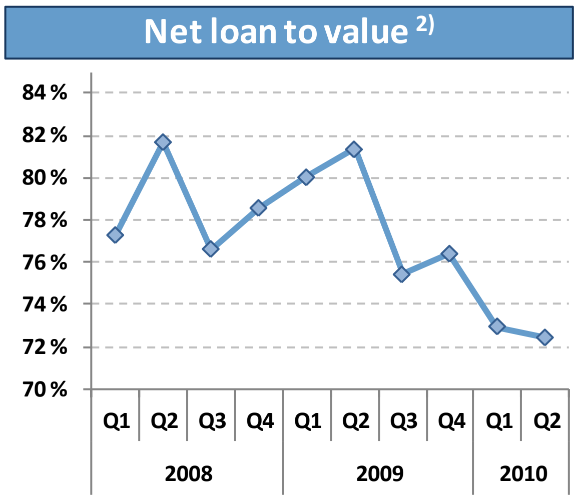
Key targets

- **Separate** Offices and Hotels to **create focused businesses**
- Transform both businesses into **fully integrated property companies**
  - Focus on value drivers, Letting, Property Management, Development and Transactions and Financing
- **Reduce financial risk**
  - **Long term target** of Loan to Value in range 60 to 65 per cent

Refinancing

- **Norwegian Property has high gearing and short duration on debt**





- **Uncertainty in financial markets**
  - Macro sentiment uncertain, multiple scenarios are possible, including "double dip"
  - Banks still hesitant to assume risk, which impacts bank margins, duration on new debt and requirements to covenants including Loan To Value
  - Hesitant property investor markets for other assets than Long Term Leases

Potential in office portfolio

Investments needed to capture full potential;

Aker Brygge, Kaibygning I (DnB headoffice)

- Lease expiring 2013 and DnB NOR relocating
- Total office area appr. 25 000 sqm

Middelthunsgate 17, Nordea Headoffice, Oslo

- Lease expiring 2014
- Total area appr. 33 000 sqm
- Nordea evaluating possible relocation
- NPRO in process with Nordea to extend lease, but must commit to upgrade

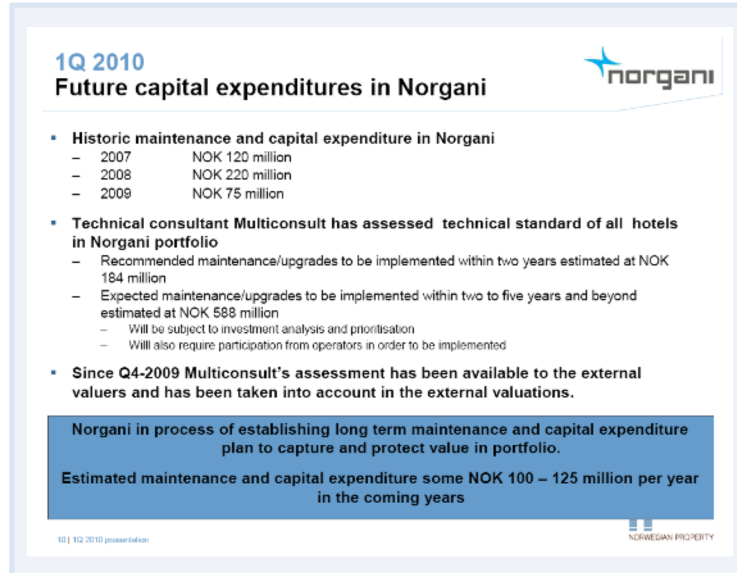
Drammensveien 134

- Vacant office areas appr. 7 000 sqm
- Upgrade needed to let premises on market rent

Investment needs

Hotels

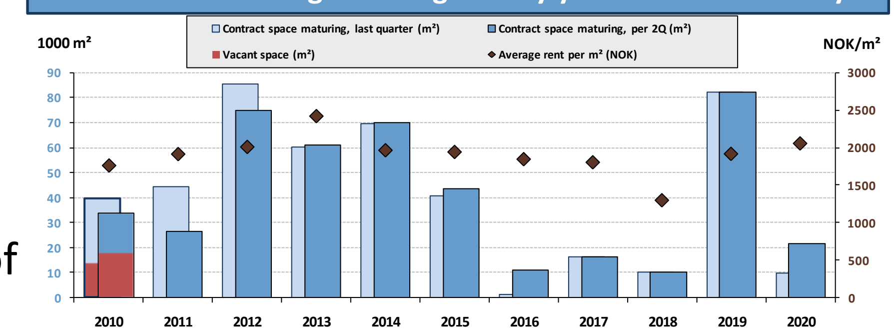
- Investment need assessed by Multiconsult to NOK 772 million over the next 5 to 7 years
- Expansion and profitable investments will further increase investments
- Market leading position requires proactive investments and even more capital



Offices

- So far – priority to renew "as is"
- Significant potential in portfolio, but reviews performed confirm that "As is"-renewals not viable for large part of remaining renewals in the period 2012-2015

Volume and average existing rent by year of lease maturity



Alternatives evaluated

- **Stop or delay current processes**
  - Meaningful costs to status quo
    - continued lack of operational focus
    - capital constraints for both business areas
    - speculation about our financial position
    - continued uncertainty of Norgani's ownership
- **Separation**
  - demerger/IPO
    - provide less proceeds to NPRO
    - if markets remain volatile or even deteriorate, valuation would be less favourable
  - sale
    - the better alternative in view of our investment opportunities and needs
    - speedily establish the required balance sheet strength and operational focus
    - avoid accessing the equity market, which we believe would have a cost for our shareholders
- **Pandox**
  - Transaction market tested thoroughly
  - Satisfactory price and other commerical terms

Norwegian Property in process of selling Norgani Hotels AS

THE TRANSACTION

Sale of Norgani– transaction structure – summary:

- **Sales object:** - 100% of Norgani Hotels AS including all group subsidiaries
- **Buyer:** - Pandox AB / the owners of Pandox AB (Eiendomsspar AS and Sundt AS)
- **Due Diligence** (technical, legal, financial, environmental):
  - Completed
- **Mutual reservations:**
  - Bank financing (primarily change of control)
  - Sales and Purchase Agreement
  - Competition law authorities approval
- **Seller guarantees** for future rental income: - None
- **Signing date:** - End of October 2010 (tentative)
- **Closing date:** - Beginning of November 2010 (tentative)

Sale of Norgani– commercial and financial terms:

- **Gross property value:** - NOK 8,300 million (book value NOK 8,911 million)
- **Other assets & liabilities:** -Market standard treatment of settlement
- **Tax assets & liabilities:** - Market standard treatment of settlement
- **Derivatives portfolio:** - ‘Marked-to-market’ –market standard treatment.
- **Vendor financing:** - Subject to bank financing (change of control):
  - Approximately NOK 600 million
  - Up to five years tenor.
- **Transaction type:** - ’As-is’ sale with no future income guarantees.
  - ‘Fearnley’ portfolio (4 Danish hotels) included.

Summary of financial effects for remaining Norwegian Property

- **Cash release**
  - Appr. NOK 1.0 bn. before repayment of acquisition financing (OPAS)
  - Appr. NOK 0.6 bn in addition will be released when seller credit is repaid

- **Equity effect**
  - Appr. NOK -0.8 bn*)
  - Corresponding to appr. NOK – 1.60 per share

- **Loan to Value effect**

Gross LTV	74.0 %	(NOK 11 108 million)
Net LTV (gross debt less cash)	68.1%	(NOK 10 224 million)
Net LTV (net debt less seller credit)	64.1%	(NOK 9 624 million)

*) Will be subject to adjustments (including exchange rate, performance Q3 and changes in values of financial derivatives)

Norwegian Property in process of selling Norgani Hotels AS

APPENDIX

Effects of sale – estimated balance sheet “post” sale

Interest bearing debt and hedging as of 30 Jun 2010		New Group	NPRO	OPAS 1)
Total interest bearing debt	NOK mill.	**11 108**	11 108	0
Hedging ratio	%	**88.7%**	88.7%	-
Cash and cash equivalents	NOK mill.	**884**	568 + 300 2)	16
”Seller credit” 3)	NOK mill.	**600**	-	-
Unused committed credit facilities (short and long term)	NOK mill.	**310**	310	-
Average remaining duration, hedging	years	**4.6**	4.6	-
Average interest rate (including margin)	%	**5.05**	5.05	-
Average margin	%	**0.75**	0.75	-
Average remaining duration, borrowing	Years	**2.3**	2.3	-
Property value (gross of deferred tax at acquisition)	NOK mill.	**15 018**	15 018	-
Loan to value (LTV)	%	**74.0%**	74.0%	-
Net Loan to value (LTV less cash)	%	**68.1%**	-	-
Net Loan to value[1] (LTV less cash and “seller credit”)	%	**64.1%**	-	-
Book equity per share	NOK	**appr. 9.40**	-	-

1) OPAS acquisition assumed repaid with cash proceeds
2) Net cash released after repayment of acquisiiton financing (and excluding “Seller Credit”)
3) Seller Credit running at 5% interest

Overview and key figures




Key figures as of 30 June 2010		
Properties	#	47
Portfolio size	m²	622 201
Average size per property	m²	13 238
Gross rent per year (run rate)	**NOK mill.**	**1 016.5**
Operational expenses per year	NOK mill.	56.9
Net rent per year (run rate)	NOK mill.	959.6
Average gross rent per m² per year	NOK	1 634
Gross market value	**NOK mill.**	**15 018**
Average value per property	NOK mill.	320
Average value per m²	NOK	24 137
Gross yield, actual	%	6.8
Net yield, actual	**%**	**6.4**
Gross yield, market rent [1)]	%	7.1
Net yield, market rent [1)]	%	6.7
Duration	**years**	**5.3**
CPI adjustment per 1 Jan 2011	%	97.0
Vacancy	**%**	**3.6**




[1)] Total portfolio's market rent has been assessed by DTZ RealKapital and Akershus Eiendom to be 4.7% (weighted average) above current contractual rents

Disclaimer

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