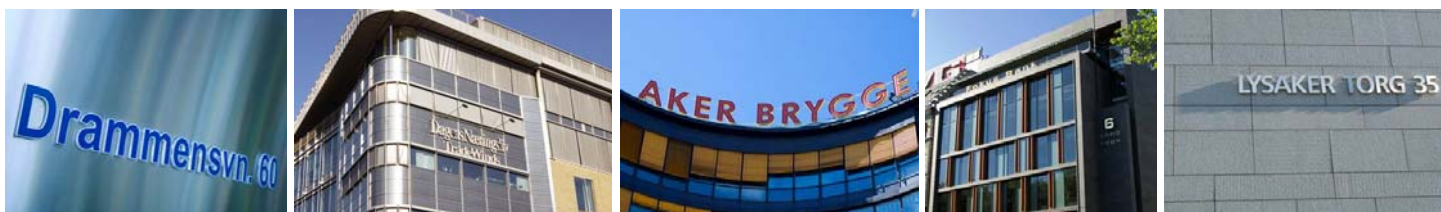




NORWEGIAN PROPERTY



REPORT FOR THE  
THIRD QUARTER - 2007



# NORWEGIAN PROPERTY ASA – REPORT FOR THE THIRD QUARTER 2007

## HIGHLIGHTS FOR THE QUARTER

- Rental income was NOK 253.1 million in the third quarter of 2007 (NOK 181.0 million in the same quarter in 2006) and profit before tax was NOK 52.1 million (NOK -13.2 million).
- Office vacancy in Oslo and Stavanger continue the declining trend at an even faster pace than in 2006. Office development and construction activity is still limited while office demand is still positively impacted by robust economic growth. The rental market continues to be very strong and the prospects for rental market for the next few years are still very positive.
- At the end of the quarter Norwegian Property achieved control over the largest Nordic hotel property investor, Norgani Hotels ASA. Norgani Hotels owns 74 hotels and conference properties and is well positioned to benefit from a hotel market in strong growth. A strategic agreement setting out a framework for renewal of the rental contracts with the Norgani Hotels' largest customer, Scandic Hotels ASA, significantly improves profitability of Norgani Hotel's going forward.
- At the end of the quarter, Norwegian Property acquired the head office of Norway's largest bank, DnBNOR, at Aker Brygge at an acquisition price of NOK 1.74 billion.

The operation, portfolio, market conditions and financial results of Norgani Hotels are described in a separate section at the rear of the report.

## NORWEGIAN OFFICES - MARKET

The strong economic growth in Norway continues. Employment continues to rise, even though unemployment according to Norwegian Labour and Welfare Organisation (NAV) is approaching 2%. Only a limited amount of new office space will be available in the market over the next few years. Demand however continue to be strong fuelled by rising employment, thus driving vacancy levels for the larger Oslo below 5%. In central areas (CBD) vacancy does virtually not exist. Rents thus continue to increase. Akershus Eiendom, an independent commercial property advisor, cooperating with Jones Lang LaSalle, forecasted in their August 2007 report another 15% - 30% rent increase over the next year.

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

## ACCOUNTING PRINCIPLES AND CONSOLIDATED ENTITIES

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

In September 2007 Norwegian Property ASA acquired 17.5% of Oslo Properties AS. Through agreements Norwegian Property ASA has the right to designate 3 out of 5 board members in Oslo Properties AS. In addition Norwegian Property has call options and has issued put options whereby Norwegian Property may become the owner of more than 90% of the shares in Oslo Properties. Oslo Properties owned and had irrevocable acceptances for 98% of the outstanding shares in Norgani Hotels ASA at the end of the third quarter. Consequently Norgani Hotels ASA and Oslo Properties AS have been fully consolidated in the balance sheet, and included in the P&L statement from 24 September 2007. For further details on the transaction and purchase considerations, see Note 1.

The acquisition of DnB's head office, comprising 4 office and retail buildings at Aker Brygge in Oslo, was closed at the end of September.

## KEY NUMBERS

		3rd Quarter 01.07 - 30.09 2007	3rd Quarter 01.07 - 30.09 2006	Year to date 01.01 - 30.09 2007	Last year 09.06 - 31.12 2006
<b>Profit and loss</b>					
Gross rent	NOK million	253.1	181.0	745.5	414.8
Operating profit	NOK million	290.4	157.8	1 780.6	745.0
Operat. prof. ex. fair value adj.	NOK million	221.5	157.8	654.2	351.7
Profit before tax	NOK million	52.1	-13.2	1 539.2	539.5
Net profit	NOK million	37.5	-9.5	1 108.2	390.9
<b>Balance sheet</b>					
Market value of investment portfolio	NOK million	28 701.3	13 151.0		13 919.6
Market value of total prop. portfolio	1) NOK million	31 406.0	14 894.0		18 057.0
Equity	NOK million	6 825.0	3 518.7		5 373.2
Interest bearing debt	2) NOK million	21 455.3	9 896.1		10 977.6
- of which hedged	NOK million	16 245.0	8 027.0		9 936.0
Interest bearing debt, incl. liability to acquire shares in Oslo Properties AS	2) NOK million	23 028.3	9 896.1		10 977.6
Equity %	%	20.7 %	25.6 %		31.8 %
Pre tax return on equity (annualised)	%	3.1 %	-1.6 %	33.6 %	35.8 %
<b>Cash flow</b>					
Operational cash flow	NOK million	61.8	418.7	615.3	576.3
Cash position	NOK million	924.1	422.2		1 252.5
<b>Key numbers, shares</b>					
No. of shares issued	Million	105.5	71.5		98.5
Average number of shares in period	Million	105.5	69.2	102.1	75.7
Pre tax profit per share	NOK	0.49	-0.19	15.08	7.12
Basic earnings per share (EPS)	3) NOK	0.36	-0.14	10.85	5.14
Operating cash flow per share	NOK	0.59	6.05	6.03	7.61
Book value per share	NOK	62.30	51.76		54.09
Deferred property tax per share	NOK	11.00	3.40		3.65
Financial derivative instr. per share	NOK	-4.72	-0.21		-1.21
Net asset value per share (EPRA)	NOK	68.57	54.95		56.53
Interest bearing debt per share	NOK	218.32	139.87		111.43

1) Including development property and 4 hotel properties with closing on 1 October 2007.

2) Norwegian Property ASA's liability of NOK 1,573.0 million (put/call option agreement) to acquire shares in Oslo Properties AS. NOK 1,120 million plus accrued interest may be settled with shares in Norwegian Property ASA at Norwegian Property's discretion.

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

## RESULT

The report for the third quarter 2007 includes the operation of 54 commercial properties (investment properties) for the full quarter and 70 hotels in Norgani Hotels ASA from 24 September 2007. In addition Norwegian Property has one development property, Aker Hus at Fornebu. Gross rental income for the second quarter was NOK 253.1 million (NOK 181.0 million in the same period in 2006). In addition Norwegian Property has received rental payments for Aker Hus (NOK 19.4 million) and payments under rental guarantees (NOK 3.7 million) totalling NOK 23.1 million in the third quarter.

Maintenance and property related expenses for the quarter were NOK 17.6 million (NOK 7.0 million) corresponding to 7.0 % of gross rental income (6.4 % if including rental guarantees and rental substitutes). Group expenses were NOK 14.0 million (NOK 16.3 million) and reflects that expenses related to establishment of the company is gradually being reduced. Operating profit before value adjustment was NOK 221.5 million (NOK 157.8 million).

For the office portfolio DTZ Realkapital has, based on the same methods and principles as in the previous quarters, performed an external and independent valuation of properties (excluding the hotel portfolio – for principles on the valuation see separate section on Norgani). Significant increases in the market rents have contributed to an increase in values, whereas increasing entrepreneurial costs (maintenance and operation of the properties) and a selective increase in some of the discount factors have had a negative effect on the values. The company has carried out independent assessments of the parameters which affect the value of the group's properties, including development in interest rates, market rents, occupancy and yield requirements on similar transactions. Based on these considerations the Company has applied DTZ's valuation. Total value of the Group's portfolio of investment properties after adjustment for deferred tax was thus NOK 19,080 million as of 30 September 2007 (NOK 13,151 million as of 30 September 2006). NOK 68.9 million (NOK 0.0 million) in gain from fair value adjustment of investment properties has thus been realised in the third quarter. The development property Aker Hus is measured at cost until completion and has a carry value of NOK 1,407 million (NOK 0.0 million). The property was completed in November 2007 and consequently will be reclassified to investment property.

Net financial items were NOK -238.3 million (NOK -171.0 million) in the third quarter. Net financial items include NOK -97.8 million (NOK -57.2 million) relating to negative changes in market value of financial derivatives. Financial costs include NOK 3.8 million relating to interest expenses on Aker Hus (NOK 0.0 million) and financial income include NOK 10.5 million (NOK 0.2 million) relating to currency gains from borrowings in foreign currencies (the corresponding loss from hedging transactions are included in changes in market value of financial instruments).

Profit before tax for the third quarter was NOK 52.1 million (NOK -13.2 million). The result has been charged with NOK 14.6 million in tax (NOK 3.7 million), primarily relating to deferred tax, which does not have any cash flow impact. Ordinary profit for the period was thus NOK 37.2 million (NOK -9.7 million).

## CASH FLOW

Net cash from operating activities was NOK 61.8 million in the third quarter. Changes in short-term items were NOK -159.9 million, mainly related to change in timing of interest payments due to refinancing. Net cash flow from investing activities was NOK -1,744.7 million and mainly relates to the acquisition of DnBNOR's head office at Aker Brygge. Ordinary capital expenditures relating to the group's investment properties (offices) were NOK 4.3 million.

## BALANCE SHEET

Cash and cash equivalents as of 30 September 2007 were NOK 924 million (NOK 422 million at the end of third quarter last year). Total equity was NOK 6,825 million (NOK 3,519 million), corresponding to an equity ratio of 20.7 % (25.6 %). After deduction of minority interests the Net Asset Value per share was NOK 62.30 (NOK 51.76). Net Asset Value based on EPRA's standard was NOK 68.57 (NOK 54.95).

The balance sheet reflects a full consolidation of Oslo Properties AS and Norgani Hotels ASA. However all transactions related to the funding of Oslo Properties AS and acquisition of the shares in Norgani Hotels ASA were not completed at the end of third quarter. NOK 845 million of the share capital in Oslo Properties AS was paid in after the end of the quarter and settlement of shares in Norgani Hotels ASA totalling NOK 2,160 million was done after the end of the quarter. Drawings on the acquisition facilities were also completed after the end of the quarter.

## FINANCING

Total consolidated interest bearing debt as of 30 September 2007 was NOK 21,455 million (NOK 9,896.1 million), excluding the liability to acquire shares in Oslo Properties AS. NOK 16,245 million (NOK 8,027 million) of the interest bearing debt has been hedged, corresponding to a hedging ratio of 75.7%. Average interest for the interest bearing debt (excluding the acquisition financing in Oslo Properties) is 5.1% and average loan margins on the same debt is 72 basis points.

### Norwegian Property

Total interest bearing debt as of 30 September 2007 was NOK 14,512 million (NOK 9,896 million). NOK 10,171 million (NOK 8,027 million) of the interest bearing debt has been hedged. Average interest has increased during the third quarter, partly due to increased floating rates and partly due to draw down of new loans to finance the DnB NOR portfolio at Aker Brygge.

Interest bearing debt and hedging	31.12.2006	31.03.2007	30.06.2007	30.09.2007
Total interest bearing debt (NOK million)	10 978	12 751	12 861	14 512
- Of which hedged (NOK million)	9 943	10 189	10 180	11 273
Hedging ratio (%)	91 %	80 %	79 %	78 %
Average interest, interest bearing debt	5.16%	5.04%	5.13%	5.21%
Average margin, interest bearing debt	0.76%	0.60%	0.60%	0.57%
Average duration, hedging contracts (years)	6.2	5.9	5.7	5.4
Average duration, borrowing	7.0	6.1	5.9	5.7

Details on the financing for Norgani Hotels ASA is described in a separate section describing Norgani.

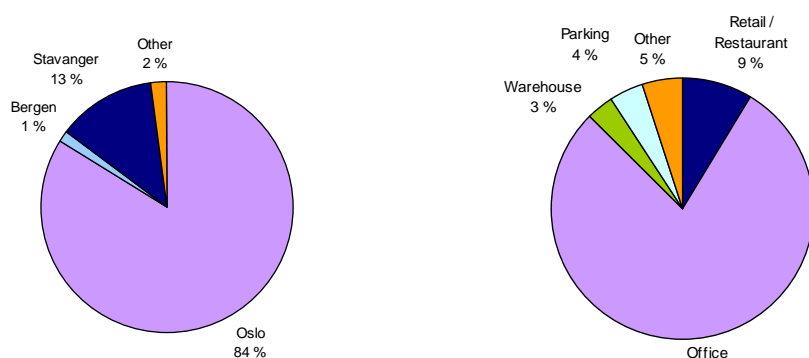
### Oslo Properties AS

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

At the end of third quarter interest bearing debt in Oslo Properties AS was NOK 435.7 million.

## PROPERTIES – OFFICE PORTFOLIO

As of 30 September 2007 Norwegian Property owned 59 office and retail properties. Detailed information on each property is continually updated on the company's web page, [www.norwegianproperty.no](http://www.norwegianproperty.no). Norwegian Property's properties are mainly located in central parts of Oslo and Stavanger. The group has one property in Bergen. The company's properties mainly comprise office areas, warehouses, shopping areas and parking in connection with the office areas. On Aker Brygge the group also owns a shopping centre with outlets and restaurants.



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

## THE RENTAL SITUATION – OFFICE PORTFOLIO

As of 30 September 2007 the total annual contracted rental income for the office portfolio was NOK 1,157 million compared to NOK 923 million at the end of 2006 and NOK 1,072 million at the end of the second quarter. Average ratio for CPI-adjustment for the portfolio was 95%. The average vacancy in the portfolio was 0.7%. Average remaining duration of the rental contracts was 6.7 years (7.1 years at the end of the second quarter). Over the next three years an estimated contract volume of NOK 124 million are up for renewal.

## SOLID AND ATTRACTIVE TENANTS – OFFICE PORTFOLIO

The office portfolio has a tenant mix of attractive and solid organizations and companies. More than 65% of the rental income as of 30 September 2007 is derived from the 25 largest tenants. Average contract duration for these tenants is 7.7 years.

### 25 LARGEST TENANTS AS OF 30 SEPTEMBER 2007 (OFFICE PORTFOLIO)

		Private/ Public	Listed	Rent 2008 (NOKm)	%	Duration (years)
	Tenant					
1	EDB Business Partner ASA	Pr	Yes	78.9	10.5 %	
2	Aker ASA	Pr	Yes	77.5	10.3 %	
3	DnB NOR Bank ASA	Pr	Yes	67.3	8.9 %	
4	Nordea	Pr	Yes	43.8	5.8 %	
5	SAS Consortium	Pr	Yes	40.3	5.3 %	
6	If Skadeforsikring	Pr	Yes	38.5	5.1 %	
7	StatoilHydro	Publ	Yes	36.9	4.9 %	
8	Total E&P	Pr	Yes	29.0	3.8 %	
9	Get AS	Pr		26.2	3.5 %	
10	Telenor Eiendom Holding AS	Pr	Yes	26.0	3.4 %	
11	Leif Höegh & Co AS	Pr		25.3	3.4 %	
12	NetCom AS	Pr	Yes	23.0	3.0 %	
13	Aker Kværner Offshore Partner	Pr		22.7	3.0 %	
14	Astrup Fearnley AS	Pr		22.4	3.0 %	
15	Skanska Norge AS	Pr	Yes	21.1	2.8 %	
16	Rikshospitalet	Publ		20.3	2.7 %	
17	Fokus bank	Pr	Yes	19.8	2.6 %	
18	Hafslund ASA	Publ	Yes	18.1	2.4 %	
19	GlaxoSmithKlein	Pr	Yes	17.8	2.4 %	
20	Ementor Norge AS	Pr	Yes	17.7	2.4 %	
21	Nera ASA (Eltek ASA)	Pr	Yes	17.3	2.3 %	
22	Oslo Sporveier	Publ		17.0	2.3 %	
23	Simonsen Advokatfirma DA	Pr		16.9	2.2 %	
24	Arbeidsdirektoratet	Publ		15.4	2.0 %	
25	TDC Song AS	Pr		15.0	2.0 %	
<b>Total 25 largest tenants</b>				<b>754.2</b>	<b>65.2 %</b>	<b>7.7</b>
Other tenants				402.8	34.8 %	4.8
<b>TOTAL ALL TENANTS</b>				<b>1 156.9</b>	<b>100.0 %</b>	<b>6.7</b>

(\*) Before inflation adjustment per 1 January 2008



## SHAREHOLDERS

Total number of shares as of 30 September 2007 were 105 481 570. The largest shareholders are listed below. At the end of September 2007 foreign shareholders controlled 61.0% (56.1% at the end of last year). The company had a total of 1 018 registered shareholders at the end of September.

<b>Largest shareholders</b>	<b>Stake %</b>	<b>Shares</b>	<b>Country</b>
A WILHELMSSEN CAPITAL ANLEGGSMIDLER	11.53 %	12 165 000	NOR
CREDIT SUISSE SECURI (EUROPE) LTD./FIRMS	10.37 %	10 940 246	GBR
STATE STREET BANK AN A/C CLIENT OMNIBUS D	9.90 %	10 445 342	USA
FRAM REALINVEST AS	3.79 %	4 000 000	NOR
FRAM HOLDING AS	3.79 %	4 000 000	NOR
BANK OF NEW YORK, BR S/A ALPINE INTL REAL	3.47 %	3 660 295	USA
VITAL FORSIKRING ASA OMLØPSMIDLER	3.39 %	3 578 700	NOR
AWECO INVEST AS ATT: JOSTEIN DEVOLD	2.72 %	2 870 282	NOR
MELLON BANK AS AGENT MELLON BANK NA A/C MELLON ABN 15 OM	2.12 %	2 237 510	USA
BNP PARIBAS SEC. SER UK RESIDENTS	1.82 %	1 917 000	GBR
BANK OF NEW YORK, BRUSSEL BRANCH	1.75 %	1 845 300	BEL
ENSKILDA SECURITIES	1.74 %	1 835 000	BEL
OPPLYSNINGSVESENETS FOND	1.58 %	1 662 731	NOR
MELLON BANK AS AGENT	1.53 %	1 612 890	USA
JPMORGAN CHASE BANK CLIENTS TREATY ACCOU	1.44 %	1 520 337	GBR
LANI DEVELOPMENT AS	1.42 %	1 497 900	NOR
BANK OF NEW YORK, BRUSSEL BRANCH	1.24 %	1 309 789	BEL
FORTIS BANK LUXEMBOURG	1.15 %	1 208 015	LUX
MORGAN STANLEY & CO INC	1.12 %	1 180 253	GBR
MIAMI AS	1.01 %	1 062 718	GBR
Other shareholders	33.11 %	34 932 262	
<b>Total number of shares as of 30 September 2007</b>		<b>105 481 570</b>	

The share price at the end of third quarter was NOK 65.00 versus NOK 65.00 at the end of last year. A dividend of NOK 2,50 per share was distributed in May. Considering the dividend paid, the return year to date was 3.8%. Generally property shares around the world have seen a major reduction in values so far in 2007. FTSE EPRA NAREIT's Global Real Estate Index Europe was down 19.8% in the same period, whereas GPR 250 Europe was down 20.6%.

## NORGANI – THE HOTEL MARKET

The growth in the Nordic hotel market is closely linked to the GDP-growth and the GDP-growth continues to be robust in the Nordic region. New capacity added to the market is significantly lower than the increase in demand. Consequently both occupancy and room rates continue to grow in all four Nordic countries. RevPAR increase in the Nordic region amount to between 9% and 13% so far this year.

<b>RevPAR in NOK</b>	<b>NOK</b>	<b>NOK</b>	
<b>January to September</b>	<b>2006</b>	<b>2007</b>	<b>% change</b>
Norway	412	464	12.7 %
Finland (January to August)	303	332	9.6 %
Sweden	346	378	9.2 %

*Norway* – RevPAR increased by 12.7% in the first three quarters of 2007, reaching NOK 464. The increase was resulting from a 3.9% growth in occupancy and an 8.4% growth in the average room rate (ARR).

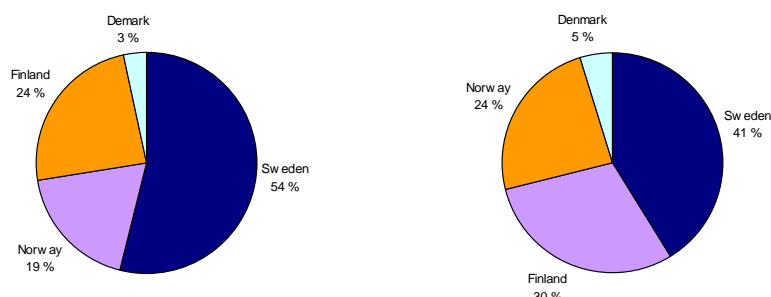
*Sweden* – RevPAR increased by 9.2% in the three quarters of 2007, reaching SEK 440. The increase was a result of a 2.9% increase in occupancy and a 6.2% growth in ARR.

*Finland* – RevPAR increased by 9.6% in the first eight months of 2007, reaching EURO 42. The increase was resulting from a 4.5% increase in occupancy and a 4.9% increase in ARR.

*Denmark* – Occupancy increased by 3.0% to 58.5% in the first three quarters of 2007. ARR are not available in Denmark.

## NORGANI – THE HOTEL PORTFOLIO

At the end of September 2007, Norgani's portfolio comprised 73 hotels and one congress centre with a total of 12,804 rooms and 664,726 sqm (including Scandic Hasselbacken, Scandic Alvik, Scandic Radisson SAS Linköping and Clarion Collection Hotel Bastion, for which completion of the acquisitions was on October 1). In July Norgani sold Quality Hotel Winn (112 rooms and 7,200 sqm) for SEK 42 million.



Figures: Geographical location (rooms – left and revenues – right)

## NORGANI – THE HOTEL LEASE CONTRACTS

By the end of the third quarter, all Norgani's hotels were operating under performing contracts with only immaterial vacancies. The majority of the contracts are turnover based leases, mostly with differentiated rates between lodging and food/beverages. Most contracts have defined customer price index (CPI adjusted minimum leases). Fixed rental contracts account for 10 percent of the portfolio revenue in the first nine months. For some of the hotels there are vendor rental guarantees, which means that the seller has agreed to compensate Norgani for any shortfall between the guaranteed level and actual turnover based rent. The average duration of the lease agreements was 7.4 years, before the renegotiation of the Scandic agreements.

Operators	% Rooms	% Revenue *)
Scandic	57%	55%
Choice	21%	23%
Rezidor	5%	6%
Hilton	3%	5%
First	3%	2%
Best Western	2%	1%
Rica	2%	2%
Others	7%	6%

\*) Before renegotiation of Scandic

## NORGANI – RENEGOTIATION OF LEASE CONTRACT WITH SCANDIC HOTELS

Oslo Properties and Scandic Hotels AB have agreed on a strategic agreement whereby the principles for new and long-term lease contracts between Scandic Hotels AB and Norgani Hotels have been set out. The main terms in the strategic agreement are:

- The rent levels for the portfolio will for 1 January 2008 be increased by EUR 10.5 million
- New minimum rent levels at 70% of agreed rent will be imposed
- Terms for distribution of costs related to maintenance and refurbishment between Norgani and Scandic are set out
- Average duration for the lease contracts is extended from 6 to 13 years

These conditions will through renegotiation be incorporated into the property lease agreements of each of the individual hotels before 31.12.2007.



## NORGANI – VALUATION OF HOTEL PORTFOLIO

The hotel portfolio has been valued internally (for principles in the valuation see separate section on Norgani). A net present value calculation of the property's future operating net serves as the foundation for calculating property values. This means in principle that a property is valued by discounting expected revenues, and expenditures with a discount rate. The cash flow period is 10 years. The properties were valued at NOK 9,034 million after a fair value adjustment of NOK 0.7 million in the quarter. Historically the target of Norgani has been to externally value all properties over a two year period. In addition to valuation of the new acquisitions, external valuers appraised the value of five of the Finnish hotels in the third quarter.

As the rental uplift in the strategic agreements with Scandic Hotels has not been fully allocated to the different hotels, the impact of strategic agreement between Norgani Hotels and Scandic Hotels AB is not fully reflected in the valuation of the individual hotels at the end of the quarter.

Pending the assessment of all assets and liabilities, including an ongoing valuation of all Norgani investment properties, net excess value calculated in the purchase consideration of NOK 587 million is allocated entirely to investment properties. This allocation is not fully reflected in Norgani Hotels at the end of the third quarter.

## NORGANI - RESULT

Revenues in the third quarter were NOK 204.0 million including NOK 36.9 million in compensation for termination of guarantee lease agreements on 19 hotels, corresponding to a growth of 41.0% from the same period last year. The growth is both attributable to an increase in number of rooms, a positive development in RevPAR and effects of the termination of guarantees.

Norgani sold one property during the period with a booked gain of NOK 0.3 million and a negative cash flow of NOK 5 million.

The increase in operating expenses and ordinary administrative expenses is attributable to a larger holding and build up of the organisation. The result has been charged with a one off charge of NOK 51.4 million related to external consultants hired in connection with the bid process for Norgani Hotels ASA and bonuses to employees resulting from a change of control of Norgani.

Net financial items were NOK -76.5 million. Fair value adjustments on properties were NOK 0.7 million, whereas fair value adjustments on financial instruments were NOK -55.2 million mainly due to a reduction in the long term interest rates and changes in currencies.

Profit before tax was consequently NOK -9.0 million. Profit before tax excluding one off expenses relating to change of control and fair value adjustments was NOK 96.8 million.

## NORGANI – FINANCING STRUCTURE

Interest bearing debt as of 30 September 2007 in Norgani was NOK 6,307 million (NOK 7,156 million at the end of the third quarter last year). The debt ratio was 64.7 % (72.0%).

<b>Interest rate fixing</b>	<b>Amount NOK million</b>	<b>Share of loans</b>	<b>Average interest rate</b>
2007	1 760.6	27.1%	5.6%
2008	-225.5	-3.5%	5.9%
2009	476.1	7.3%	3.5%
2010	442.7	6.8%	3.5%
2011	514.6	7.9%	4.1%
2012	868.2	13.3%	5.2%
2013	766.4	11.8%	4.9%
2014	538.4	8.3%	5.1%
2015	641.1	9.9%	5.0%
2016	557.6	8.6%	5.3%
2017	167.0	2.6%	6.0%
<b>Grand total</b>	<b>6 507.3</b>	<b>100 %</b>	<b>4.9%</b>
Fair value adjustment financial instruments	-200.5		
<b>Interest bearing liabilities</b>	<b>6 306.8</b>		

## OUTLOOK

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

Norwegian Property's current portfolio of 59 high quality office properties in Oslo, Stavanger and Bergen and 74 hotel properties in the Nordic region is well positioned to benefit from the strong economic growth in the region. Norwegian Property will continue the strong operational focus on tenant management and rental improvement, cost reductions and asset management.

Norwegian Property ASA  
The board of directors, 12 November 2007

FINANCIAL CALENDAR  
4th Quarter 2007: 15<sup>th</sup> February 2008  
For additional information on Norwegian Property, see [www.npro.no](http://www.npro.no)

## CONSOLIDATED INCOME STATEMENT

	3rd Quarter 01.07 - 30.09		Year to date 01.01 - 30.09		Last year 09.06 - 31.12
	Norwegian Property, incl. Osl. Pr./Norgani	Norwegian Property	Norwegian Property, incl. Osl. Pr./Norgani	Norwegian Property	Norwegian Property
	2007	2006	2007	2006	2006
<i>Figures in NOK 1.000</i>					
Rental income from properties	252 587	180 594	743 888	211 750	410 133
Other revenue	466	439	1 622	484	4 640
<b>Gross rental income</b>	<b>253 053</b>	<b>181 033</b>	<b>745 511</b>	<b>212 234</b>	<b>414 773</b>
Maintenance and property related costs	(17 650)	(6 973)	(46 038)	(9 188)	(22 216)
Other operating expenses	(13 951)	(16 257)	(45 289)	(21 917)	(40 846)
<b>Total operating cost</b>	<b>(31 601)</b>	<b>(23 230)</b>	<b>(91 327)</b>	<b>(31 105)</b>	<b>(63 062)</b>
<b>Operating profit before fair value adj. of inv. property</b>	<b>221 452</b>	<b>157 803</b>	<b>654 184</b>	<b>181 129</b>	<b>351 711</b>
Gain from fair value adjustment of investment property	68 918	-	1 126 447	-	393 244
Gain from sales of investment property	19	-	19	-	-
<b>Operating profit</b>	<b>290 389</b>	<b>157 803</b>	<b>1 780 650</b>	<b>181 129</b>	<b>744 955</b>
Financial income	24 172	1 834	51 943	3 607	13 521
Financial costs	(164 655)	(115 628)	(615 648)	(138 140)	(295 762)
Change in market value of financial derivative instruments	(97 813)	(57 192)	322 259	(29 544)	76 743
<b>Net financial items</b>	<b>(238 295)</b>	<b>(170 986)</b>	<b>(241 446)</b>	<b>(164 077)</b>	<b>(205 498)</b>
<b>Profit before income tax</b>	<b>52 094</b>	<b>(13 183)</b>	<b>1 539 203</b>	<b>17 052</b>	<b>539 458</b>
Income tax expense	(14 622)	3 691	(431 012)	(4 775)	(148 565)
<b>Profit for the period</b>	<b>37 472</b>	<b>(9 492)</b>	<b>1 108 191</b>	<b>12 277</b>	<b>390 893</b>
Minority interests	(312)	(178)	(12 998)	(178)	(1 256)
<b>Profit after minority interest</b>	<b>37 160</b>	<b>(9 670)</b>	<b>1 095 193</b>	<b>12 099</b>	<b>389 636</b>

	3rd Quarter 01.07 - 30.09		
	Norwegian Property	Oslo Properties/ Norgani	Norwegian Property, incl. Osl. Pr./Norgani
	2007	2007	2007
<i>Figures in NOK 1.000</i>			
Rental income from properties	241 686	10 901	252 587
Other revenue	466	-	466
<b>Gross rental income</b>	<b>242 152</b>	<b>10 901</b>	<b>253 053</b>
Maintenance and property related costs	(16 731)	(920)	(17 650)
Other operating expenses	(12 847)	(1 104)	(13 951)
<b>Total operating cost</b>	<b>(29 578)</b>	<b>(2 023)</b>	<b>(31 601)</b>
<b>Operating profit before fair value adj. of inv. property</b>	<b>212 574</b>	<b>8 878</b>	<b>221 452</b>
Gain from fair value adjustment of investment property	68 870	48	68 918
Gain from sales of investment property	-	19	19
<b>Operating profit</b>	<b>281 444</b>	<b>8 945</b>	<b>290 389</b>
Financial income	23 844	328	24 172
Financial costs	(159 213)	(5 441)	(164 655)
Change in market value of financial derivative instruments	(94 215)	(3 598)	(97 813)
<b>Net financial items</b>	<b>(229 584)</b>	<b>(8 711)</b>	<b>(238 295)</b>
<b>Profit before income tax</b>	<b>51 860</b>	<b>234</b>	<b>52 094</b>
Income tax expense	(14 521)	(101)	(14 622)
<b>Profit for the period</b>	<b>37 339</b>	<b>133</b>	<b>37 472</b>
Minority interests	(198)	(114)	(312)
<b>Profit after minority interest</b>	<b>37 141</b>	<b>18</b>	<b>37 160</b>

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

# CONSOLIDATED BALANCE SHEET

	Norwegian Property, incl. Osl. Pr./Norgani	Norwegian Property	Norwegian Property
<i>Figures in NOK 1.000</i>	30.09.2007	30.09.2006	31.12.2006
<b>ASSETS</b>			
<b>Intangible assets</b>			
Financial derivative instruments	2 768	-	105 102
Deferred tax assets	-	60 859	-
Other intangible assets	1 052	-	-
<b>Total intangible assets</b>	<b>3 820</b>	<b>60 859</b>	<b>105 102</b>
<b>Tangible assets</b>			
Investment property	28 701 335	13 151 026	13 919 570
Development property	1 406 754	-	1 150 801
Other tangible assets	5 555	6 750	9 443
<b>Total tangible assets</b>	<b>30 113 644</b>	<b>13 157 776</b>	<b>15 079 814</b>
<b>Total non-current assets</b>	<b>30 117 465</b>	<b>13 218 635</b>	<b>15 184 916</b>
<b>Current assets</b>			
Financial derivative instruments	703 051	41 094	187 233
Seller guarantee for future rent	22 123	19 300	91 370
Accounts receivable	199 522	23 386	78 303
Other receivables	164 899	30 891	93 647
Minority share of unpaid subscribed capital in subsidiaries	1) 844 900	-	-
Shares and interests	1 562	-	-
Cash and cash equivalents	924 070	422 164	1 252 462
<b>Total current assets</b>	<b>2 860 128</b>	<b>536 835</b>	<b>1 703 015</b>
<b>Total assets</b>	<b>32 977 592</b>	<b>13 755 470</b>	<b>16 887 931</b>
<b>EQUITY</b>			
Paid in equity	5 348 128	3 477 341	4 862 994
Other reserves	2 071	(14 474)	75 763
Retained earnings	1 221 125	12 099	389 636
Minority interests	1 777 253	43 756	44 834
- Liability to acquire shares in subsidiaries	2) (1 523 616)	-	-
<b>Total equity</b>	<b>6 824 962</b>	<b>3 518 722</b>	<b>5 373 227</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	305 607	-	119 610
Financial derivative instruments	-	35 943	-
Interest bearing liabilities	20 071 772	9 846 590	10 876 787
<b>Total non-current liabilities</b>	<b>20 377 379</b>	<b>9 882 533</b>	<b>10 996 397</b>
<b>Current liabilities</b>			
Financial derivative instruments	10 895	20 452	21 518
Liability to acquire shares in subsidiaries	3) 3 732 743	-	-
Interest bearing liabilities	1 383 485	49 500	100 800
Accounts payable	53 833	66 578	109 197
Other liabilities	594 296	217 685	286 792
<b>Total current liabilities</b>	<b>5 775 251</b>	<b>354 215</b>	<b>518 307</b>
<b>Total liabilities</b>	<b>26 152 631</b>	<b>10 236 748</b>	<b>11 514 704</b>
<b>Total equity and liabilities</b>	<b>32 977 592</b>	<b>13 755 470</b>	<b>16 887 931</b>

1) Shares issued in Oslo Properties AS in September 2007 to minority shareholders (other shareholders than Norwegian Property ASA).

Payment and registration in the Register of Business Enterprises were carried out in October 2007.

2) Reclassification of Norwegian Property ASAs liability (put/call option agreement) to acquire shares in Oslo Properties AS.

3) Include Oslo Properties AS liability of NOK 2 159.7 million to acquire shares in Norgani Hotels ASA (related to the irrevocable acceptances under the voluntary offer), and Norwegian Property ASAs interest-bearing liability of NOK 1 573.0 million (put/call option agreement) to acquire shares in Oslo Properties AS.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the company					Minority interests	Total Equity
	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings		
<i>Figures in NOK 1.000</i>							
Opening balance equity 09.06.2006	100						100
Write-down	(100)						(100)
Total share issues	2 462 823	2 550 323					5 013 146
Total cost related to share issues, net of tax		(150 152)					(150 152)
Capital reallocation		(1 500 000)	1 500 000				-
Financial derivatives accounted to equity				75 763			75 763
Profit for the period					389 636		389 636
Minority interests						44 834	44 834
Total equity 31.12.2006	2 462 823	900 171	1 500 000	75 763	389 636	44 834	5 373 227
Share issue (March 2007)	174 216	325 784					500 000
Total cost related to share issues, net of tax		(14 865)					(14 865)
Dividend payments					(263 704)		(263 704)
Financial derivatives accounted to equity				(73 692)			(73 692)
Profit for the period					1 095 193		1 095 193
Minority interests						208 803	208 803
Total equity 30.09.2007	2 637 039	1 211 089	1 500 000	2 071	1 221 125	253 637	6 824 962

## CONSOLIDATED CASH FLOW STATEMENT

	3rd Quarter 01.07 - 30.09	Year to date 01.01 - 30.09		Year 09.06 - 31.12
	Norwegian Property, incl. Osl. Pr./Norgani 2007	Norwegian Property, incl. Osl. Pr./Norgani 2007	Norwegian Property 2006	Norwegian Property 2006
<i>Figures in NOK 1.000</i>				
Profit before income tax	52 093	1 539 203	17 052	539 457
+ Depreciation of tangible assets	204	600	250	560
-/+ Gain from fair value adjustment of investment property	(68 918)	(1 126 448)	-	(393 244)
-/+ Gain from fair value adjustment of financial derivative instruments	97 812	(322 259)	29 544	(76 743)
+/- Net financial items ex. market value adj. of financial derivative instruments	140 482	563 705	134 533	282 241
+/- Change in short-term items	(159 912)	(39 479)	244 849	224 040
<b>= Net cash flow from operating activities</b>	<b>61 762</b>	<b>615 323</b>	<b>426 228</b>	<b>576 311</b>
- Payments for purchase of tangible fixed assets	(1 857 944)	(4 239 164)	(11 660 569)	(14 703 875)
- Payments for purchase of financial and derivative instruments	113 216	113 216	(23 600)	(120 021)
<b>= Net cash flow from investing activities</b>	<b>(1 744 728)</b>	<b>(4 125 948)</b>	<b>(11 684 169)</b>	<b>(14 823 896)</b>
+ Net change in interest bearing debt	1 651 633	3 534 743	9 846 538	10 977 587
- Net financial items ex. market value adj. of financial derivative instruments	(140 482)	(563 705)	(134 533)	(282 241)
+ Capital increase	(0)	479 354	1 968 000	4 804 601
- Dividend payments	-	(263 704)	-	-
- Payments related to other financing activities	(4 455)	(4 455)	-	-
<b>= Net cash flow from financial activities</b>	<b>1 506 696</b>	<b>3 182 233</b>	<b>11 680 005</b>	<b>15 499 947</b>
<b>= Net change in cash and cash equivalents</b>	<b>(176 270)</b>	<b>(328 392)</b>	<b>422 064</b>	<b>1 252 362</b>
+ Cash and cash equivalents at the beginning of the period	1 100 340	1 252 462	100	100
<b>Cash and cash equivalents at the end of the period</b>	<b>924 070</b>	<b>924 070</b>	<b>422 164</b>	<b>1 252 462</b>

## NOTE 1 – PURCHASE CONSIDERATIONS

### – OSLO PROPERTIES AS / NORGANI HOTELS ASA

From 24 September 2007 and at the 30 September 2007 balance sheet date, Oslo Properties AS controlled 98 per cent of the outstanding shares in Norgani Hotels ASA through acquired shares and irrevocable acceptances under the voluntary offer.

For accounting purposes Norwegian Property ASA controls Oslo Properties AS, and Oslo Properties AS/Norgani Hotels ASA is consolidated as a part of the Norwegian Property ASA Group from 24 September 2007. Norwegian Property ASA owns 17.5 per cent of the shares and has call options and has issued put options whereby Norwegian Property may become the owner of more than 90 per cent of the shares in Oslo Properties AS. Management functions in Oslo Properties AS are appointed by Norwegian Property ASA, and Norwegian Property ASA also has the right to designate 3 out of 5 board members in Oslo Properties AS (including the Chairman).

In the third quarter 2007 approximately one week actual revenue and results of Oslo Properties AS/Norgani Hotels ASA is consolidated, and represent revenues of NOK 10.9 million and earnings before tax of NOK 0.2 million.

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

<i>Figures in NOK million</i>	<b>24.09.2007</b>
Non-current assets	9 038
Cash and cash equivalents	349
Other current assets	358
Non-current liabilities	(5 691)
Current liabilities	(799)
Minority interests	(71)
Net assets acquired	3 184
Purchase consideration, incl. costs of NOK 80 mill.	3 771
Excess value	587

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

Pending the assessment of all assets and liabilities, including an ongoing valuation of all Norgani investment properties, net excess value calculated in the purchase consideration is allocated entirely to investment properties.

## NOTE 2 – NORGANI HOTELS ASA CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

NOK million	Reporting period		Interim period		Full year
	Jul-Sep 2007	Jul-Sep 2006	Jan-Sep 2007	Jan-Sep 2006	
<b>Property management</b>					
Rental revenue	164,0	140,8	477,4	371,3	553,7
Ordinary rental guarantees	3,1	3,7	10,5	17,5	20,6
Termination of rental guarantees	36,9	-	36,9	-	-
Operating expenses	-14,1	-13,3	-45,9	-40,6	-59,4
<b>Operating net</b>	<b>189,9</b>	<b>131,2</b>	<b>478,8</b>	<b>348,2</b>	<b>514,9</b>
<b>Property disposal</b>					
Sales proceeds, net	36,3	0,0	156,2	27,3	738,7
Acquisition value	-36,3	-	-140,9	-19,8	-635,6
Realised fair value adjustment	0,3	-	-9,0	-	-37,2
<b>Net gain on disposals</b>	<b>0,3</b>	<b>0,0</b>	<b>6,3</b>	<b>7,5</b>	<b>65,8</b>
<b>Administrative expenses related to sale</b>	<b>-51,4</b>	<b>-</b>	<b>-51,4</b>	<b>- -</b>	<b>-</b>
<b>Administrative expenses</b>	<b>-16,9</b>	<b>-7,0</b>	<b>-55,1</b>	<b>-17,9</b>	<b>-55,4</b>
<b>Financial net</b>					
Financial income	5,0	-	8,4	4,2	21,5
Financial expenses	-81,4	-67,1	-241,5	-188,5	-286,3
<b>Net financial items</b>	<b>-76,5</b>	<b>-67,1</b>	<b>-233,1</b>	<b>-184,3</b>	<b>-264,8</b>
<b>Fair value adjustments</b>					
Properties	0,7	109,1	131,4	190,9	613,0
Financial instruments	-55,2	-	144,1	-	58,7
<b>Total fair value adjustments</b>	<b>-54,4</b>	<b>109,1</b>	<b>275,5</b>	<b>190,9</b>	<b>671,7</b>
<b>Profit before tax</b>	<b>-9,0</b>	<b>166,3</b>	<b>421,0</b>	<b>344,4</b>	<b>932,1</b>

### CONSOLIDATED BALANCE SHEET

NOK million	30.09.2007	30.09.2006	31.12.2006
<b>Assets</b>			
Properties	9 034,3	9 564,9	9 452,1
Receivables	371,4	262,2	937,3
Liquid assets	348,6	115,1	105,1
<b>Total assets</b>	<b>9 754,4</b>	<b>9 942,2</b>	<b>10 494,5</b>
<b>Liabilities and shareholder's equity</b>			
Shareholder's equity	3 254,3	2 681,2	3 016,4
Provisions	0,3	0,0	0,3
Interest bearing liabilities	6 306,8	7 156,1	7 230,9
Operating liabilities	193,0	104,9	246,9
<b>Total tangible assets</b>	<b>9 754,4</b>	<b>9 942,2</b>	<b>10 494,5</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK million	Interim period		Full year 2006
	Jan-Sep 2007	Jan-Sep 2006	
<b>Equity at start of period</b>	<b>3 016,4</b>	<b>1 801,6</b>	<b>1 801,6</b>
New equity issues	7,5	496,4	496,0
Interim result	624,6	302,0	709,9
Dividend	-158,3	-	-
Cash flow hedges		-26,7	-26,5
Pension provision plans		0,0	-0,1
Currency translation differences	-235,9	107,8	35,5
<b>Equity at end of period</b>	<b>3 254,3</b>	<b>2 681,1</b>	<b>3 016,4</b>

## CONSOLIDATED CASH FLOW STATEMENT

NOK million	Reporting period		Interim period		Full year 2006
	Jul-Sep 2007	Jul-Sep 2006	Jan-Sep 2007	Jan-Sep 2006	
Cash flow from operations	45,2	52,9	154,5	153,5	270,0
Cash flow from changes in working capital	-1,4	106,9	656,1	22,9	-699,2
Cash flow from investment activity	3,8	-2 702,7	-8,4	-2 955,9	-2 422,1
Cash flow from financing activity	227,7	2 553,2	-538,7	2 711,7	2 768,7
<b>Cash flow for the period</b>	<b>275,4</b>	<b>10,3</b>	<b>263,5</b>	<b>-67,8</b>	<b>-82,6</b>
Liquid assets, opening balance	76,4	94,1	105,1	175,2	175,2
Exhcange rate	-3,2	6,5	-20,0	7,7	12,5
<b>Liquid assets, closing balance</b>	<b>348,6</b>	<b>110,9</b>	<b>348,6</b>	<b>115,1</b>	<b>105,1</b>

## SEGMENT INFORMATION

Per 30.09.2007

NOK million	Sweden	Finland	Norway	Denmark	Norgani
Revenues	230,8	143,4	127,9	22,7	524,8
Operating expenses	(15,0)	(21,3)	(6,0)	(3,6)	-45,9
Operating net	215,8	122,0	121,9	19,1	478,8
Net disposals					6,3
Fair value adjustments of properties					131,4
Administrative expenses					-106,5
Financial net					-233,1
Fair value adjustments of financial instruments					144,1
<b>Profit before tax</b>					<b>421,0</b>
Investment properties	3 740,9	2 644,3	2 221,9	427,2	9 034,3
Asset allocated to properties	46,8	31,0	30,2	12,0	120,0
Unallocated assets					600,0
<b>Total assets</b>	<b>3 787,7</b>	<b>2 675,4</b>	<b>2 252,1</b>	<b>439,2</b>	<b>9 754,4</b>
<b>Interest bearing liabilities</b>	<b>2 144,7</b>	<b>1 904,6</b>	<b>1 993,0</b>	<b>264,6</b>	<b>6 306,8</b>
Number of hotels	38	15	13	3	69
Conference centres		1			1
Number of rooms	6 361	3 078	2 304	434	12 177
Sqm	293 309	193 592	135 632	15 405	637 938
Duration (years)	7,1	5,6	8,8	8,5	7,1