

Oslo, 23 February 2010

4th quarter and preliminary annual results 2009

Agenda

Highlights and key figures	**Olav Line**
Financial update	**Svein Hov Skjelle**
Markets & operations:	**Olav Line**
▪ **Office portfolio**	
▪ **Hotel portfolio**	
Strategy for long-term value creation	**Olav Line**
Closing remarks	**Olav Line**
Q&A session	

NORWEGIAN PROPERTY

4Q 2009
Stable operations, new strategic direction

- **Gross rental income; NOK 430.1 million**
- **Profit before tax and fair value adjustments; NOK 72.9 million (+ 25 percent y/y)**
- **Strong cash flow from operations; NOK 187.5 million**
- **Value adjustments; negative for hotel portfolio, positive for office**
- **40 office lease agreements renegotiated; rental uplift 18.8 percent**
- **Board of Directors approved new strategy for long-term value creation**
  – Targets separation of hotel and office operations during 2010



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4Q 2009
Income statement

NOK million	4Q 2009	4Q 2008	2009	2008
Gross rental income	**430.1**	**466.0**	**1 767.7**	**1 866.8**
Maintenance and property related cost	**-38.7**	-38.6	**-147.0**	-152.2
Administrative and group expenses	**-49.3**	-38.1	**-165.9**	-131.6
Operating result before value adjustment	**342.2**	**389.2**	**1 454.7**	**1 583.1**
Net financial items excluding derivatives and currency effects	**-259.0**	-289.2	**-997.0**	-1 063.4
Profit before value adjustments and acquisition financing	**83.2**	**100.0**	**457.7**	**519.6**
Net financial items, acquisition financing	**-10.3**	-41.7	**-84.7**	-207.4
Profit before value adjustments	**72.9**	**58.3**	**373.0**	**312.2**
Net gain on disposals	**-17.1**	-1.0	**-7.1**	34.4
Net gain/loss on value adjustments, investment properties	**-280.8**	-1 175.3	**-1 517.4**	-3 987.5
Impairment of goodwill	**-84.3**	-221.0	**-308.8**	-221.0
Change in market value of financial derivatives	**33.0**	-1 169.3	**61.3**	-1 257.0
Profit before income tax	**-276.3**	**-2 508.2**	**-1 399.0**	**-5 118.9**
Income tax	**108.1**	199.4	**230.1**	928.2
Profit for the period	**-168.2**	**-2 308.8**	**-1 168.9**	**-4 190.7**
Earnings per share (NOK)	**-0.37**	-11.45	**-4.17**	-26.65

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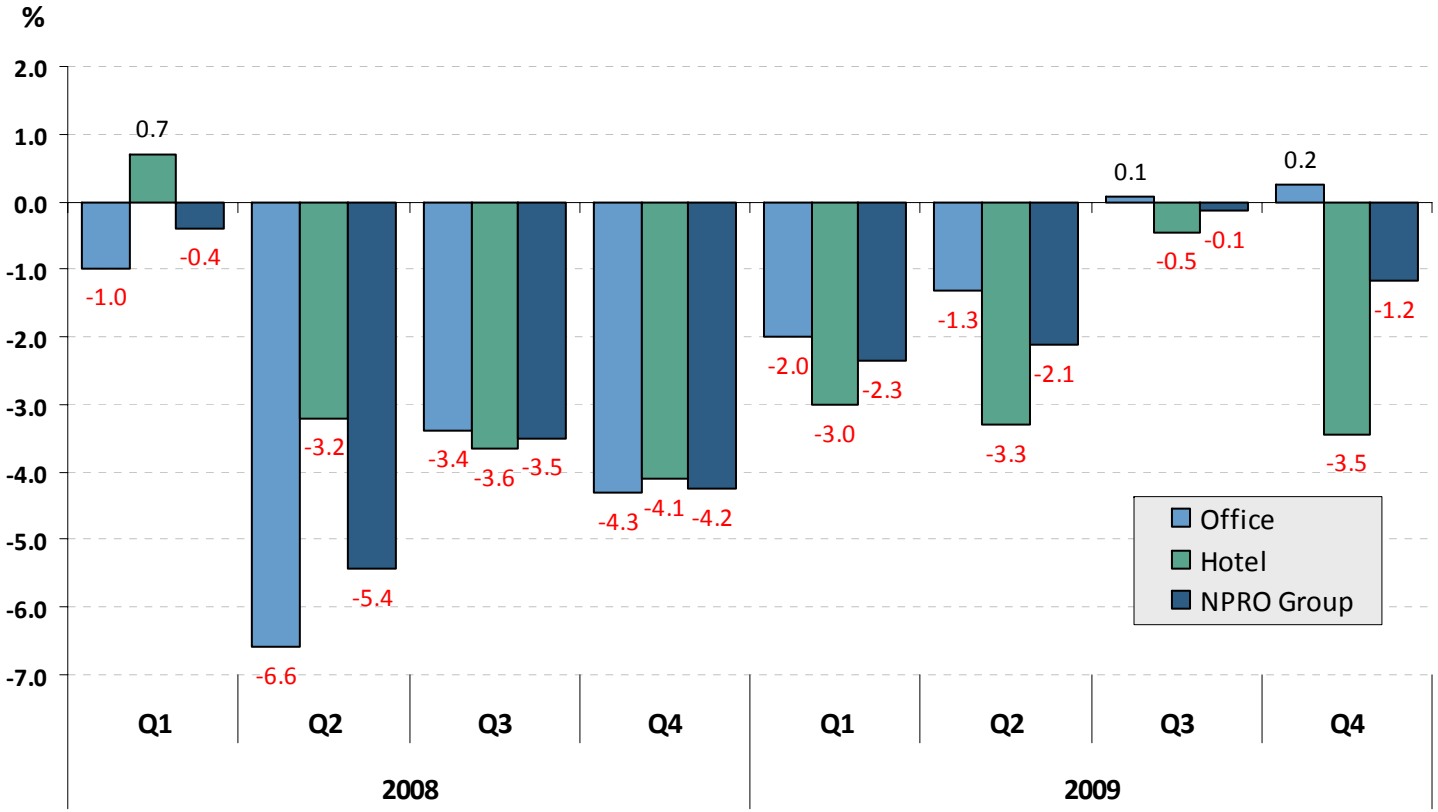
4Q 2009
Income statement by business segment

	Office		Hotel		OP		Total	
NOK million	4Q 09	4Q 08	4Q 09	4Q 08	4Q 09	4Q 08	4Q 09	4Q 08
Gross rental income	**261.9**	**264.4**	**168.2**	**201.6**	**-**	**-**	**430.1**	**466.0**
Maintenance and property related cost	**-14.9**	-13.9	**-23.8**	-24.7	**-**	-	**-38.7**	-38.6
Group expenses	**-34.1**	-14.7	**-15.3**	-22.7	**0.1**	-0.6	**-49.3**	-38.1
Operating result before value adjustment	**212.2**	**235.8**	**127.5**	**154.1**	**0.1**	**-0.6**	**342.2**	**389.3**
Net financial items excl. derivatives and currency	**-171.7**	-194.9	**-87.3**	-94.3	**-**	-	**-259.0**	-289.2
Net financial items, acquisition financing	**-**	-	**-**	-	**-10.3**	-41.7	**-10.3**	-41.7
Profit before value adjustments, gains and tax	**42.9**	**40.9**	**40.2**	**59.8**	**-10.2**	**-42.3**	**72.9**	**58.3**
Net gain on disposals	**-17.1**	-	**-**	-1.0	**-**	-	**-17.1**	-1.0
Net gain/loss value adj. investment properties	**28.2**	-750.9	**-309.0**	-424.4	**-**	-	**-280.8**	-1 175.3
Currency gain / loss	**-**	-2.9	**1.3**	-	**-**	-	**1.3**	-2.9
Impairment of goodwill	**-**	-	**-84.3**	-221.0	**-**	-	**-84.3**	-221.0
Change in market value of financial derivatives	**10.7**	-790.8	**21.0**	-375.6	**-**	-	**31.7**	-1 166.4
Profit before income tax	**64.7**	**-1 503.7**	**-330.8**	**-962.2**	**-10.2**	**-42.3**	**-276.3**	**-2 508.2**

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4Q 2009
Positive trend confirmed for office portfolio

- **Negative fair value adjustment of 3.5 percent for hotel portfolio in 4Q, and positive adjustment of 0.2 percent for office portfolio**
- **Negative fair value adjustment of 1.2 percent on group level**
- **Accumulated -5.4 percent for the full year 2009 compared to -12.8 percent in 2008**



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4Q 2009
Valuation of office portfolio - by area

- **External valuation by DTZ Realkapital and Akershus Eiendom**
  - Average market rent estimated to be 3.9 per cent higher than current payable rents **("uplift potential")**
- **Increase in valuation NOK 28.2 million**
  - Negative effects from reduced inflation expectations
  - Positive effects from yield reductions

Area	Total space (m²)	Valuation		Gross rent		Net Yield *
		NOK million	NOK/m²	NOK million	NOK/m²	
Oslo – CBD	148 415	5 284	35 605	346	2 331	6.2%
Oslo – Skøyen	108 332	2 853	26 338	192	1 773	6.4%
Oslo – West / Lysaker / Fornebu	126 267	2 681	21 232	188	1 492	6.6%
Oslo – Nydalen	109 693	1 851	16 874	138	1 261	7.0%
Oslo – North / East	26 455	342	12 943	34	1 303	9.5%
Stavanger	114 703	2 017	17 586	150	1 306	7.0%
Gross Total	633 864	15 029	23 710	1 049	1 655	6.6%

*** Based on gross rent and estimated operating expenses of 5.6%**

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4Q 2009
Valuation of hotel portfolio

- **External valuation by DTZ Realkapital and Akershus Eiendom**

- **Valuation influenced by:**
  - Negative RevPAR development
  - Review of long term capex needs in portfolio

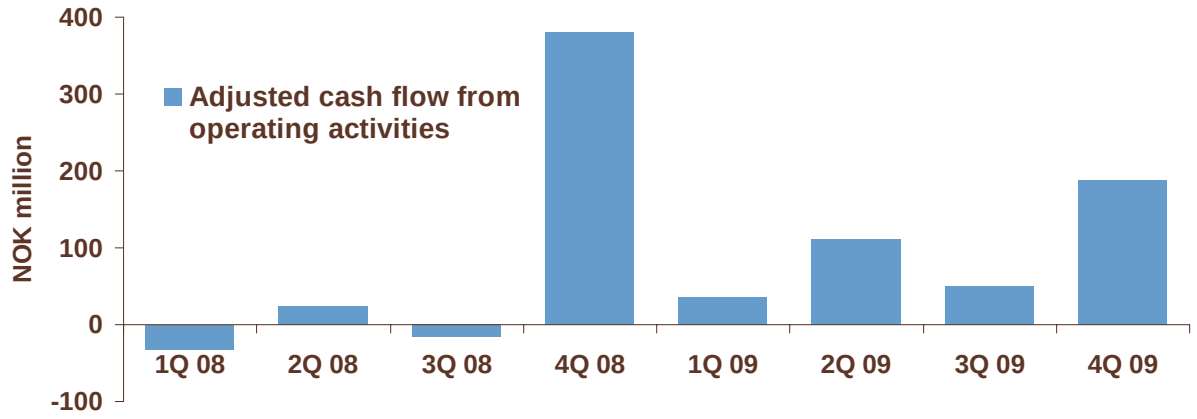
- **Decrease in portfolio value 4Q 2009:** **NOK 587.6 million**
  - Currency effects and other: NOK 278.6 million
  - Fair value adjustments: NOK 309.0 million

Country	Properties	Rooms	Value (NOK million)			Net yield *
			Total	Per property	Per room (NOK)	
Norway	**14**	**2 410**	**2 160**	**154**	**896**	**8.0 %**
Sweden	**41**	**6 916**	**3 865**	**94**	**559**	**7.4 %**
Finland	**16**	**3 124**	**2 467**	**154**	**790**	**6.0 %**
Denmark	**3**	**434**	**430**	**143**	**991**	**5.3 %**
Total	**74**	**12 884**	**8 922**	**121**	**692**	**7.0 %**

*** Based on rental income and expenses 2009 and valuation as of 31 December 2009 in local currency.**

4Q 2009
Cash flow

NOK million	4Q 2009	4Q 2008	2009	2008
Cash flow from operating activities	**455.5**	**670.0**	**1 480.0**	**1 715.7**
Net financial items (ex. market value adj. and currency gain/loss)	**-268.0**	-289.3	**-1 056.0**	-1 270.8
Adjusted cash flow from operating activities	**187.5**	**380.8**	**424.1**	**444.9**
Cash received from sale of assets	**-**	-	**1 052.4**	1 311.0
Purchase of tangible assets and subsidiaries	**-16.9**	-127.1	**-77.4**	-463.8
Cash flow from investment activities	**-16.9**	**-127.1**	**974.9**	**847.2**
Net change in interest bearing debt	**-106.5**	-155.9	**-2 730.8**	-3 843.5
Capital increases	**-**	-	**1 450.6**	2 345.9
Other financing activities	**-6.5**	-	**-35.1**	-263.7
Adjusted cash flow from financing activities	**-113.0**	**-155.9**	**-1 315.3**	**-1 761.3**
Net change in cash	**57.7**	**97.7**	**83.7**	**-469.3**
Net cash at end of period	**248.2**	**174.2**	**248.2**	**174.2**



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4Q 2009
Balance sheet

NOK million	31.12.2009	31.12.2008
Investment properties[1)]	**23 732.7**	27 312.6
Goodwill	**580.2**	885.6
Market value financial derivatives (net)	**-462.5**	-631.3
Cash and cash equivalents	**248.2**	**174.2**
Equity	**4 918.0**	5 001.2
Long term interest bearing debt	**17 781.3**	**21 022.0**
Short term interest bearing debt	**597.5**	**818.6**
Deferred tax liability	**365.5**	565.5
Net other assets	**436.3**	333.9
Equity ratio	**19.9 %**	**17.3 %**
Net asset value per share (NOK)[2)]	**10.85**	24.80
Net asset value per share (NOK), EPRA[2)]	**12.84**	30.14

1) Net of deferred tax at acquisition
2) Number of shares as per 31.12.2008: 201 635 416
Number of shares as per 31.12.2009: 453 270 832

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4Q 2009
Financial position

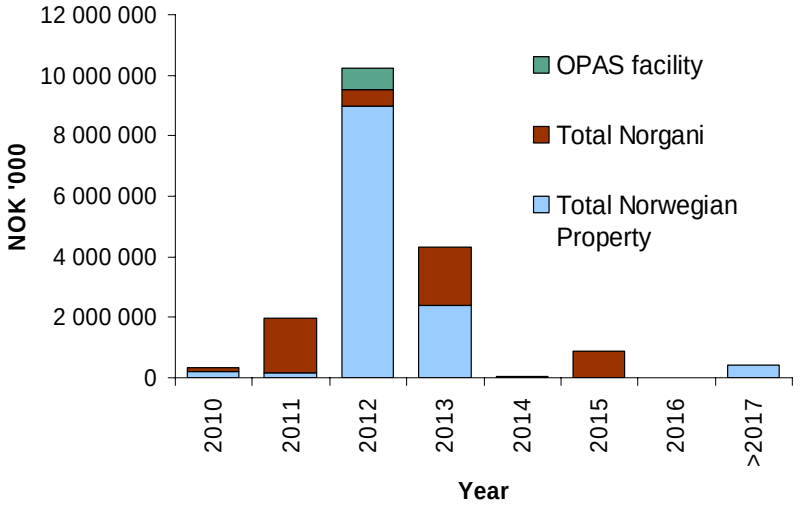
Interest bearing debt and hedging as per 31.12.2009		NPRO	Norgani	SUM	OPAS	SUM
Total interest bearing debt	*NOK million*	11 454	6 255	**17 709**	719	**18 428**
- of which interest hedged	*NOK million*	13 253	6 224	**19 477**	-	**19 477**
Hedging ratio	*Percent*	115.7 %	99.5 %	**110.0 %**	-	**105.7 %**
Cash and cash equivalents	*NOK million*	180	63	**243**	4	**248**
Effective hedging ratio, including cash	*Percent*	117.3 %	100.5 %	**111.4 %**	0.6 %	**107.0 %**
Unused committed credit facilities (short and long term)	*NOK million*	310	55	**365**	-	**365**
Average remaining duration, hedging	*Years*	2.9	3.4	**3.1**	-	**3.1**
Average interest rate (including margin)	*Percent*	5.48 %	5.06 %	**5.33 %**	5.22 %	**5.33 %**
Average margin	*Percent*	0.71 %	1.24 %	**0.90 %**	3.03 %	**0.98 %**
Average remaining duration, borrowing	*Years*	2.8	3.6	**3.1**	2.5	**3.0**
Property value (gross of deferred tax at acquisition)	*NOK million*	14 810	8 922	**23 732**	-	**23 732**
Loan to value	*Percent*	77.3 %	70.1 %	**74.6 %**	78.2 %	**77.7 %**

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4Q 2009
Managing debt and hedging portfolio

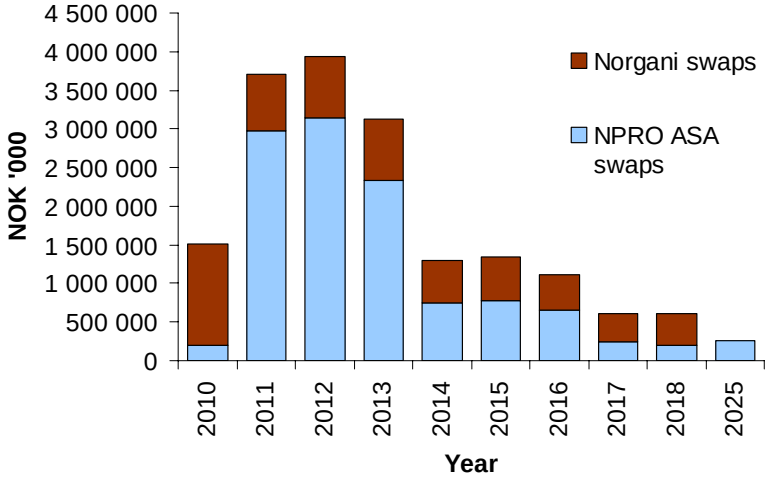
- **Duration on debt**
  - Debt expiring in 2010 renewed (new bond issue in January)
  - Focus on extending debt maturities
- **Interest rate exposure**
  - Hedging ratio gradually reduced below 100 percent as swaps maturing are not extended
  - Target hedging ratio of 70 percent or above as required in the borrowing facilities
  - Targeting to increase average remaining duration on hedging (currently 3.1 years)

Maturity profile for loans



Maturities in 2010 relate to ordinary amortisations

Maturity profile for interest rate swaps



Not including NOK 2 000 million which expired in January 2010

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Markets & operations:	**Olav Line**
▪ Office portfolio	
▪ Hotel portfolio	
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Office portfolio
Highlights 4Q 2009

- **40 new lease agreements, 18.8 percent uplift**
- **Trend of positive value adjustment of portfolio maintained**
- **Small share of contract portfolio up for renegotiation in 2010**
- **Market recovery underway**

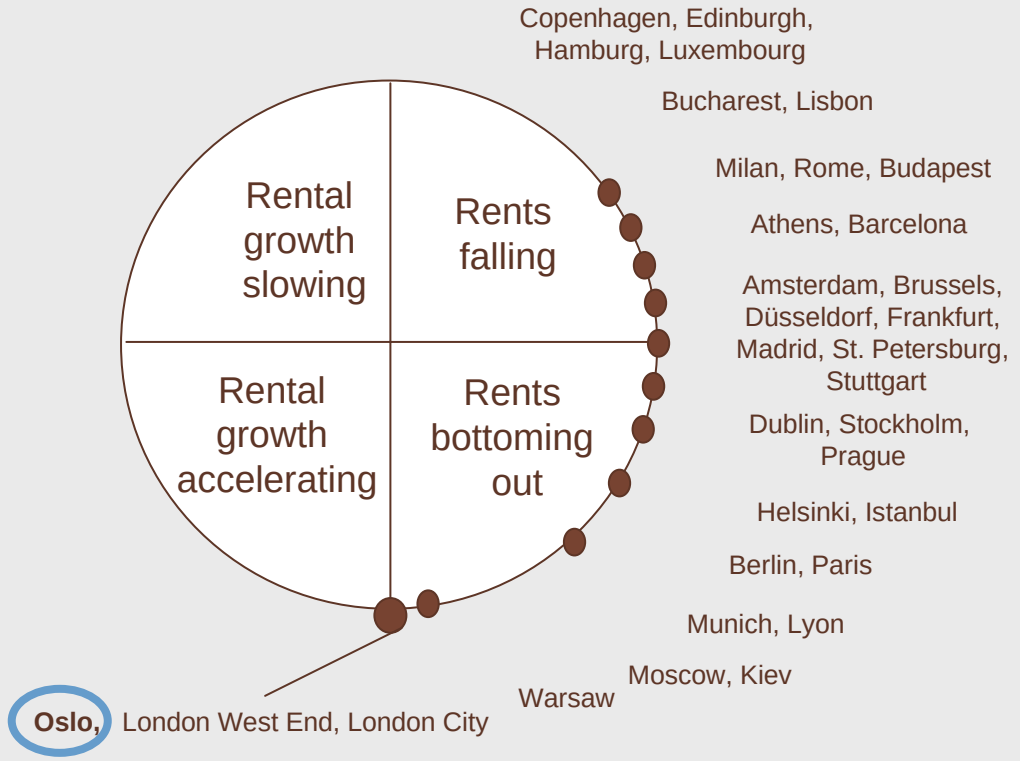


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Office portfolio
Market recovery underway

- **Rents stabilising and trending upwards**
- **Overall market vacancy peaking in 2011 for Oslo area*)**
- **Transaction market improving**
  - Availability of financing
  - Improvement in underlying markets

European office market property clock 4Q 2009



Source: Jones Lang La Salle, Akershus Eiendom

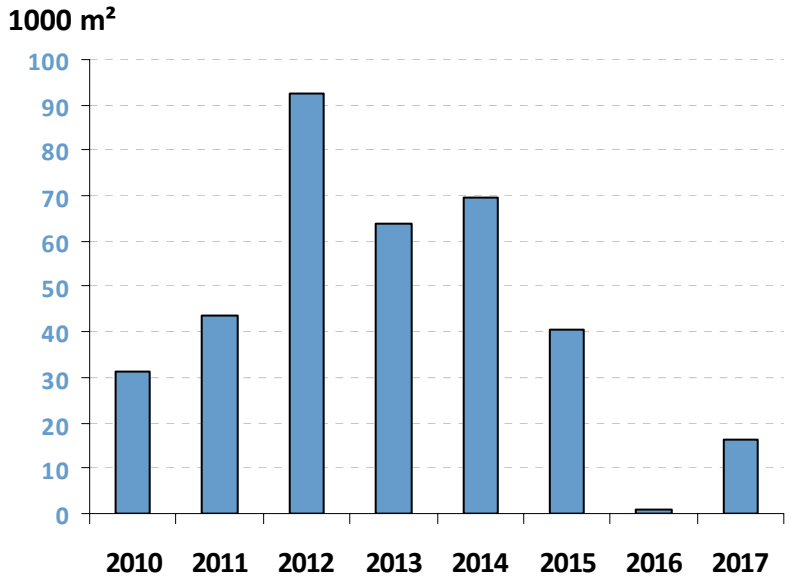
***) Source:** Akershus Eiendom

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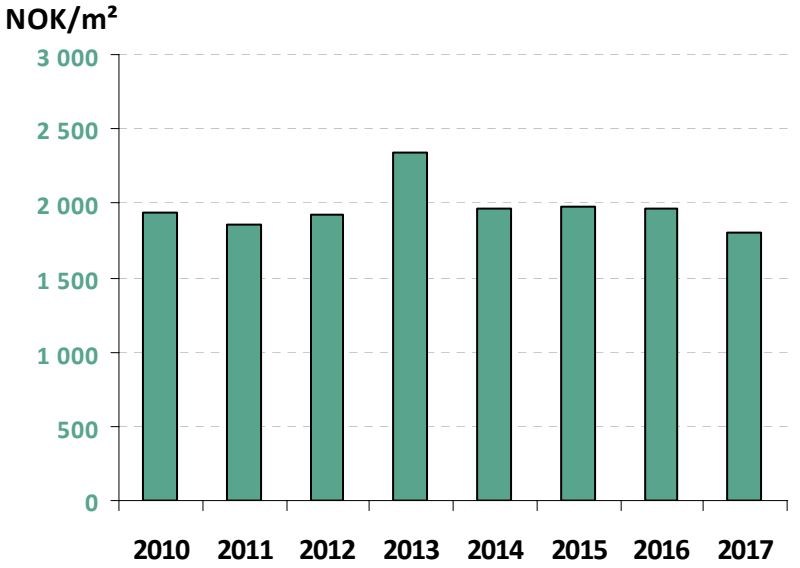
Office portfolio
Well positioned for market recovery

- 5.0 years duration of leases
- Vacancy at 2.0 percent
- Average current rent of NOK 1 655 per m² **)
- 97.1 percent of lease volume is CPI adjusted (cash flow inflation hedge)

Volume expiring per year



Average existing rent by year of lease maturity*)



*) Office space only
**) Including all areas

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Hotel portfolio
Highlights 4Q 2009

- **Value adjustments of minus 3.5 percent**
- **Operator company for Hotel Korpilampi in Finland bankrupt, dialogue with possible new operators and potential buyers ongoing**
- **New attractive operator agreement in Copenhagen**
- **Market cycle expected to bottom out in 2010 - Norgani well positioned for market recovery**

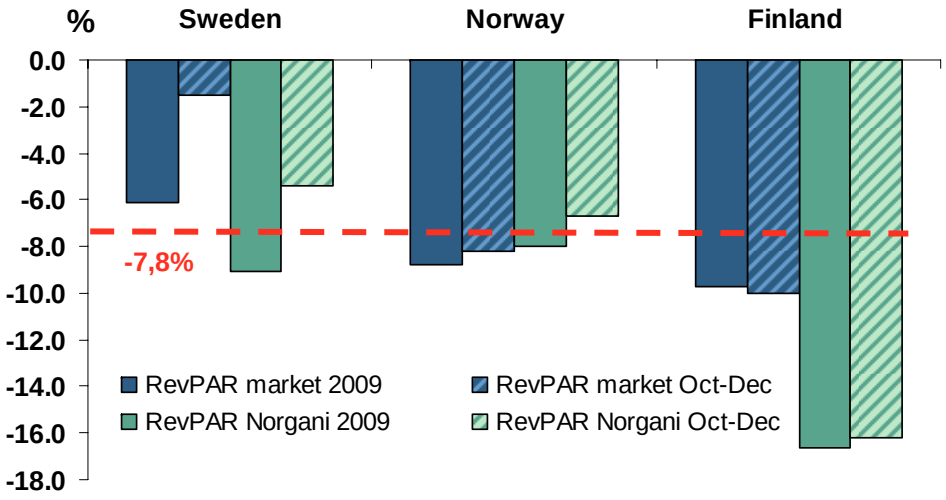


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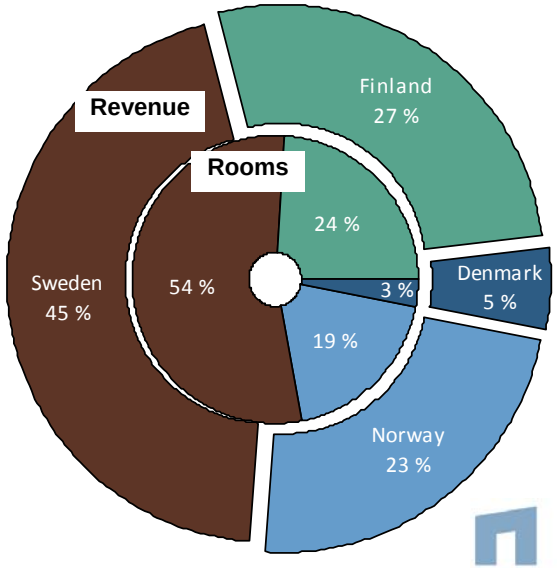
Hotel portfolio
RevPAR development

- Norgani 2009 revenues were 7.8 percent below 2008, minimum rents and seller guarantees limits income reductions
- Development in 4Q 09 improves YTD figures
- **Occupancy**
  - Summer season better than expected, and improved development from November, especially in Sweden
  - Current downturn similar to previous downturns in terms of who are hit the hardest;
    - International business, conference and tourism market
    - Capital areas
- **Room rates**
  - Improved development in 4Q
  - Capital cities have dropped somewhat more than expected, particularly in the upper range (suites etc.)
  - Regional areas are fairly stable

RevPAR development in the Nordic market vs. Norgani



Norgani geographical split by rooms and revenue

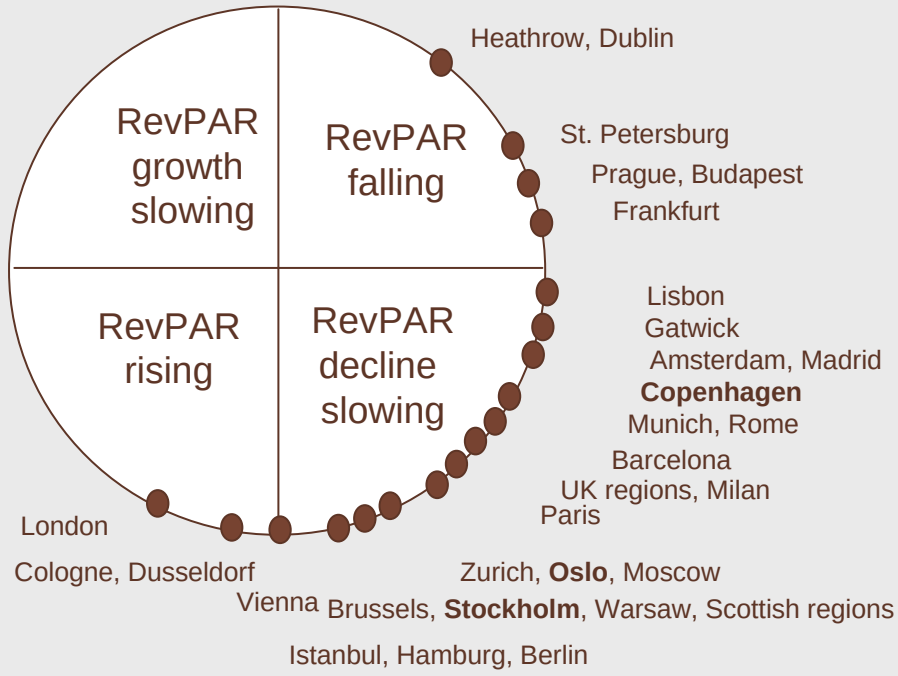


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Hotel portfolio
RevPAR decline slowing

- **Falling RevPAR levels in Norgani's main markets, stabilising towards the end of the year**
- **Market cycle expected to bottom out in 2010 - Norgani well positioned for market recovery**

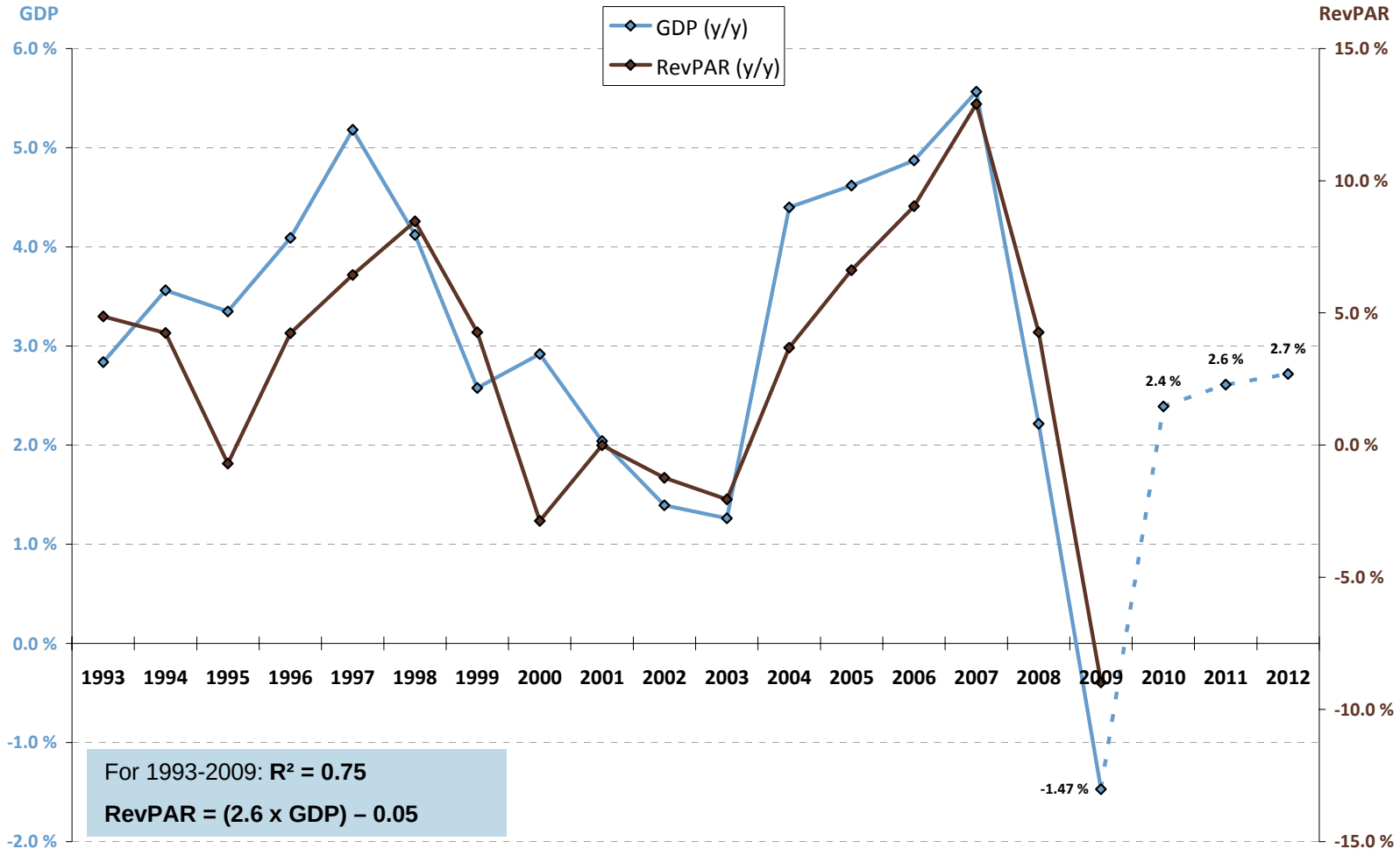
European hotel market property clock 4Q 2009



Source: Jones Lang La Salle Hotels

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Hotel portfolio
Expected recovery will benefit hotel market



* Both GDP and RevPAR historical data are SSB official numbers for Norway
* GDP estimates 2009-12 is the average of latest estimates from: SSB, DnB NOR, N-B, Nordea and SEB

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Strategy for value creation
Norwegian Property today

- **Offices**
  - Norway, Oslo and Stavanger
  - Prime properties
  - Portfolio value: NOK 15.0 billion
  - Market in recovery

- **Hotels**
  - Norway, Denmark, Sweden and Finland
  - Mid segment hotels
  - Portfolio value: NOK 8.9 billion
  - Market recovery expected late 2010 / 2011

- **Limited synergies** realised between office and hotel operations
- Office and hotel business **separately operated** with dedicated organisations
- **Lag in recovery** (cycle) between office and hotel
- **Focused operations** enhance value creation








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Strategy for value creation
Targets separation during 2010

OFFICE



Pure prime office company – fully integrated

HOTEL



Nordic no1 hotel property owner

- **Businesses more effectively developed under separate structures and ownership**
  - Enhanced focus believed to benefit operations
  - Strategic opportunities available may be more efficiently realised with two separate companies
- **Both operations are self-contained and with critical mass, including in relation to the capital market**
- **ABG Sundal Collier engaged as financial advisor for the separation process**

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Strategy for value creation in hotel and office business
Focus on key value drivers

Increase customer focus

Strengthen financial platform; balance financial risk

- Long term target of reducing LTV to 60-65 percent
- Secure competitive return on equity

Strengthen operations; focus on entire value chain

Key value drivers:

- Letting
- Property management
- Development
- Transactions & financing

Two fully integrated property companies

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Focus on long-term value drivers

Stable 4Q operations

Market recovery in sight

Process initiated to separate company

Focus on long-term value drivers



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Appendix

NORWEGIAN PROPERTY

Office portfolio

Overview of portfolio of commercial properties









Run rate as of 1 January 2010	
Portfolio	
Number of properties	48
Total size (m^2)	633 864
Average size per property (m^2)	13 205
Average value per m^2 (NOK)	23 710
Average value per property (MNOK)	313
Average rent per m^2 (NOK)	1 655
Valuation	
Market value (MNOK)	15 029
Gross rent (MNOK)	1 048.9
Opex (MNOK)	58.7
Net rent (MNOK)	990.2
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)	5.0
CPI adjustment (2009)	97.1 %
Vacancy (excl. warehouse and parking)	2.0 %









*) *Market rent is assessed by DTZ Realkapital and Akershus Eiendom to be 3.9 % (weighted average) above current contractual rents*

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Office portfolio
Exposure to prime locations in Oslo



▪ 3 properties	▪ 11 properties	▪ 1 property	▪ 11 properties	▪ 12 properties	▪ 1 property at Gardermoen and 1 at Tøyen
▪ Office: 62 153 m²	▪ Office: 75 090 m²	▪ Office: 26 847 m²	▪ Office: 96 314 m²	▪ Office: 67 835 m²	▪ Office 5 479 m²
▪ Indoor Parking: 29 002 m²	▪ Indoor Parking: 18 080 m²	▪ Indoor Parking: 3 000 m²	▪ Retail: 27 431 m²	▪ Indoor Parking: 26 289 m²	▪ Warehouse: 20 976 m²
▪ Total: 92 948 m²	▪ Total: 108 332 m²	▪ Total: 33 319 m²	▪ Total: 148 415 m²	▪ Total: 109 693 m²	

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Office portfolio

Strategic locations in Stavanger; the oil and gas cluster

Finnestadveien 44
- Office: 22 032 m²
- Total: 22 032 m²



Maskinveien 32
- Office: 4 561 m²
- Total: 5 086 m²

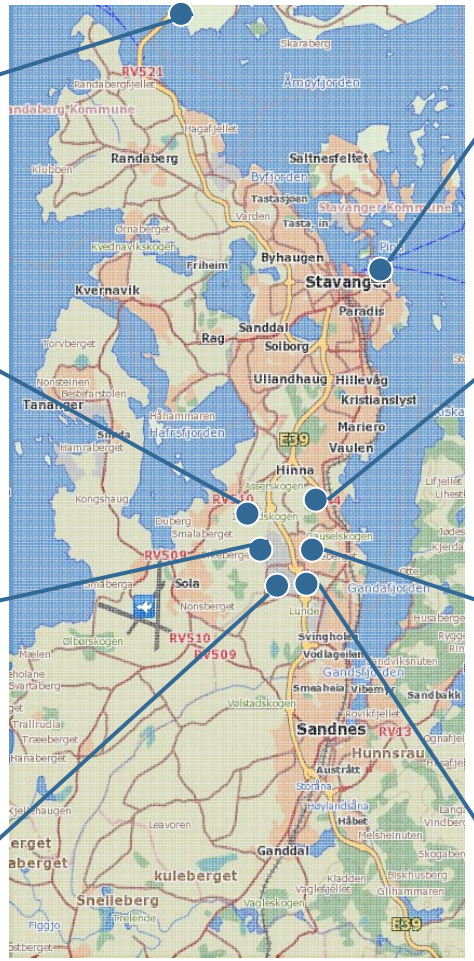


Svanholmen 2
- Office / Retail: 2 883 / 6 580 m²
- Total: 9 463 m²



Grenseveien 21
- Office: 27 721 m²
- Total: 27 721 m²





Badehusgaten 33-39
- Office: 16 673 m²
- Total: 21 528 m²



Strandsvingen 10
- Office: 2 059 m²
- Total: 2 059 m²



Forusbeen 35
- Office: 17 674 m²
- Total: 21 424 m²



Grenseveien 19
- Office: 5 390 m²
- Total: 5 390 m²



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Office portfolio

Concentrated high quality customer base

Tenant	Rent (MNOK)	Duration (years)	Share of total	Public sector participation	Listed at group level
EDB Business Partner ASA	84.2	9.2	8.0 %	√	√
Aker Solutions ASA	83.4	9.3	8.0 %	√	√
DnB NOR ASA	72.7	3.3	6.9 %	√	√
Nordea	46.4	4.1	4.4 %	√	√
StatoilHydro ASA	43.2	3.1	4.1 %	√	√
SAS Scandinavian Airlines Norge AS	43.1	6.9	4.1 %	√	√
If Skadeforsikring	40.9	2.8	3.9 %		√
Aker Offshore Partner AS	34.1	5.0	3.2 %	√	√
Total E&P Norway AS	31.2	8.1	3.0 %		√
Höegh Autoliners Management AS	28.2	10.2	2.7 %		
Get AS	27.8	1.4	2.7 %		
Telenor Eiendom Holding AS	27.4	5.7	2.6 %	√	√
NetCom AS	24.2	2.9	2.3 %	√	√
Skanska Norge AS	22.3	5.3	2.1 %		√
Fokus Bank	20.3	3.1	1.9 %	√	√
Atea ASA	18.8	2.7	1.8 %		√
TDC AS	16.3	1.5	1.6 %		√
NAV	15.5	1.7	1.5 %	√	
Uno-X Energi AS	14.5	3.9	1.4 %		√
Tieto Norway AS	13.9	2.6	1.3 %		√
BW Offshore AS	11.8	3.9	1.1 %		√
Simonsen Advokatfirma DA	11.7	3.0	1.1 %		
Økokrim	11.5	16.6	1.1 %	√	
ErgoGroup AS	10.7	1.7	1.0 %	√	
Schibsted Eiendom AS	9.6	4.0	0.9 %		√
Total 25 largest tenants	763.6	5.5	72.8 %	13 / 25	19 / 25
Total other tenants	285.2	3.7	27.2 %		
TOTAL ALL TENANTS	1 048.9	5.0	100.0 %		

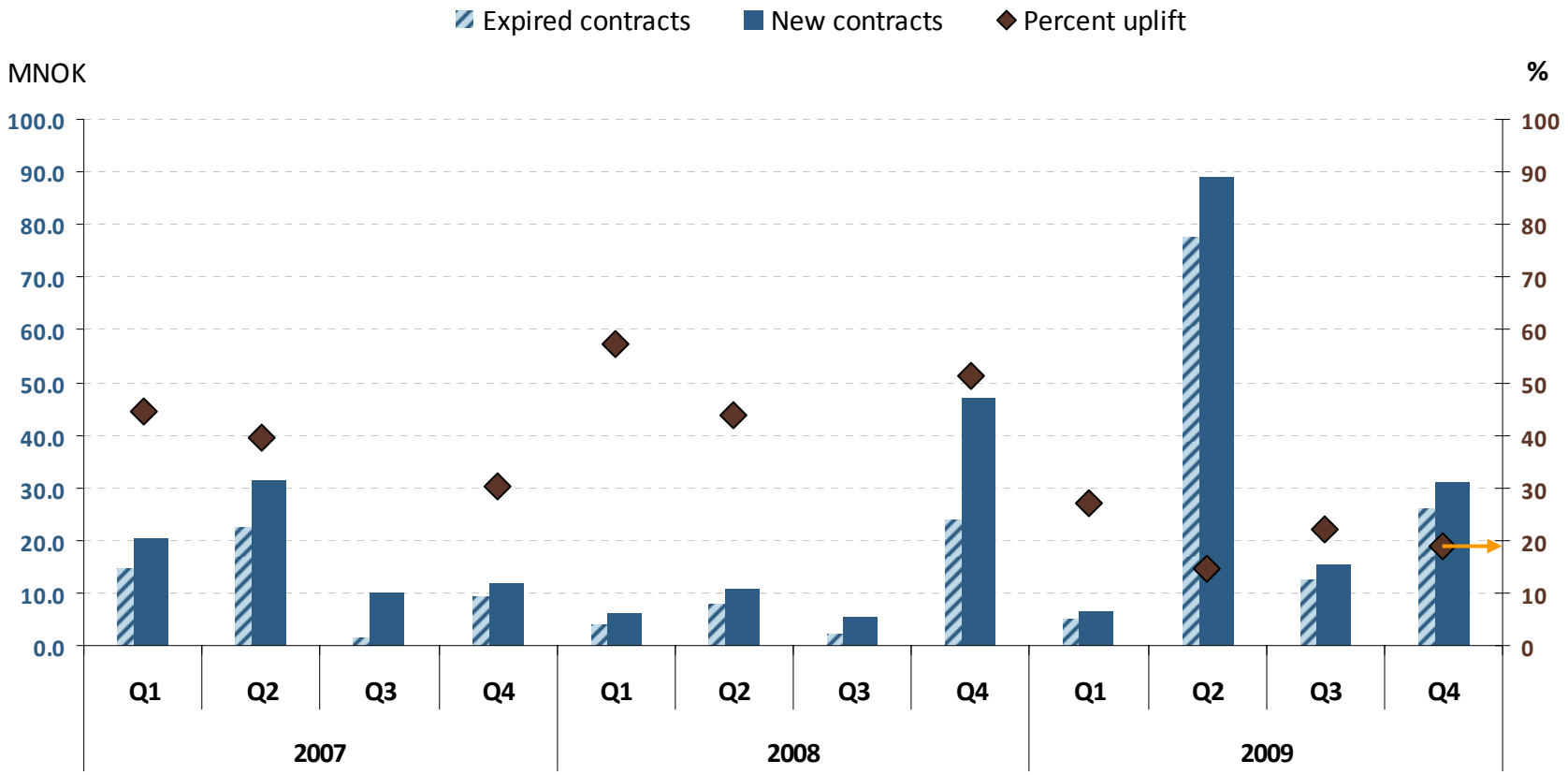
- **Close customer follow-up**
- **Regular credit assessments of tenants**
- **Limited risk related to tenant defaults and renewals**
- **Top 25 tenants' average lease duration 5.5 years**

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Office portfolio

Uplift potential delivered

- **40 new lease agreements gives an uplift of 18.8 per cent over existing rent level**
- **Estimated uplift potential of 3.9 per cent**



NORWEGIAN PROPERTY

Hotel portfolio

Overview of hotel portfolio







As of 31 December 2009	
Portfolio	
Number of properties	74
Number of rooms	12 884
Total size (m^2)	671 480
Average size per property (m^2)	9 074
Average value per m^2 (NOK)	13 287
Average value per property (MNOK)	121
Average value per room (NOK)	692 487
Valuation	
Market value (MNOK)	8 922
Gross rent 2009 (MNOK)	724
Net yield *	7.0 %
Remaining duration contracts (years) **	9.5
Minimum rent and seller guarantee 2010 (MNOK) **	569

** Based on result 2009 and valuation as of 31 Dec*

*** Based on budget 2010 currency rates*
EURNOK (8.44), SEKNOK (0.84) and DKKNOK (1.13)



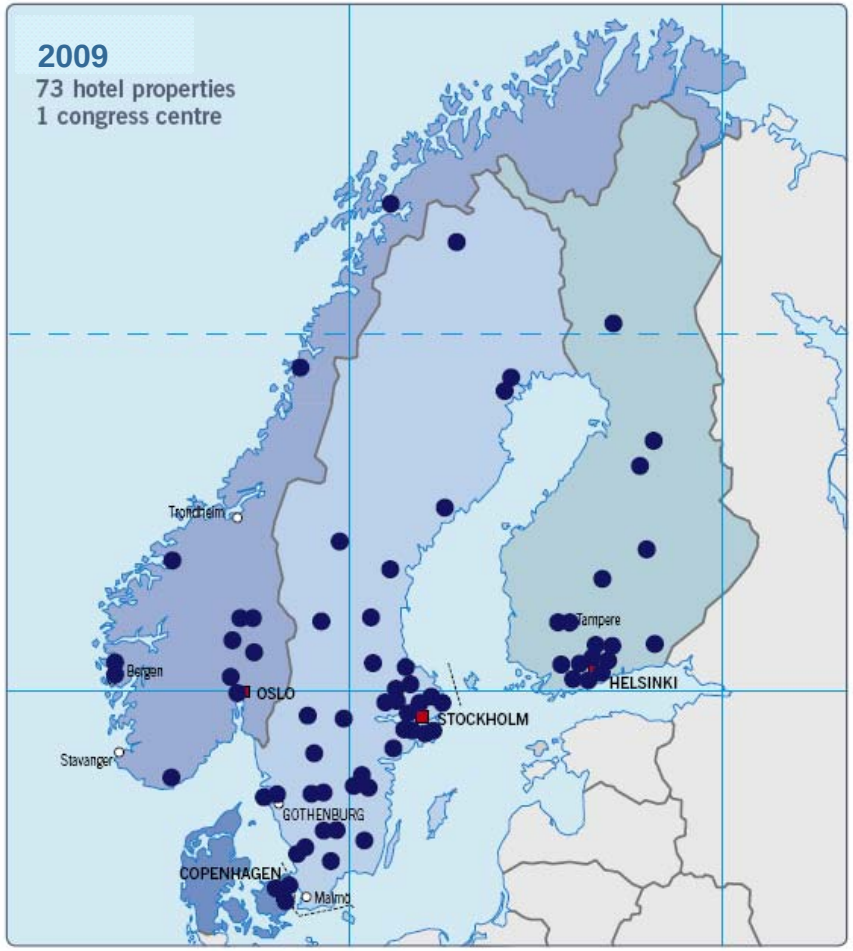




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Hotel portfolio

The leading Scandinavian hotel company

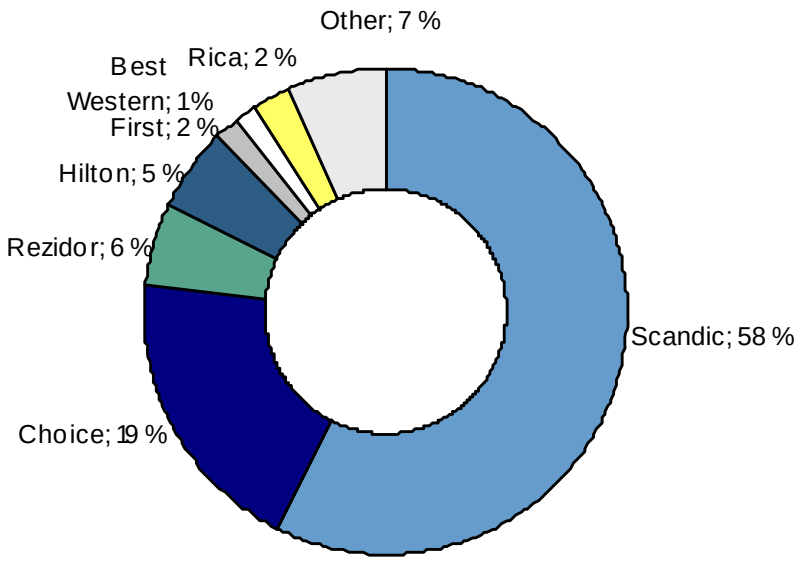


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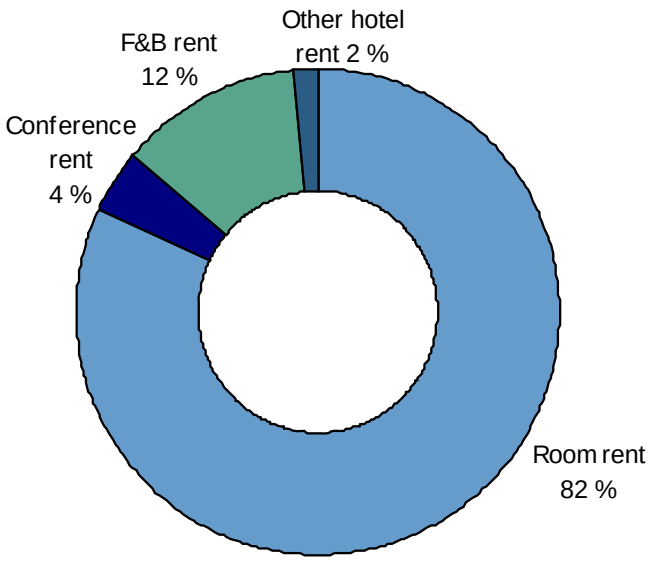
Hotel portfolio

Distribution of revenue

Brands



Type of revenue

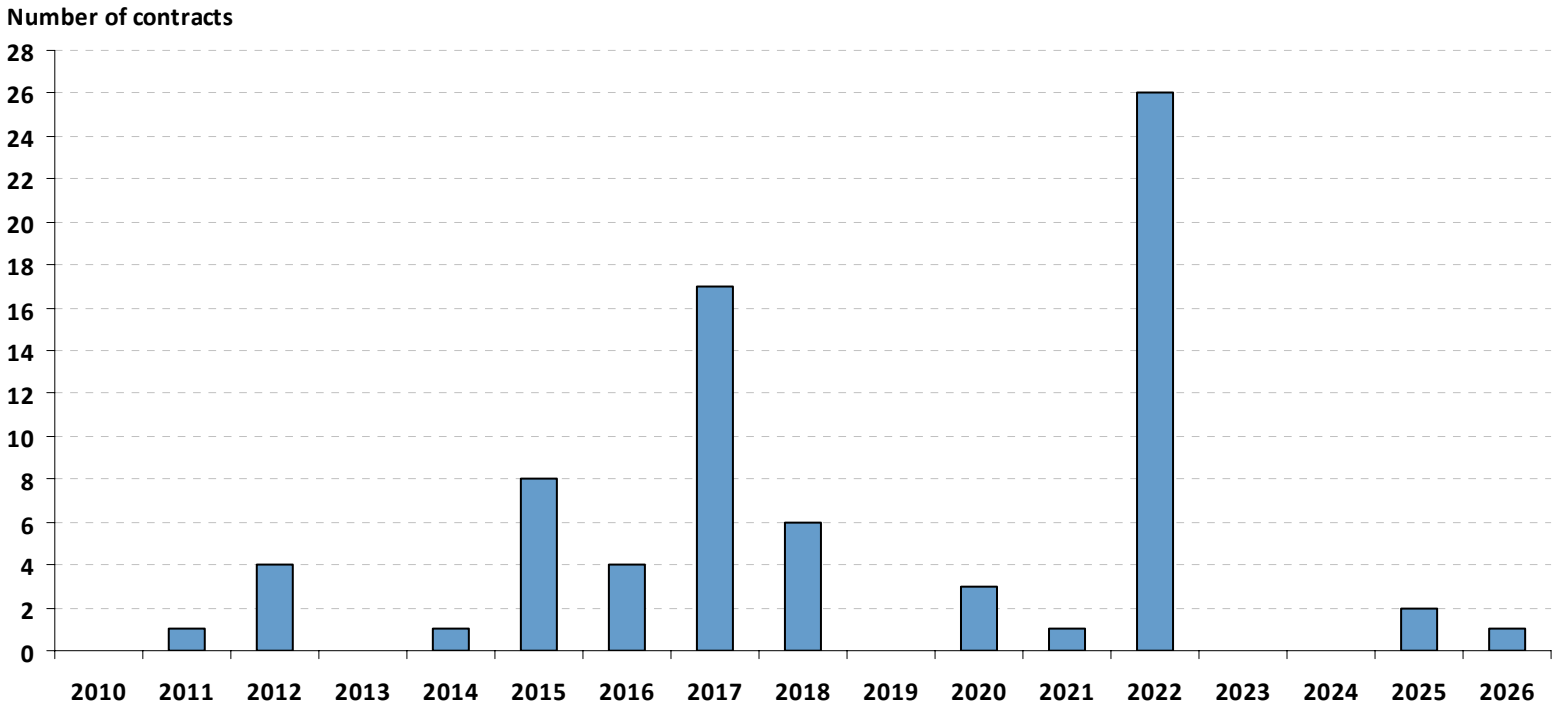


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Hotel portfolio

Hotel lease maturity profile

- **Average weighted duration of 9.5 years**
  - 9.9 years when including the new Hotel Europa agreement
- **Of the six leases maturing in 2011-2014, three are with smaller private operators**



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