



# Bond investor presentation

January 2010



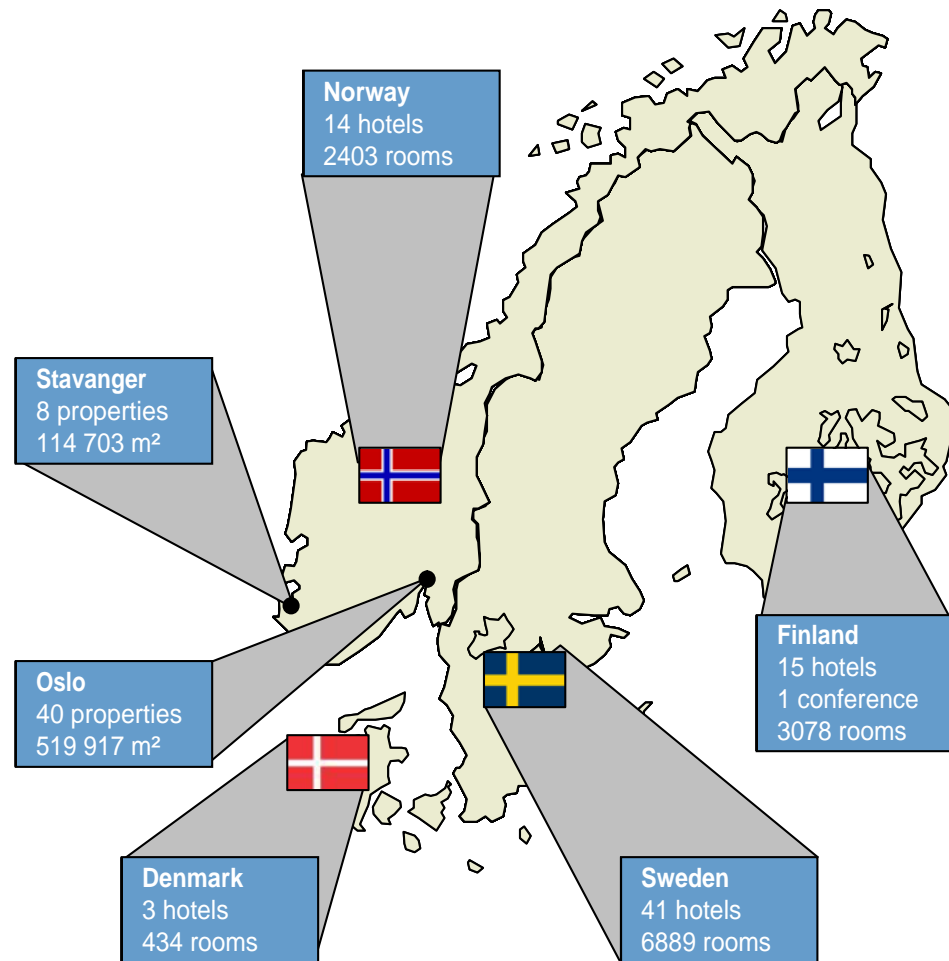
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# Norwegian Property at a glance

- Norwegian Property is a prime real estate investment player in the Nordic market offering unique exposure to high-quality real estate
- Norwegian Property offers the largest portfolio of high quality office assets (CBD) with blue-chip tenants in Norway
  - Prime locations and high technical standard
  - Blue chip companies and governmental tenants
  - Weighted duration of 5.1 years as of 30 September 2009
- Norgani Hotels is the leading Nordic hotel property owner and the 5th largest in Europe, with turn-over based lease contracts including minimum rent levels and seller credits (~80% of 2008 rent)
  - Solid tenants covering more than 90% of the turnover
  - Weighted duration of 9.8 years as of 30 September 2009
  - Unique strategic position to develop the Nordic hotel property segment in the years to come



# Commercial property portfolio (Office)

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# Overview of commercial property portfolio



## Run rate per 30 September 2009

### Portfolio

Number of properties	48
Total size (m <sup>2</sup> )	634 620
Average size per property (m <sup>2</sup> )	13 221
Average value per m <sup>2</sup> (NOK)	23 625
Average value per property (MNOK)	312
Average rent per m <sup>2</sup> (NOK)	1 648

### Valuation

Market value (MNOK)	14 993
Gross rent (MNOK)	1 045.9
Opex (MNOK *)	58.6
Net rent (MNOK)	987.4
Gross yield, contractual rent	7.0 %
Net yield, contractual rent	6.6 %
Gross yield, market rent **)	7.4 %
Net yield, market rent **)	7.0 %
Duration (years)	5.1
CPI adjustment (2009)	97.1 %
Vacancy (excl. warehouse/parking)	1.8 %

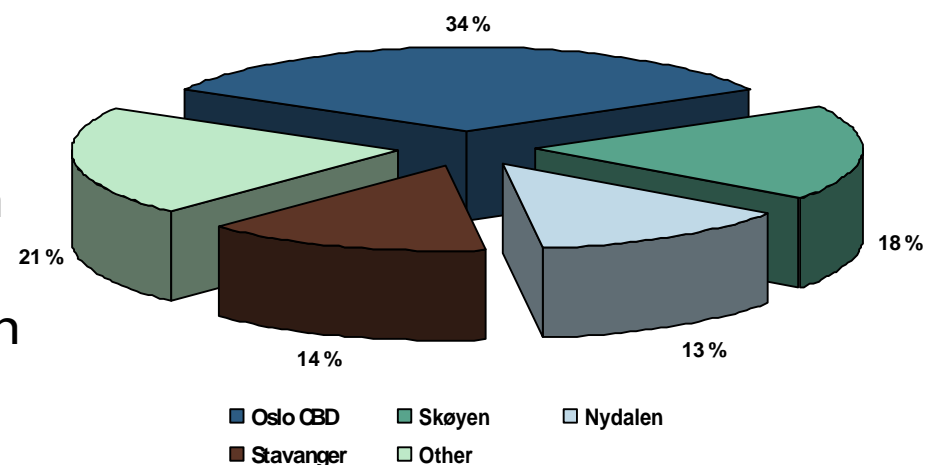
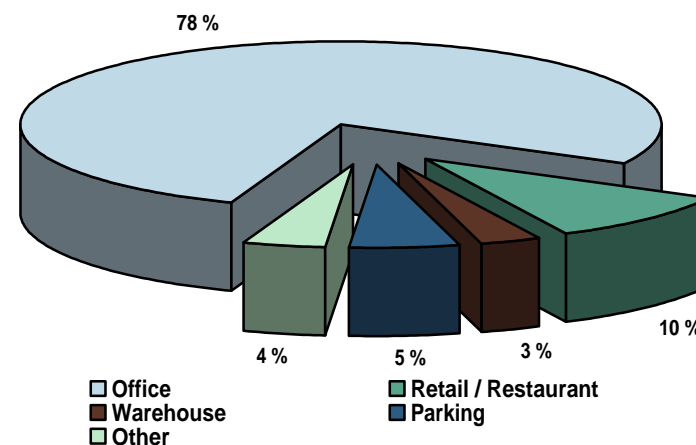
\*) Assuming 5.6% operating expenses on property level

\*\*) Market rent is assessed by DTZ Realkapital and Akershus Eiendom to be 6.4% (weighted average) above current contractual rents



# Rental income by segment and geography

- Weight on office property
- Retail and restaurant income relate mainly to Aker Brygge
- Properties in Oslo carry for ~84% of income
- Exposure to prime locations in Oslo
- One of the strongest players in all our main clusters



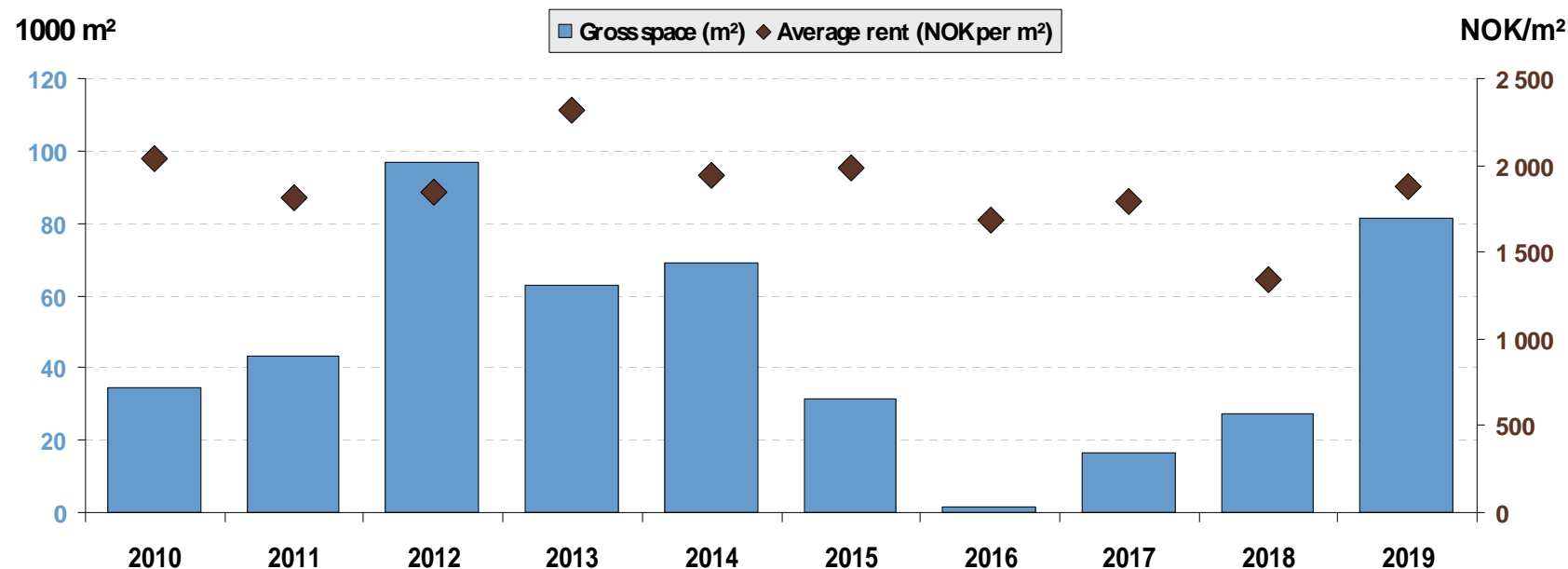
# High quality customer base

Tenant	Rent (MNOK)	Duration (years)	Share of total	Public sector participation	Listed at group level
EDB Business Partner ASA	83.6	9.4	8.0 %	v	v
Aker Solutions ASA	82.7	9.5	7.9 %	v	v
DnB NOR ASA	73.4	3.5	7.0 %	v	v
Nordea	46.1	4.3	4.4 %	v	v
Stat oilHydro ASA	43.2	3.3	4.1 %	v	v
SAS Scandinavian Airlines Norge AS	42.4	7.2	4.1 %	v	v
If Skadeforsikring	40.6	3.1	3.9 %		v
Aker Offshore Partner AS	33.9	5.2	3.2 %	v	v
Total E&P Norway AS	30.4	8.1	2.9 %		v
Höegh Autoliners Management AS	28.0	10.5	2.7 %		
Get AS	27.3	1.7	2.6 %		
Telenor Eiendom Holding AS	27.2	6.0	2.6 %	v	v
NetCom AS	24.1	3.1	2.3 %	v	v
Skanska Norge AS	22.0	5.6	2.1 %		v
Fokus Bank	21.0	3.3	2.0 %	v	v
Atea ASA	18.7	3.0	1.8 %		v
TDC AS	16.1	1.8	1.5 %		v
NAV	15.4	2.0	1.5 %	v	
YX Energi Norge AS	14.8	1.9	1.4 %		v
Tieto Norway AS	13.8	2.8	1.3 %		v
BW Offshore AS	11.7	4.2	1.1 %		v
Simonsen Advokatfirma DA	11.6	3.2	1.1 %		
Økokrim	11.4	17.0	1.1 %	v	
ErgoGroup AS	10.6	2.0	1.0 %	v	
Schibsted Eiendom AS	9.5	4.3	0.9 %		v
<b>Total 25 largest tenants</b>	<b>759.5</b>	<b>5.7</b>	<b>72.6 %</b>	<b>13 / 25</b>	<b>19 / 25</b>
<b>Total other tenants</b>	<b>286.4</b>	<b>3.5</b>	<b>27.4 %</b>		
<b>TOTAL ALL TENANTS</b>	<b>1 045.9</b>	<b>5.1</b>	<b>100.0 %</b>		

- **Top 25 tenants account for ~73% of income, with a weighted duration of 5.7 years**
- **High degree of public ownership and/or stock exchange listing**
- **Weighted CPI adjustment of 97.1% for entire lease contract portfolio**

# Well diversified lease maturity profile

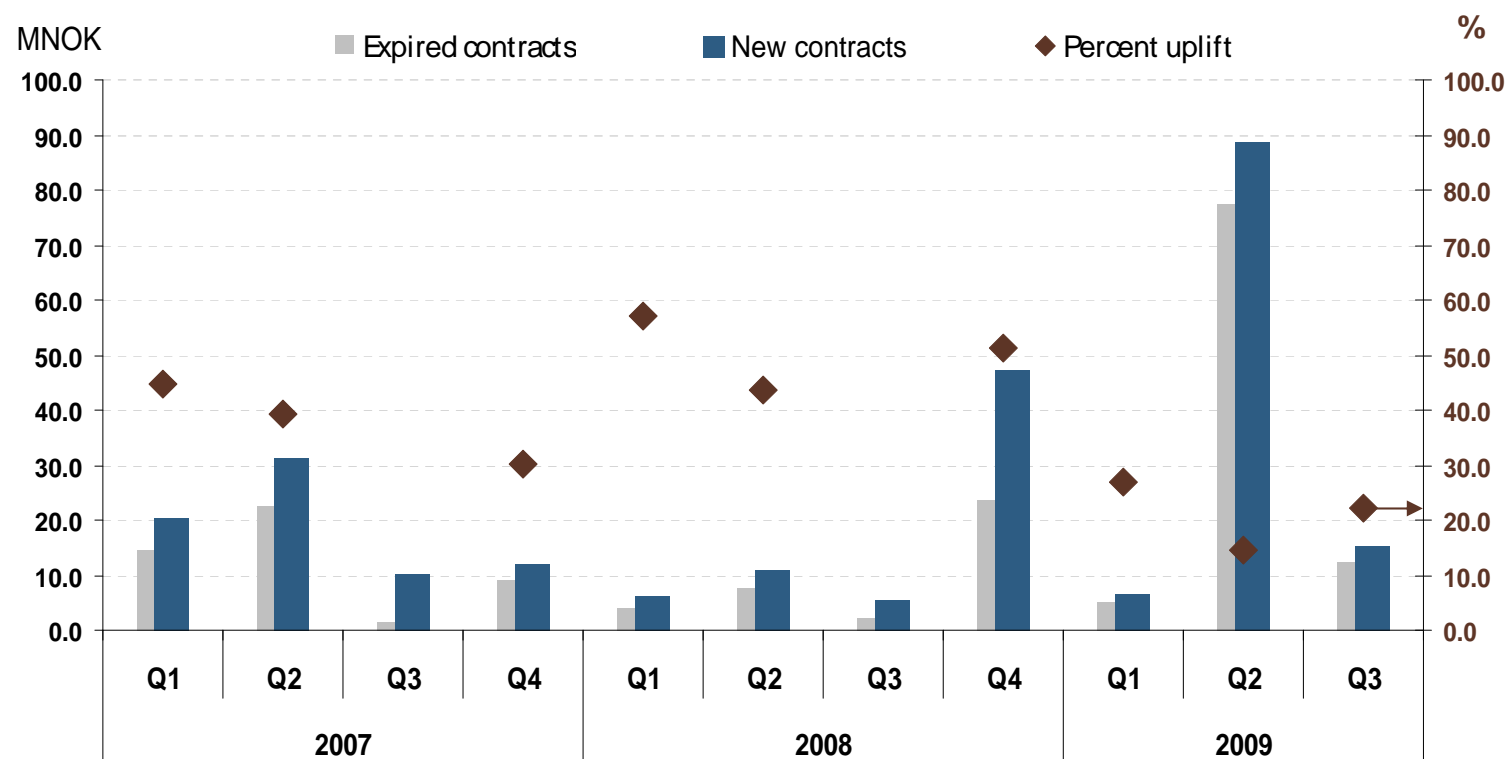
- Uplift potential (market rent above contractual rents) assessed by external valuers to be ~ 6.4% per 30 September 2009
- Average rent of 1648 NOK per m<sup>2</sup> as of 30 September 2009





# Positive net leasing - uplift potential delivered

- 21 new lease agreements gave an uplift of 22% over existing rent level in Q3
- Estimated average uplift potential of 6.4% for entire portfolio

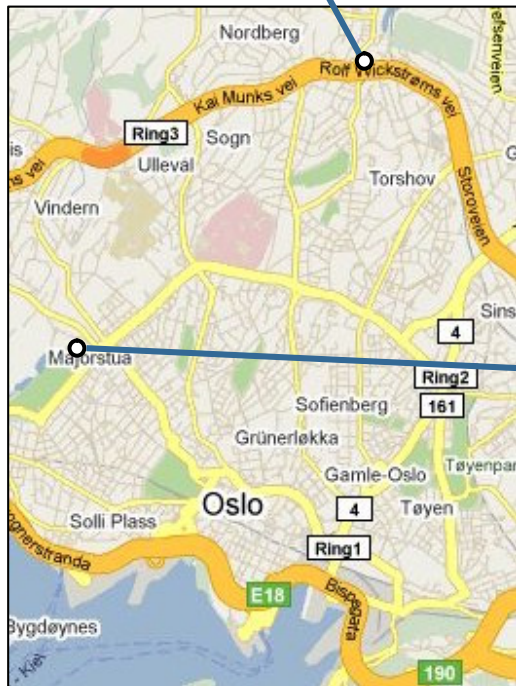


# The four currently outstanding bond properties

- Three pledged bond tranches issued in 2007

## Maridalsveien 323

- Rent (MNOK 2010): Appr 27.8
- Duration (1 Jan 2010): 1.4
- Size: 20 915 m<sup>2</sup>
- Tenant: Get



## Finnestadveien 44

- Rent (MNOK 2010): Appr 31.2
- Duration (1 Jan 2010): 7.8
- Size: 22 032 m<sup>2</sup>
- Tenant: Total E&P



## Middelthunsgate 17

- Rent (MNOK 2010): Appr 46.4
- Duration (1 Jan 2010): 4.1
- Size: 33 319 m<sup>2</sup>
- Tenant: Nordea



Oslo

Stavanger



## Forusbeen 35

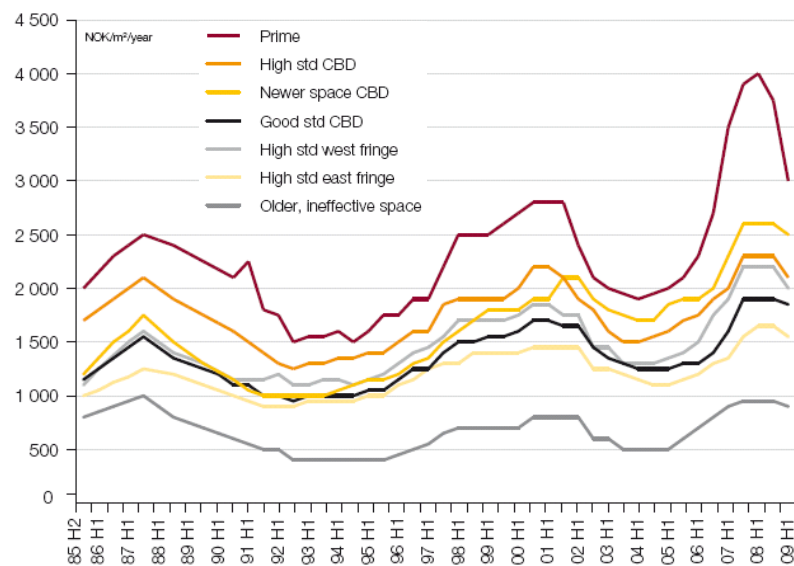
- Rent (MNOK 2010): Appr 27.4
- Duration (1 Jan 2010): 5.7
- Size: 21 424 m<sup>2</sup>
- Tenant: Telenor



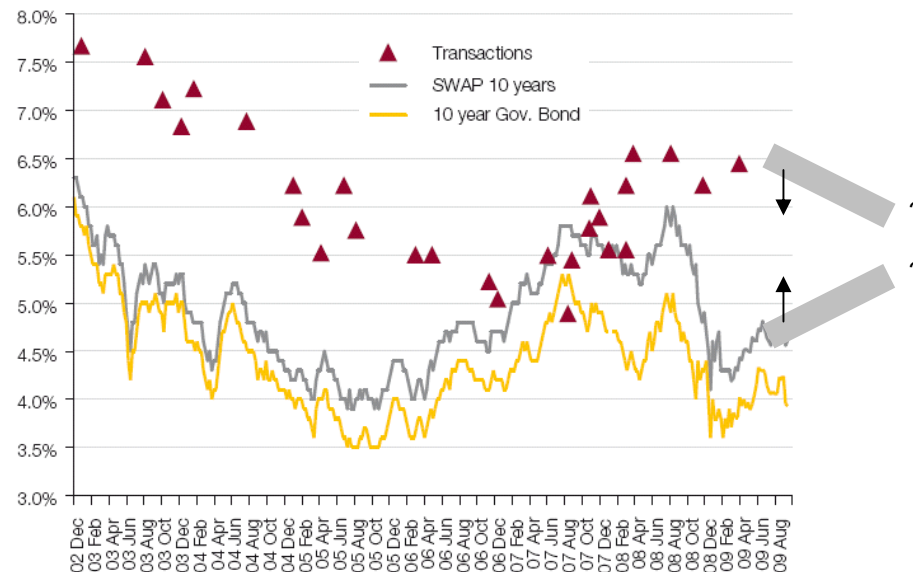
# Market outlook office

## - Rental prices and yield

- Rental levels bottoming out - vacancy levels flattening out – stabilising trends.
- Increasing investor interest and transaction volumes due to improved access to financing at more favourable terms – leading to positive/downward pressure on yields.



Source: Akershus Eiendom Oct 2009



Source: Akershus Eiendom Oct 2009, modified NPRO (predication)

# Hotel portfolio (Norgani)

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# Overview of hotel portfolio



Run rate per 30 September 2009	
Portfolio	
Number of properties	74
Number of rooms	12 884
Total size (m <sup>2</sup> )	671 480
Average size per property (m <sup>2</sup> )	9 074
Average value per property (MNOK)	129
Average value per room (NOK)	738 099
Average value per m <sup>2</sup> (NOK)	14 162
Valuation	
Market value (MNOK)	9 510
Net yield *)	7.0 %
Remaining duration, contracts (years) **)	9.8
Minimum rent and seller guarantee, 2009 ***)	632

\*) Based on forecast and market value as of 30 September

\*\*) Weighted average duration using forecast and exchange rates as of 30 September

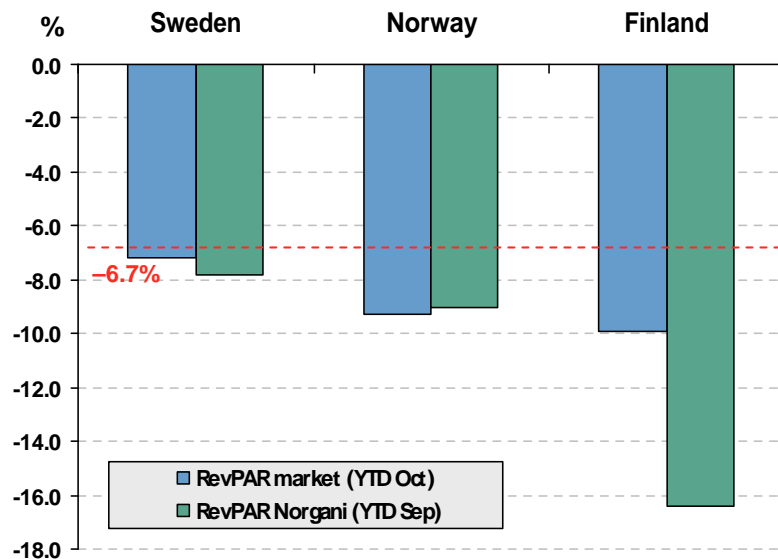
\*\*\*) Based on budget currency rates, EURNOK (8.40), SEK NOK (0.86) and DKK NOK (1.13)



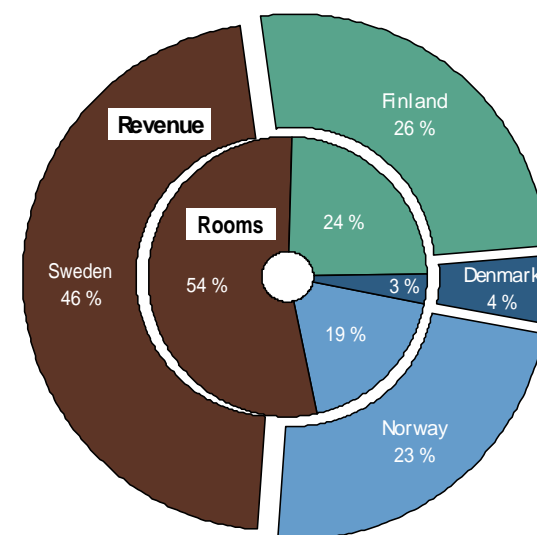
# RevPAR development ('Revenue Per Available Room\*')

- Norgani YTD Q3 2009 revenues are 6.7% below 2008.
- Minimum rents and seller guarantees limit income reductions.
- Apart from a portion of Norgani's Helsinki portfolio (conference and business hotels), Norgani's hotel are typically 3\* and 4\* hotels outside the most cyclical segments and locations.

RevPAR development in the Nordic market vs. Norgani



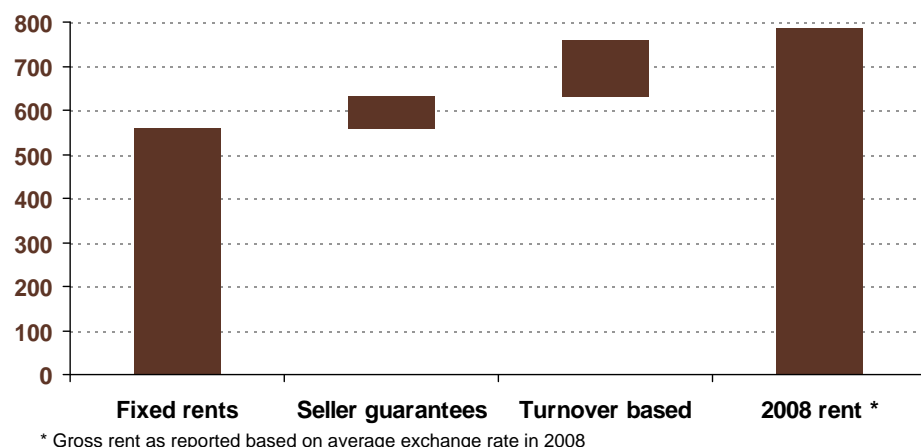
Norgani geographical split by rooms and revenue



\* RevPAR= Average room rate \* Occupancy

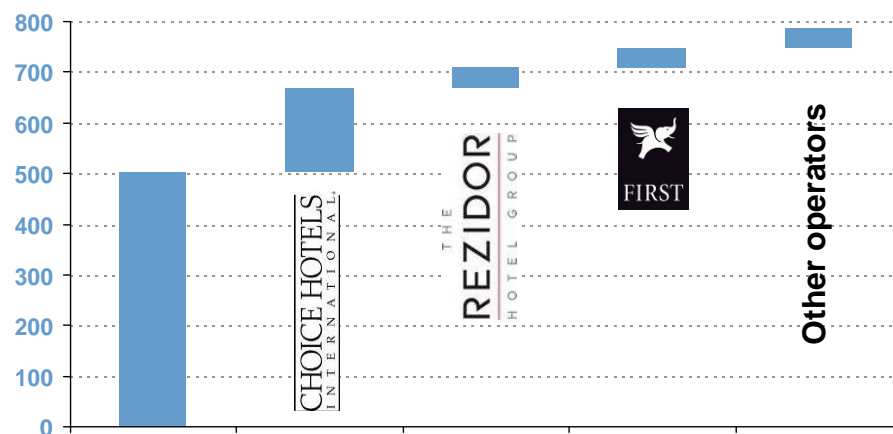


# Revenue is protected through credit-worthy operators and a high degree of minimum rents



## Revenue composition protects cash flow (MNOK)

- Approximately 80 per cent of forecasted income is fixed and not affected by market conditions
- Majority of minimum rent contracts are CPI adjusted
- As of 30 September 2009, approximately ten hotels are on minimum rent



## Close customer follow-up

- Solid tenants

# Financial items

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# Financial platform substantially strengthened in 2009 after successful capital raising (NOK 1.5bn)

## Equity increased by MNOK 1 643 in the period 3Q 2009

<b>Equity as per 30.06.2009:</b>	<b>3 647</b>
<b>+ Proceeds from share issues</b>	<b>1 469</b>
<b>+ Net profit in the period</b>	<b>193</b>
<b>- Derivatives</b>	<b>9</b>
<b>- Currency effects</b>	<b>10</b>
<b>= Equity as per 30.09.2009</b>	<b>5 290</b>

## Debt reduced by MNOK 1 625 during the period 3Q 2009

<b>Interest bearing debt as per 30.06.2009:</b>	<b>20 292</b>
<b>- Debt repayment during the period</b>	<b>1 525</b>
<b>- Currency effects</b>	<b>89</b>
<b>- Charges</b>	<b>11</b>
<b>= Interest bearing debt as per 30.09.2009</b>	<b>18 667</b>

# Income statement

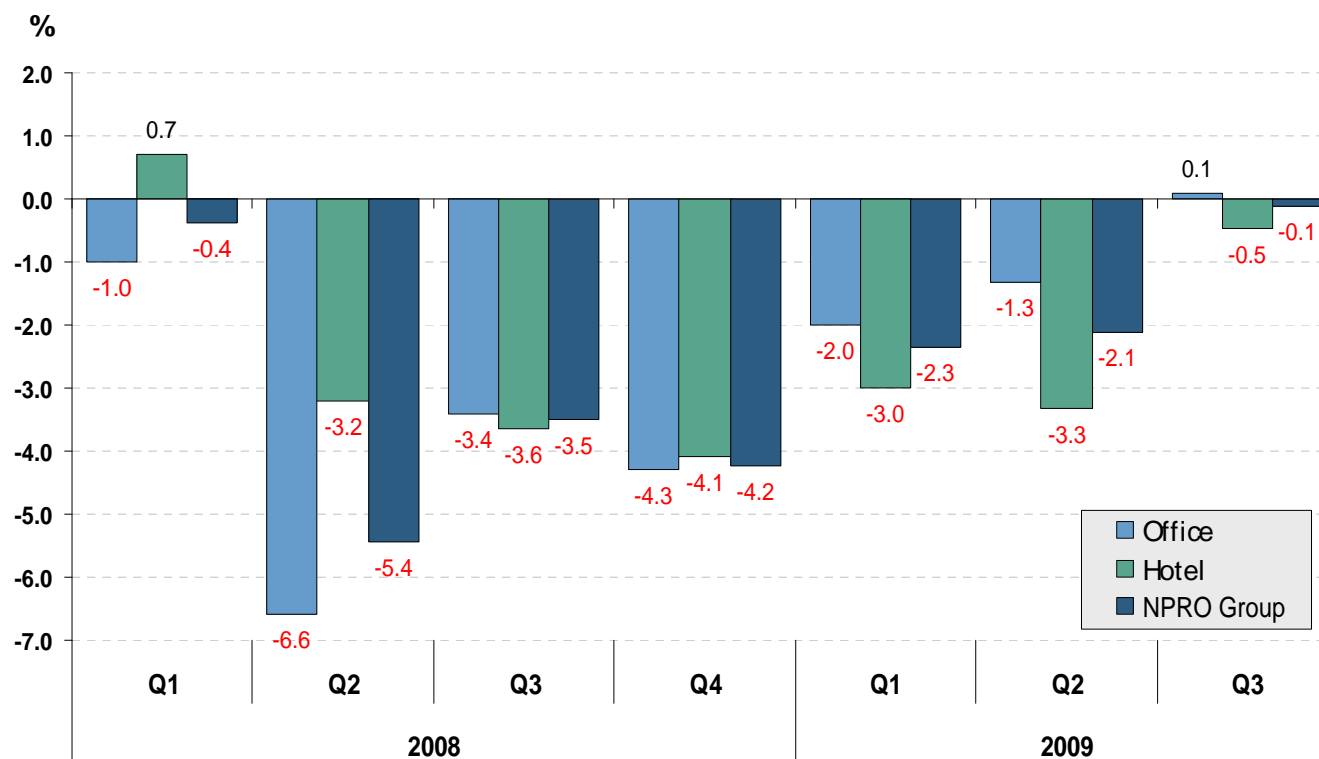
MNOK	3Q 2009	3Q 2008	Full year 2008
<b>Gross rental income</b>	<b>445.1</b>	<b>454.6</b>	<b>1 866.8</b>
Maintenance and property related cost	-37.5	-38.8	-152.2
Group expenses	-44.5	-28.2	-131.6
<b>Operating result before value adjustment</b>	<b>363.1</b>	<b>387.6</b>	<b>1 583.1</b>
Net financial items excluding derivatives and currency effects	-256.0	-271.9	-1 063.4
<b>Profit before value adjustments and acquisition financing</b>	<b>107.0</b>	<b>115.7</b>	<b>519.6</b>
Net financial items, acquisition financing	-26.6	-46.2	-207.4
<b>Profit before value adjustments</b>	<b>80.4</b>	<b>69.4</b>	<b>312.2</b>
Net gain on disposals	-	-	34.4
Currency gains / loss (unrealized)	1.3	-2.9	-55.6
Net gain/loss on value adjustments, investment properties	-31.6	-1 002.8	-3 987.5
Impairment of goodwill	-12.3	-	-221.0
Change in market value of financial derivatives	212.8	-435.7	-1 201.4
<b>Profit before income tax</b>	<b>250.7</b>	<b>-1 371.9</b>	<b>-5 118.9</b>
Income tax	-57.9	381.4	928.2
<b>Profit for the period</b>	<b>192.8</b>	<b>-990.6</b>	<b>-4 190.7</b>
Earnings per share (NOK)	<b>0.66</b>	-4.91	-26.65

# Income statement by business segment

MNOK	Office		Hotel		OP	Total	
	3Q 2009	3Q 2008	3Q 2009	3Q 2008	3Q 2009	3Q 2009	3Q 2008
<b>Gross rental income</b>	<b>258.0</b>	<b>264.1</b>	<b>187.1</b>	<b>190.5</b>	-	<b>445.1</b>	<b>454.6</b>
Maintenance and property related cost	-17.9	-19.2	-19.6	-19.6	-	-37.5	-38.8
Group expenses	-31.5	-15.8	-13.0	-12.4	-	-44.5	-28.2
<b>Operating result before value adjustment</b>	<b>208.5</b>	<b>229.1</b>	<b>154.5</b>	<b>158.5</b>	-	<b>363.1</b>	<b>387.6</b>
Net financial items excl. derivatives and currency	-174.8	-185.4	-81.3	-86.5	-	-256.0	-271.9
Net financial items, acquisition financing	-	-	-	-	-26.6	-26.6	-46.2
<b>Profit before value adjustments, gains and tax</b>	<b>33.8</b>	<b>43.7</b>	<b>73.3</b>	<b>72.0</b>	<b>-26.6</b>	<b>80.4</b>	<b>69.4</b>
Net gain on disposals	-	-	-	-	-	-	-
Net gain/loss value adj. investment properties	12.7	-619.4	-44.4	-383.4	-	-31.6	-1 002.8
Currency gain / loss	-	-2.9	1.3	-	-	1.3	-2.9
Impairment of goodwill	-	-	-12.3	-	-	-12.3	-
Change in market value of financial derivatives	195.0	-275.4	17.8	-160.3	-	212.8	-435.7
<b>Profit before income tax</b>	<b>241.5</b>	<b>-854.0</b>	<b>35.8</b>	<b>-471.6</b>	<b>-26.6</b>	<b>250.7</b>	<b>-1 371.9</b>

# Historical adjustments to fair value (IFRS)

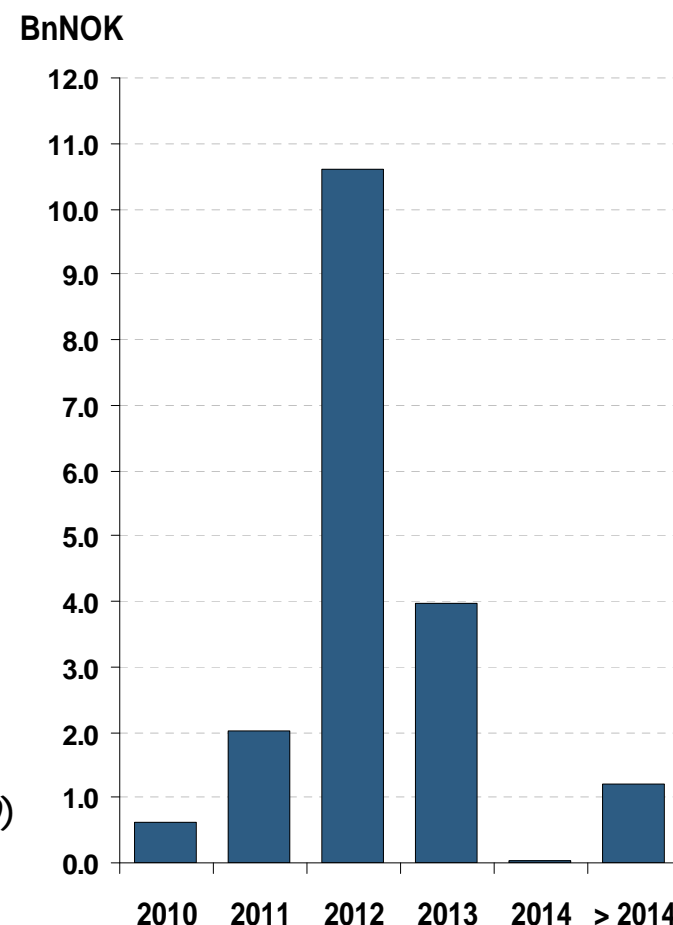
- **Negative fair value adjustment in 3Q 2009 of 0.1% on group level**
- **Accumulated -4.4% by 3Q in 2009 compared to -13.3% in 2008**



# Debt amortisation and maturity profile

## Maturing loans (principal amounts)

- **2010**
  - 302 Bond (MNOK 302)
- **2011**
  - Suomi Holding Norgani (~ BnNOK 1.8)
- **2012**
  - NOK 11 bn term loan and revolving credit facility (~ BnNOK 8.5)
  - 386 Bond (MNOK 386)
  - 823 Bond (MNOK 823)
  - OPAS Norgani acq. facility (~ BnNOK 0.7)
  - SEB SEK 565 mill Norgani
- **2013**
  - Nykredit (~ MNOK 950)
  - Prince Philip Norgani (~ BnNOK 3.1)
- **2015**
  - Svenska Handelsbanken Norgani (~ MNOK 850)
- **2020**
  - Storebrand facility (~ MNOK 500)

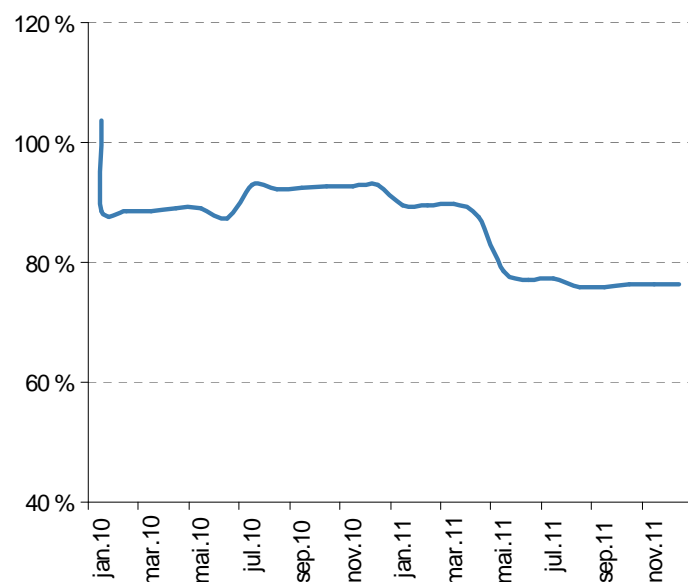


# Robust interest rate hedging policy

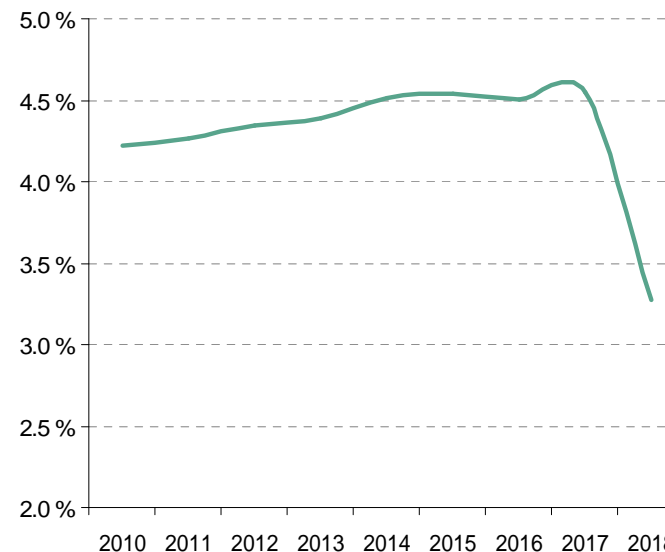
## - securing predictable financial expenses

- **Policy to hedge interest rate exposure and ensure stable financial expenses**
- **A slight over hedge position in 4Q 09 after debt down payment**
- **Hedging ratio to be reduced to 88 per cent in January 2010**
  - This is likely to reduce overall interest expenses as floating interest rates are expected to be lower than the average rate in hedge portfolio

Hedging ratio 2009-2011



Average interest rate – swap portfolio per 3Q09



# A stronger financial position after restructuring

- **NOK 1,5 bn capital issue entirely used to repay debt.**
- **Tenor and covenants on most critical bank debt facilities waived until 2012.**
- **High degree of hedging according to policy – duration of hedging portfolio more than 3 years.**

Interest bearing debt and hedging	Before equity issue	Equity issue of BnNOK 1.5
	30.06.2009	30.09.2009
Total interest bearing debt (MNOK)	20 323	18 667
Hedging ratio	101 %	105 %
Unused committed credit facilities (MNOK)	361	336
Average time to maturity, hedging (years)	3.5	3.3
Average interest rate (incl. margin)	5.0 %	5.2 %
Average margin	0.9 %	1.0 %
Average remaining duration, borrowing (years)	2.8	3.2
Property value, gross of deferred tax at acquisition (MNOK)	24 656	24 502
Loan to Value	82.4 %	76.2 %

# Summary and Concluding Remarks

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- Satisfactory operations and stable/positive operating cash flow before value adjustments.
- Balance sheet strengthened in 2009 through successful NOK 1.5bn capital issue, debt repayment and prolongation/covenant relief for most critical bank debt facilities.
- Improved market outlook, stabilising area vacancy levels and positive sentiment for commercial real estate according to most market analysts.



## Contact details

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