NORWEGIAN PROPERTY

ANNUAL REPORT 2008
PART I – OPERATIONS

Contents

Financial calendar 2009

30 April	Interim report, Q1
30 April	Annual general meeting
14 August	Interim report, Q2
23 October	Interim report Q3

Updates will be published on the company's website and via the Oslo Stock Exchange company disclosure system.

HIGHLIGHTS 2008

Challenging financial markets

- Prospects for a global economic downturn led to a downward adjustment of fair value in light of higher required returns and expectations of increased vacancy.
- Significantly weaker share price development than previous years.

Share issue and repayment of debt

- The proceeds from a NOK 2.5 billion share issue were used to repay debt and fulfil commitments related to the acquisition of Norgani.
- NOK 3.8 billion in long-term debt was repaid during the year. The syndicated loan facility of NOK 9.6 billion for the office property portfolio was restructured, with annual installments reduced by roughly NOK 80 million.

Leases renewed and renegotiated

- A number of leases were entered into or extended in 2008. The level of rent was substantially increased in certain leases. In aggregate, this contributes to a continued low level of vacant space, at 0.7 per cent, and higher average rental income per square metre.

More cost effective property management

- A six-year agreement to outsource management and facility services for the whole office portfolio was concluded with NEAS ASA.
- The agreement provides fixed owner costs of about six per cent of rental income, and a substantial reduction in the risk of unforeseen maintenance costs. Scope and quality will not be reduced, while tenants gain access to a number of new services.

Revenue growth for Norgani Hotels

- Norwegian Property secured full ownership of Norgani in the third quarter.
- The hotel company reported stable operation and increased revenues.

Property sales released capital

- In line with the company's strategy for active management of the portfolio, eight office properties were sold with a gross sales value of NOK 2.1 billion.
- Overall, these properties were sold at a price above book value.

Foto: Jiri Havran

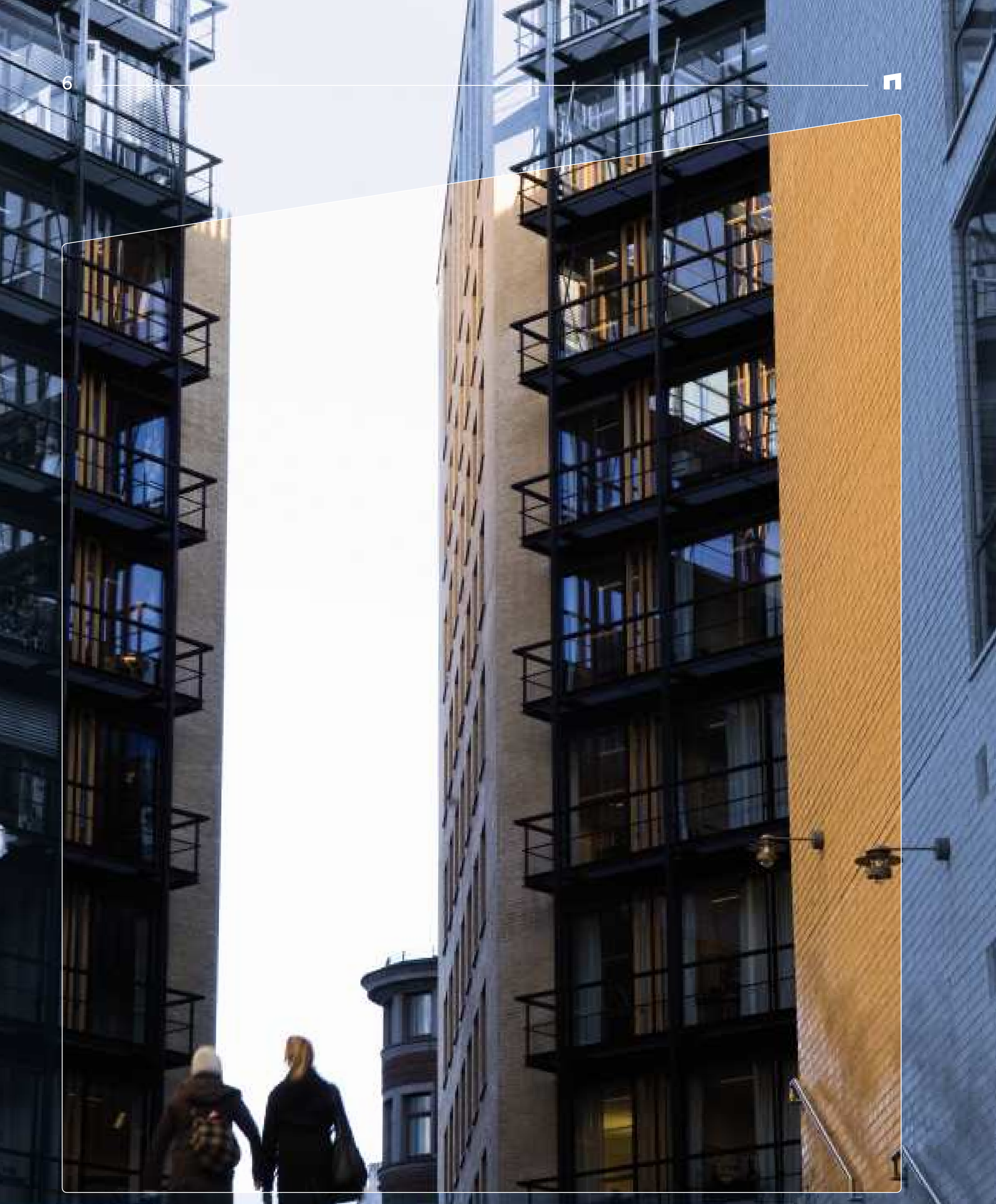
KEY FIGURES

		2008	2007	2006
Profit and loss[1]				
Gross rental income	*NOK million*	1 866.8	1 195.7	414.8
Operating profit before value adjustments	*NOK million*	1 583.1	1 036.3	351.7
Value adjustment investment properties	*NOK million*	(3 987.5)	1 219.1	393.2
Profit before tax	*NOK million*	(5 118.9)	1 650.6	539.5
Annualised return on equity (before tax)	*Per cent*	(86.5)	27.0	25.2
Dividend (proposed to AGM)	*NOK per share*	-	2.50	2.50
Balance sheet[1]				
Property portfolio, book value	*NOK million*	27 313	31 114	13 920
Total assets	*NOK million*	28 926	33 882	16 888
Interest-bearing debt	*NOK million*	21 841	23 232	10 978
Equity	*NOK million*	5 001	6 831	5 373
Equity ratio	*Per cent*	17.3	20.2	31.8
Carried equity per share	*NOK per share*	24.80	63.20	54.09
EPRA, net asset value per share2	*NOK per share*	30.14	70.84	56.53
Property portfolio[3]				
Number of properties		124	131	55
Total area	*Sq.m*	1 341 049	1 407 471	722 542
Average remaining lease term	*Years*	7.5	8.4	7.3
Vacancy, office portfolio	*Per cent*	0.7	0.7	0.8
Average net yield	*Per cent*	6.6	5.8	5.6
Average net yield, fair value	*Per cent*	7.1	6.3	-
Property portfolio, fair value	*NOK million*	27 574	31 430	18 056
Property portfolio, fair value	*NOK per sq.m*	20 562	22 331	24 991

1 Reported figures where the properties are included from their date of acquisition. Norgani Hotels included from 24 September 2007.

2 EPRA NAV = carried equity + deferred tax, property - goodwill - financial derivatives. (EPRA = European Public Real Estate Association).

3 Rental income: based for commercial properties on the on-going level of rents at 1 January 2008, and for Norgani Hotels on the level of rents for 2007 with a five per cent adjustment for expected RevPAR growth in 2008. (RevPAR = revenue per available room).



"Norwegian Property will be a professional property manager, a preferred investment alternative and a leading player in the Nordic property sector."

NORWEGIAN PROPERTY IN BRIEF

Norwegian Property is a leading Norwegian property company. Measured by portfolio value, it is one of the largest listed property companies in the Nordic region, with assets valued at NOK 27.6 billion at 31 December 2008. The company has robust revenues, predictable costs and a growing cash flow.

The business

The company has two business areas: commercial property and hotel property. While the first of these falls under the parent company Norwegian Property and a number of subsidiaries, hotel property is organised in the wholly owned Norgani Hotels subsidiary.

Rental income totalled NOK 1 867 million in 2008, with about 60 per cent deriving from the office portfolio and the remainder from the hotels.

The company's core competence is property and portfolio management, leasing and financial management. Operation and maintenance are largely outsourced to external partners.

Commercial property

The company's office portfolio comprises 50 commercial properties located in Oslo and Stavanger. Good locations and long-term leases with financially sound tenants ensure a robust rental income. Norwegian Property has a number of large and financially sound tenants in both private and public sectors, with the 40 largest tenants accounting for 80 per cent of rental income. The company's office portfolio has very low vacancy.

Hotel property

The hotel business (Norgani Hotels) comprises 74 properties in the Nordic region. Tenants of Norgani Hotels include leading international and regional chains such as Scandic Hotels (including Hilton), Choice Hotels Scandinavia and Rezidor. These chains account for roughly 90 per cent of rental income. Scandic Hotels, the largest tenant, accounts for about 63 per cent. The portfolio largely comprises three- and four-star hotels, which have historically had more stable turnover than the high-end hotel segment.

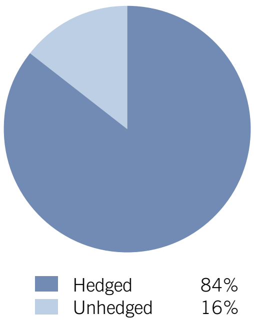
Goals

Norwegian Property will be a professional property manager, a preferred investment alternative and a leading player in the Nordic property sector.

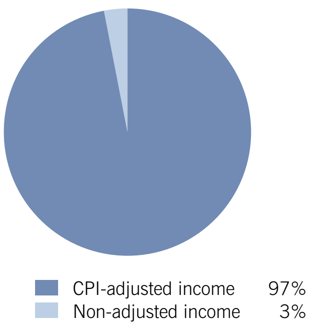
The company will actively manage and further develop its property portfolio within selected segments and priority areas. Its office tenants and hotel operators will be large, established players on long-term leases.

Norwegian Property wants to maintain a secure income and positive cash flow development. Combined with active risk management of financial costs, the company aims to provide a long-term return on equity of 13-15 per cent before tax. The equity ratio will balance the desire for a high return on equity with moderate financial risk. Open communication and a clear strategy will help to ensure that the investor market has confidence in the company.

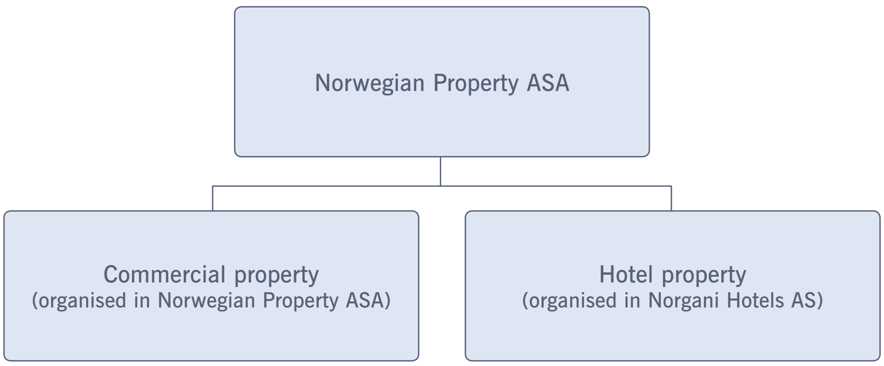
Share of interest-hedged debt
at 31 Dec 2008



Share of CPI adjustment, annual rental income
at 31 Dec 2008



Business areas



"Our main task is to restore shareholder value in a long-term perspective."

Letter from the CEO:

STRONG CASH FLOW AND SOUND FINANCIAL BASE

Attractive properties and first-class tenants give Norwegian Property a good foundation, even in demanding times.

The international financial crisis has hit the property market hard, and we have been seriously affected. Our company has been challenged by the dramatic changes in the market, and we must think differently than what we did less than a year ago. We must do what is necessary to tackle the most immediate challenges which 2008 brought with it, and our main task is to restore shareholder value in a long-term perspective.

Increased rental income in 2009

We occupy a unique position, even in today's demanding conditions. First and foremost, we have a strong portfolio of quality properties with attractive locations. We then have financially sound and blue chip tenants on long-term leases, while our loan terms also look very favourable in today's market. With declining interest rates and increased revenues as a result of consumer price index (CPI) adjustments to leases, the aggregate effect on our cash flow is positive. Specifically, we expect rental income from our office portfolio to increase by almost NOK 50 million in 2009 as a result of contractual inflation adjustments. At the same time, lower short-term market interest rates and interest hedging for 2009 will reduce our interest expenses for the year by about NOK 90-100 million compared with 2008.

Gearing tailored to market conditions

We were originally rigged during an economic boom, with debt financing for about 75 per cent of the value of our property portfolio. Given the necessary adjustments made to the fair value of the latter, worldwide problems with access to credit have contributed to a special focus on our debt-equity ratio – regardless of the fact that our cash flow is higher than ever. The financial crisis has presented us with challenges in adapting our gearing from an optimistic market to an extremely pessimistic one.

Good financial basis

In general, Nordic financial institutions have managed better in the global financial crisis than many of their international competitors. It is precisely the big Nordic financial institutions which provide most of our credit facilities. In these extraordinary circumstances, we have maintained a constructive and trust-based collaboration with our key lenders, and have thus secured a good financial base.

Conservative valuations

An important indicator for a property company is naturally the carried amount of its assets. The IFRS require us to adjust these amounts to fair value. In order for our balance sheet to reflect the particularly demanding conditions we have experienced over the past half-year, we have taken a substantial impairment charge on our properties. We have opted for a conservative approach, even though we possess a unique portfolio of both properties and tenants. We have chosen to use two independent experts for the quarterly impairment testing of our assets in order to secure the most qualified advice in both market and financial terms. The sale of Grev Wedels plass 9, which was finalised in January 2009, confirmed that the market regards our properties as attractive and that we are able to achieve prices which provide a satisfactory gain on the valuations applied in our accounts.

Capital adequacy to be strengthened

We executed a share issue of NOK 2.5 billion in the summer of 2008 to fund the final settlement of the Norgani acquisition and to strengthen our balance sheet in general. NOK 2.1 billion in divestment of and sales agreements for properties was also intended to reinforce our financial position. We will assess further sales in the time to come, providing we achieve prices which genuinely strengthen our capital adequacy and safeguard shareholder value.

More cost effective property management

We are focused on value creation in a long term perspective. This requires us to concentrate on our core concept – the part which will generate results – namely quality properties with attractive locations and first-class tenants. In that context, we have not only strengthened our organisation on the client and leasing side, but also outsourced facility management to external partners.

By concluding a long-term contract with NEAS ASA on facility services for the whole Norwegian office portfolio, we took further steps in 2008 to industrialise our property management. This is a new type of agreement in the Norwegian property sector, which ensures a high level of service for our tenants and means that costs will be more stable and predictable at a level 10 to 12 per cent below what they were under the earlier arrangements.

Well prepared to meet an uncertain market

The economic outlook for 2009 is highly uncertain and, despite substantial and positive stimulation packages from government, weaker growth will clearly affect the market for both hotel and office properties. We have implemented measures to strengthen our financial position, and have safeguarded operations in a way which gives us a predictable and gradually increasing revenue stream. Several cost-cutting measures have also been introduced. Taken together, this will help us to meet the challenges we face in a positive manner.

Petter Jansen
President and CEO

"Overall hotel turnover increased in 2008."

Hotel property

THE NORDIC REGION'S BIGGEST HOTEL OWNER

The hotel property business area embraces Norgani Hotels, which ranks as the largest owner of such assets in the Nordic region and controls about five per cent of all available rooms in this market. During 2008, the company concentrated on improving operations and consolidating its portfolio.

Highlights of 2008

- Turnover again increased in all the company's markets. Economic growth in recent years has boosted demand for hotel accommodation. Developments reversed towards the end of the year, and demand fell in relation to the same months of 2007. That reflects lower economic activity, and expanded capacity in parts of the market yielded some decline in overall occupancy.
- Room prices increased and helped to boost revenue per available room (RevPAR) by 3.0 to 4.5 per cent in the Nordic markets. Norgani's leases are largely turnover-based, so this trend contributed to good progress in rental income for the company.
- Activity in the market for property transactions was low, and Norgani neither bought nor sold hotel property during the year.
- Substantial investments were made and upgrades implemented in the existing property portfolio.
- Norgani consolidated and revitalised its own organisation, and sharing premises and partial organisational integration with Norwegian Property had positive effects.

The core business is to create value by investing in, managing and developing hotel properties in close collaboration with their operators. Turnover in the hotel business has expanded rapidly as a result of increased tourism and business travel. The travel and leisure sector is now one of the largest and fastest-growing industries internationally. Reflecting global trends, development in the Nordic region has also been positive.

Norgani Hotels is focused on owning properties which are expected to be more robust against revenue fluctuations rooted in economic trends than the high-end hotel market.

- The goal is to have a well-diversified portfolio of three- and four-star hotels, located primarily in Nordic towns with more than 50 000 inhabitants.
- These properties will generally be fully developed, in attractive locations and with at least 150 rooms.
- Hotel management is handled by established operators. Cultivating and further extending collaboration with the largest and most professional players in the Nordic region has a high priority.
- Leases with hotel operators will be turnover-based (rather than pure management contracts), so that Norgani and the operator have a shared interest in securing the highest possible revenues.

The hotel property portfolio

Norgani Hotels owned a total of 73 hotels and one congress centre at 31 December. The hotel properties have a combined capacity of 12 822 rooms and an area of 671 480 square metres. Virtually all the space is leased for hotel operation, but some hotel properties also have small areas leased for other types of activity. The most important figures for the property portfolio appear in the table below.

Rents and markets

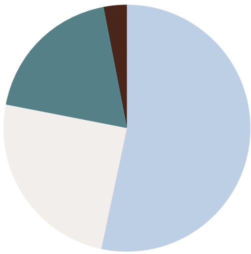
More than half the hotel rooms owned by Norgani(54 per cent) is located in Sweden, with 19 and 24 per cent in Norway and Finland respectively. Norgani Hotels only has three hotels in Denmark, with about three per cent of rooms. Sweden's share of the company's total turnover is relatively lower, at 45 per cent, while Norway, Denmark and Finland represent relatively higher

Key figures, hotel portfolio

	2008[1]	2007[2]	2006
Number of hotel properties	**74**	74	73
Total area, square metres	**671 480**	671 080	658 417
Total rooms	**12 822**	12 804	12 493
Average size per property, square metres	**9 074**	9 069	9 019
Average value per hotel room, NOK 1 000	**860**	836	757
Fair value, NOK million	**11 025**	10 700	9 452
Gross rental income, NOK million	**787**	699	662
Annual property costs, NOK million	**81**	65	62
Net rental income, NOK million	**706**	634	600
Gross yield, per cent[3]	**7.7%**	6.5%	7.0%
Net yield, per cent[3]	**7.0%**	5.9%	6.3%
Average remaining lease term, *years*	**10,1**	11.0	7.7
Minimum rent and seller guarantees, *NOK million*	**632**	596	-
Minimum rent (inflation-adjusted), *NOK million*	**559**	519	-

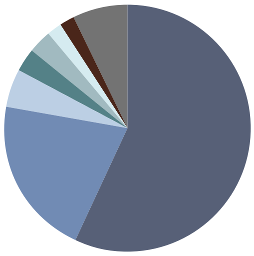
[1] *Actual rent obtained and annual property costs for 2008, converted to average 2008 exchange rate.*
[2] *Actual rent obtained and annual property costs for 2007, converted to average 2007 exchange rate.*
[3] *Based on reported figures for 2008 converted to the exchange rate at 31 December 2008.*

Hotel rooms by country



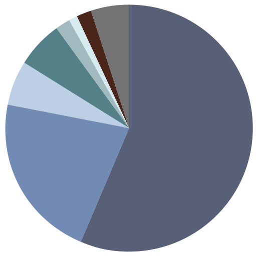
Sweden	54%
Finland	24%
Norway	19%
Denmark	3%

Rooms by operator



Scandic	57%
Choice	21%
Rezidor	5%
Hilton	3%
First	3%
Best Western	2%
Rica	2%
Other	7%

Turnover by operator



Scandic	57%
Choice	22%
Rezidor	6%
Hilton	6%
First	2%
Best Western	1%
Rica	2%
Other	5%

proportions. This reflects the location, size and segment of the hotels, as well as differences in market rates for hotel rooms.

Robust leases

All but one of the leases are turnover-based. The hotel owner's share of occupancy turnover (room price) normally amounts to 25-40 per cent, and the share of other revenue (food and beverages) lies between eight and 12 per cent. With the exception of three hotels, the leases also contain provisions on minimum rents which are inflation-adjusted annually and independent of hotel turnover. For most of the hotels acquired by Norgani, the seller agreed at the time of acquisition to guarantee a certain minimum rental income above the minimum payable by the hotels. At 31 December 2008, minimum rents accounted for more than 80 per cent of expected turnover in 2009.

With turnover-based leases, the hotel owner is normally responsible for external maintenance while the operator meets on-going operating costs. As a general rule, the hotel owner is responsible for replacing technical installations while the operator handles on-going maintenance. The usual practice for other investment in the property is to agree a split between owner and operator.

The average remaining term of the leases is 10.1 years.

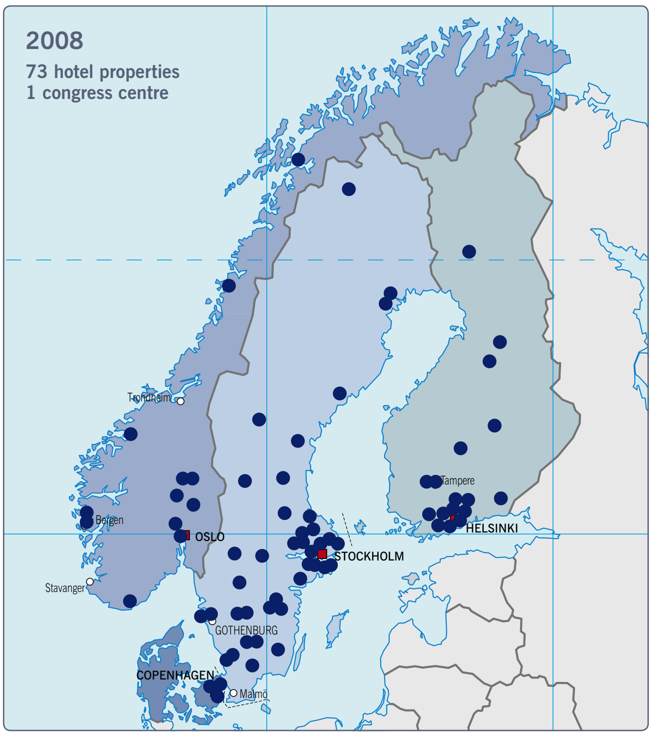
Other leases

Norgani has leased some minor areas to tenants other than the hotels, such as restaurants, shops or bars.

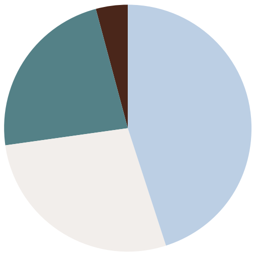
Operators

Norgani emphasises the importance of relationships with the most important Nordic players. These often achieve greater market penetration through coordination of marketing and loyalty programmes. They also have professional operations organisations and a strong focus on positioning, operational tools and product development.

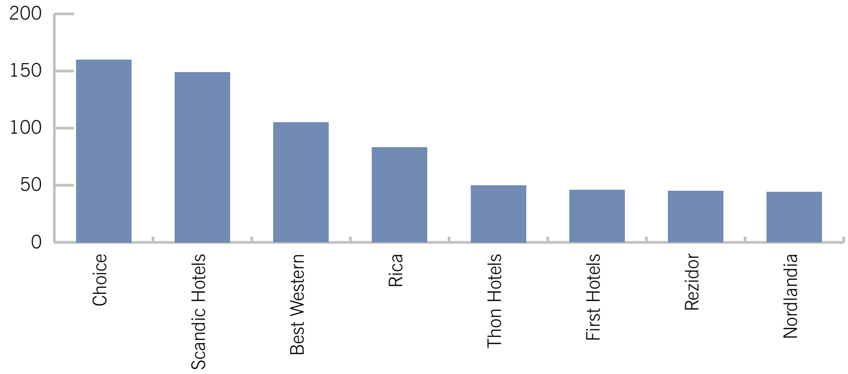
One aim of the company's long-term strategy is to secure a rather larger spread of lessees through a possible future expansion of the portfolio



Turnover by country



The largest Nordic operators by number of hotels in the region



Scandic Hotels (including two Hilton hotels in Finland) and Choice, which are the two largest Nordic chains, account between them for 81 per cent of the hotel rooms and 85 per cent rental income.

Market

The hotel market is often split into three main areas – property, operation and distribution. In the past, these three roles were usually combined. But they have increasingly become more professionalised, with players specialising more in the various parts of the value chain. Some participants are involved in several of these areas. Norgani has specialised in the hotel owner role. At 31 December 2008, it owned 5.1 per cent of available Nordic hotel rooms. The company's market share is largest in Sweden, at 7.1 per cent.

Norgani's biggest competitors on the ownership side are other hotel property companies, other large property companies and funds, and insurance companies. In addition, a number of the operators have their own property portfolios to some extent.

Major players in the Nordic hotel property market are the Olav Thon group, Pandox, Home Properties, the Wenaas group, Norlandia, Host and Capman.

Operators

Hotels are increasingly being marketed through chains. Although hotels outside such chains are still in the majority in the Nordic area, most of the large operators in this region have growth ambitions. The chain-affiliated hotels account for the biggest share of turnover. Common branding gives travellers confidence in the quality of the hotels, while loyalty programmes encourage further purchases. Affiliation also provides the hotels with economies of scale in a number of areas.

National statistics and key figures

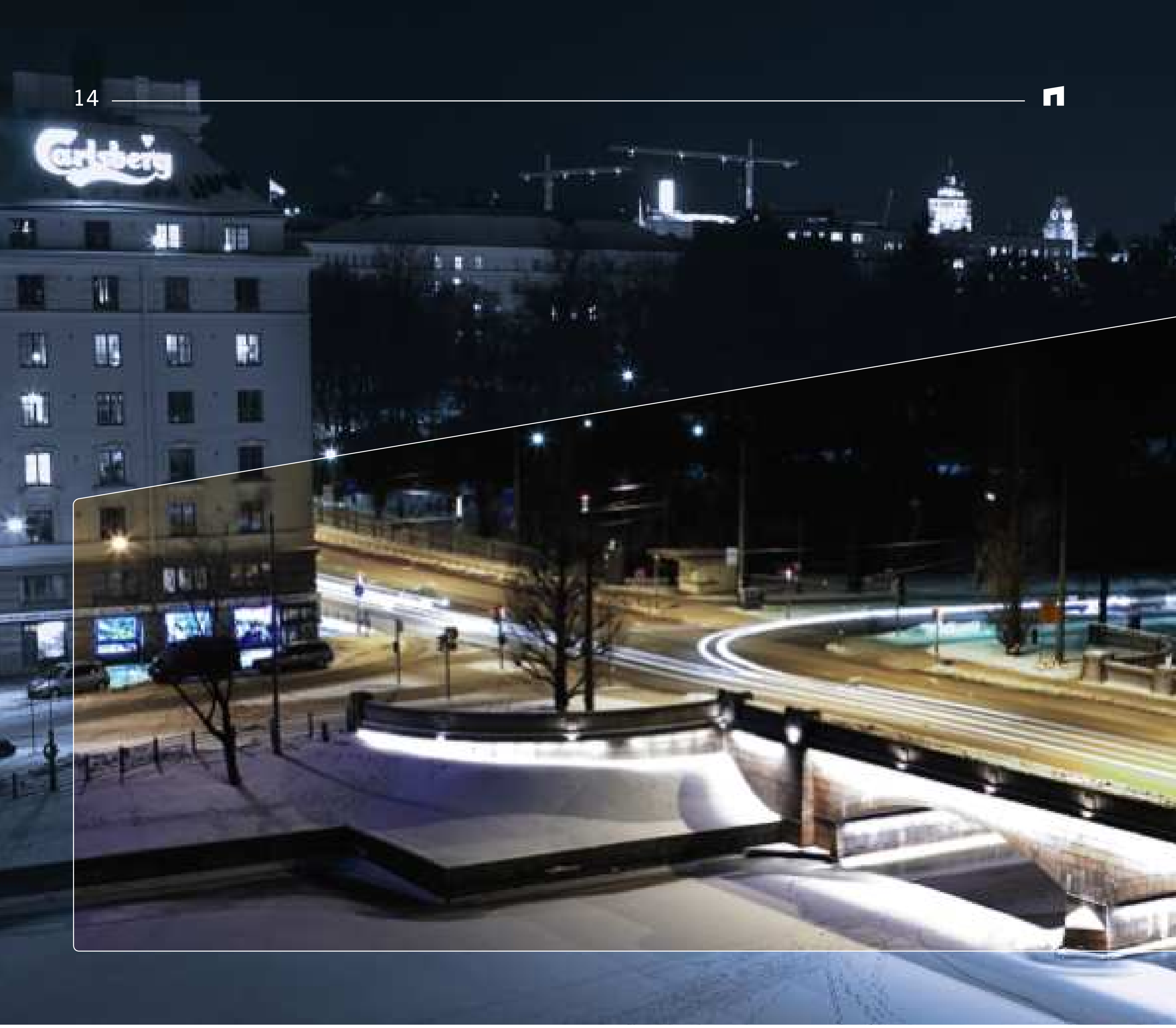
Per 31.12.2008	Norgani No of rooms	Market No of rooms	Market share
Norway	2 412	65 130	3,8%
Sweden	6 896	96 898	7,1%
Finland	3 078	48 393	6,4%
Denmark	436	42 708	1,0%
Total	12 822	253 129	5,1%

Norway	**2008**	2007	**Change**
Occupancy rate	**55.3%**	56.8%	(1.5%)
Average room rate (ARR) – NOK	**868**	811	7.0%
RevPAR – NOK	**480**	461	4.2%
Business travel, share of occupancy	**54%**	53%	1%
Holiday and leisure, share of occupancy	**46%**	47%	(1%)
Foreign share of occupancy	**27%**	27%	-
Domestic share of occupancy	**73%**	73%	-

Sweden	**2008**	2007	**Change**
Occupancy rate	**50.3%**	50.8%	(0.5%)
Average room rate (ARR) – SEK	**911**	876	4.0%
RevPAR – SEK	**458**	445	3.0%
Business travel, share of occupancy	**75%**	74%	1%
Holiday and leisure, share of occupancy	**25%**	26%	(1%)
Foreign share of occupancy	**23%**	22%	1%
Domestic share of occupancy	**77%**	78%	(1%)

Finland	**2008**	2007	**Change**
Occupancy rate	**54.2%**	53.9%	0.3%
Average room rate (ARR) – EUR	**81**	78	3.9%
RevPAR – EUR	**44**	42	4.5%
Business travel, share of occupancy	**44%**	41%	3%
Holiday and leisure, share of occupancy	**56%**	59%	(3%)
Foreign share of occupancy	**29%**	28%	1%
Domestic share of occupancy	**71%**	72%	(1%)

Sources: Statistics Norway (www.ssb.no – December 2008), Statistics Sweden (www.scb.se – December 2008), Statistics Finland (www.stat.fi – November 2008), Statistics Denmark (www.statistikbanken.dk, November 2008).



Growing capacity utilisation and increase in RevPAR

Viewed overall, the Nordic hotel market had a very good year in 2008, with strong economic growth and expanding business travel in the first half. However, the trend reversed towards the end of the year.

Norway
RevPAR in Norway grew for the fifth year in a row, and increased by 4.2 per cent from 2007.

Sweden
Sweden, which is Norgani's most important market, also witnessed a growth in RevPAR of three per cent from 2007.

Finland
RevPAR increased in Finland by 4.5 per cent. This market is driven particularly by domestic holiday and leisure travel.

Denmark
Norgani only has three hotels in Denmark, where the market lacks official statistics for average room prices. However, the occupancy rate declined by 1.9 per cent from 2007.

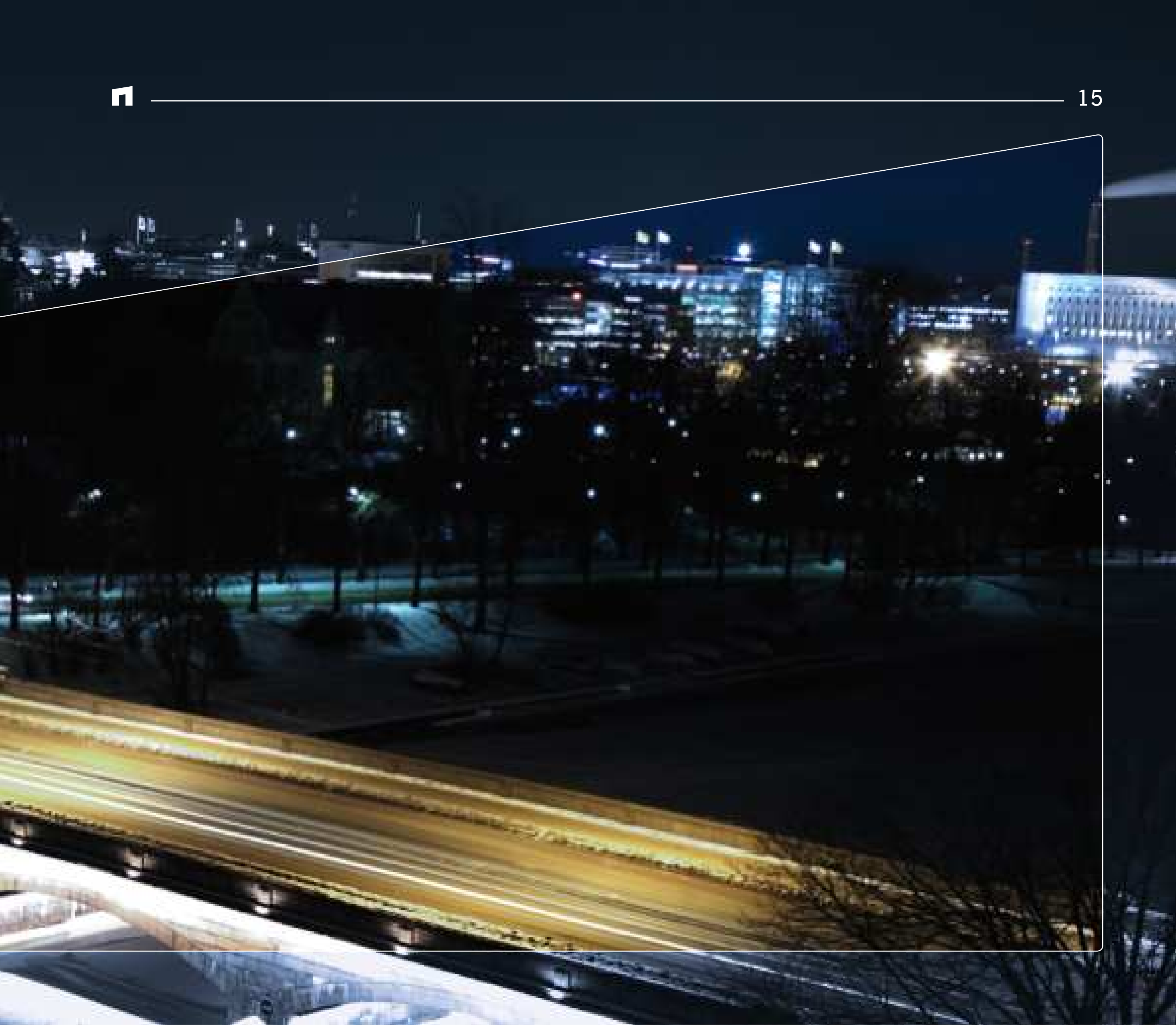
Risk

The group's most important market risks relate to a reduction in rental income. With turnover-based leases, the business has some vulnerability to reductions in economic growth and travel activity. The bulk of the leases have been awarded to the largest operators in the Nordic market. At the same time, Norgani focuses on three- and

Key financial figures[1]

(All amounts in NOK million)	**2008**	2007[2]	2006
Rental income	**785**	699	574
Operating profit	**634**	508	515
Net gain on sales	**27**	-	66
Net changes in value, properties	**(1 116)**	820	672
Net changes in value, financial derivatives	**(438)**	132	
Pre-tax profit	**(1 276)**	1 139	710

[1] *Accounting figures for the Norgani Hotels AS group*
[2] *Norgani became part of Norwegian Property's consolidated accounts with effect from 24 September 2007.*



four-star hotels, which have historically had a relatively robust development in turnover. To reduce risk, agreements covering virtually all the hotels ensures minimum rents payable to Norgani, which are inflation-adjusted on annual basis.

Norgani Hotels holds parent company or bank guarantees from most of the operators.

A risk of lost rental income exists in the event of significant damage to the hotels through fire, for instance. This risk is reduced through tailored insurance policies from leading players in the underwriting market.

The year 2008

Norgani's revenue increased by 12.2 per cent in 2008. Costs were substantially reduced, primarily because the 2007 figure was negatively affected by one-off expenses related to the change of ownership in Norgani Hotels in that year. The ordinary operating result before value adjustments thus improved from 2007. A general increase in required returns during 2008 was one of the factors which led to a negative change of NOK 1 116 million in the value of the hotel portfolio in 2008 (excluding currency effects). Overall, therefore, a profit before tax of NOK 1 139 million for 2007 declined to a loss of NOK 1 276 million in 2008.

Organisation

Norgani has offices in Oslo and Stockholm, and its administration and finance function are partly integrated with Norwegian Property. The company has 18 employees, and that number was stable during 2008. Norgani Hotels' ambition is to be a leading player in the development and administration of hotel properties in the Nordic region.

Outlook and goals for 2009

Norgani expects RevPAR developments to be weaker in 2009 than in 2008 because of the general economic downturn. Although new construction volumes have been reduced, the market is likely to be affected by some excess capacity because of the expected decline in demand. The biggest fall is expected in the largest cities, which have a high proportion of international traffic. Norgani's attention in 2009 will be focused on the following main issues:

- continue to develop relations with the most important operators in the Nordic hotel market to sustain strong progress for Norgani's hotels
- ensure that Norgani maintains its position as a leading player in hotel property management
- continue efforts to enhance the efficiency of operating and managing the portfolio with a constant quest for improvement opportunities
- secure an optimum portfolio of suitable hotel properties and strong operators in order to generate the best possible return on the portfolio.

Hotel portfolio at 31 December 2008

Hotel	OperatOr	Location	Rooms	Sq.m	Remaining lease term
Sweden					
Scandic Alvik	Scandic	Stockholm	325	12 075	
Scandic Malmen Stockholm	Scandic	Stockholm	327	15 130	
Scandic Star Sollentuna	Scandic	Stockholm	269	18 573	
Scandic Kungens Kurva	Scandic	Stockholm	257	11 581	
Scandic Helsingborg Nord	Scandic	Helsingborg	237	9 399	
Scandic Backadal	Scandic	Gothenburg	234	9 397	
Scandic Elmia	Scandic	Jönköping	220	9 576	
Scandic Örebro Väst	Scandic	Örebro	204	7 621	
Scandic Gävle Väst	Scandic	Gävle	200	7 382	
Scandic Uppsala Nord	Scandic	Uppsala	184	7 518	
Scandic Västerås	Scandic	Västerås	174	7 285	
Scandic Ferrum	Scandic	Kiruna	171	11 100	
Scandic Umeå Syd	Scandic	Umeå	161	5 955	
Scandic Segevång	Scandic	Malmö	166	6 284	
Scandic Luleå	Scandic	Luleå	160	5 565	
Scandic Sundsvall Nord	Scandic	Sundsvall	159	4 948	
Scandic Linköping Väst	Scandic	Linköping	150	6 105	
Scandic Norrköping Nord	Scandic	Norrköping	150	6 768	
Scandic Kalmar Väst	Scandic	Kalmar	148	5 485	
Scandic Bromma	Scandic	Stockholm	144	6 800	
Scandic Klarälven	Scandic	Karlstad	143	5 694	
Scandia Uplandia	Scandic	Uppsala	133	5 402	
Scandic Södertälje	Scandic	Södertälje	131	5 630	
Scandic Östersund	Scandic	Östersund	129	4 019	
Scandic Växjö	Scandic	Växjö	123	3 982	
Scandic Hasselbacken	Scandic	Stockholm	112	10 025	
Scandic Bollnäs	Scandic	Bollnäs	111	5 150	
Quality Hotel Luleå	Choice	Luleå	209	12 166	
Quality Hotel Prince Philip	Choice	Stockholm	201	7 400	
Quality Hotel Ekoxen	Choice	Linköping	190	14 671	
Quality Hotel Grand Kristianstad	Choice	Kristianstad	149	7 524	
Quality Hotel Winn, Gothenburg	Choice	Gothenburg	121	5 800	
Quality Hotel Prisma	Choice	Skövde	107	3 687	
First Hotel Linköping	First/Tribe	Linköping	133	6 540	
First Hotel Mårtenson	First/Tribe	Halmstad	103	6 657	
First Hotel Royal Star	First/Cadhotels	Stockholm	103	4 900	
Best Western Royal Corner	BW/Revhaken Hotels	Växjö	158	7 112	
Best Western Mora Hotell & Spa	BW	Mora	135	9 161	
Ibis Stockholm Syd	Accor Hotels	Stockholm	190	8 339	
Radisson SAS Hotell, Linköping	Radisson/SAS	Linköping	91	6 354	
Stadshotellet Princess Sandviken	Stadshotellet i Sandviken AB	Sandviken	84	7 003	
Total Sweden			**6 896**	**321 763**	**11.0**

Hotel portfolio *(cont)*

Hotel	OperatOr	Location	Rooms	Sq.m	Remaining lease term
Finland					
Scandic Continental	Scandic	Helsinki	512	30 000	
Scandic Grand Marina	Scandic	Helsinki	462	23 660	
Scandic Tampere City	Scandic	Tampere	263	14 457	
Scandic Kajunus	Scandic	Kajaani	191	10 468	
Scandic Rosendahl	Scandic	Tampere	213	14 662	
Scandic Jyväskylä	Scandic	Jyväskylä	150	7 360	
Scandic Kuopio	Scandic	Kuopio	137	7 113	
Scandic Espoo	Scandic	Espoo	96	5 245	
Scandic Luosto	Scandic	Luosto	59	4 230	
Scandic Marina Congress Center	Scandic	Helsinki		11 500	
Hilton Helsinki Kalastajatorpaa	Hilton	Helsinki	238	23 291	
Hilton Helsinki Strand	Hilton	Helsinki	192	10 250	
Airport Bonus Inn	Citymac Travels	Vantaa	211	8 414	
Serena Korpilampi	Savonlinnan Kylpylälaitos Oy	Espoo	150	9 777	
Comfort Hotel Pilotti	Bonfinn	Vantaa	112	3 068	
Imatran Valtionhotelli	Rantasipi	Imatra	92	10 097	
Total Finland			**3 078**	**193 592**	**9.8**
Norway					
Quality Resort Kristiansand	Choice	Kristiansand	210	9 940	
Quality Resort Hafjell	Choice	Øyer	210	9 940	
Comfort Hotel Børsparken	Choice	Oslo	198	7 900	
Quality Hotel Alexandra	Choice	Molde	163	17 033	
Comfort Hotel Holberg	Choice	Bergen	149	5 720	
Quality Resort Fagernes	Choice	Fagernes	139	10 310	
Clarion Collection Hotel Bastionen	Choice	Oslo	99	4 688	
Quality Hotel Articus	Choice/Franchise	Harstad	75	3 540	
Radisson SAS Lillehammer Hotel	Radisson/SAS/Franchise	Lillehammer	303	18 000	
Radisson SAS Hotel Bodø	Radisson/SAS	Bodø	191	15546	
Scandic Bergen Airport	Scandic	Bergen	197	9 654	
Scandic KNA	Scandic	Oslo	189	11 218	
Rica Hotel Hamar	Rica	Ringsaker	176	9 250	
Rica Hotel Bodø	Rica	Bodø	113	7 981	
Total Norway			**2 412**	**140 720**	**8.5**
Denmark					
Comfort Hotel Europa	Choice	Copenhagen	230	8 000	
Clarion Collecion Hotel Myfair	Choice	Copenhagen	106	3 805	
Comfort Hotel Excelsior	Choice	Copenhagen	100	3 600	
Total Denmark			**436**	**15 405**	**7.2**
Total Norgani Hotels group			**12 822**	**671 480**	**10.1**

"The goal is to have a balanced range of maturities for the leases."

Commercial property

ATTRACTIVE PROPERTIES AND STRONG TENANTS

This business area comprises the management of 50 commercial properties with a contractual rental income of NOK 1.1 billion per year.

Highlights of 2008

- An agreement was concluded with NEAS on coordinating all facility services and management. This will provide cost savings and fixed, low property expenses in the future.
- In accordance with the strategy of active portfolio management and selective sale of properties, eight office properties in Oslo and Stavanger were divested during the year.
- Two properties were fully upgraded – Grenseveien 19 for StatoilHydro ASA and Nedre Skøyen vei 24 for the EDB group/Fellesdata. Both projects have been completed.
- A number of leases were extended and renegotiated at rents 40-50 per cent above the previous level.

The combined market value of the portfolio at 31 December was NOK 16.6 billion.

Norwegian Property's principal strategy is the acquisition, development and ownership of high-quality commercial properties with good locations. Its ambition is to achieve the greatest possible value creation through efficient operation of the properties and by exploiting the development potential in the portfolio. Purchase and sale of properties form a natural part of the company's efforts to create the greatest possible long-term value.

- The properties will be positioned in attractive areas of Oslo and Stavanger.
- The properties will primarily be fully developed, with a value of more than NOK 200 million each.
- The emphasis will be on long-term leases with inflation-adjustment clauses, but with a certain element of short-term leases to permit adaptation to market changes.
- Tenants will primarily be large, financially solid, listed companies and public sector organisations in order to reduce lease-related risk.

Portfolio of commercial properties

The most important key figures for the property portfolio are presented in the table below, which also shows the most significant changes from the end of 2007. A more detailed overview for each property is shown in a separate table.

Key figures, property portfolio

	2008	2007	2006
Number of properties	**50**	57	55
Total area, square metres	**669 569**	736 391	722 542
Average size of properties, square metres	**13 391**	12 919	13 137
Average value per square metre, NOK	**24 716**	28 151	24 990
Fair value, NOK million	**16 549**	20 730	18 056
Gross rental income, NOK million[1]	**1 120**	1 149	1 064
Estimated annual property costs, NOK million[1]	**63**	76	61
Net rental income, NOK million[1]	**1 057**	1 073	1 003
Gross yield, per cent	**6.8%**	5.5%	5.9%
Net yield, per cent	**6.4%**	5.2%	5.7%
Average remaining lease term, years	**5.6**	6.5	7.3
Average consumer price index adjustment, per cent	**97%**	95%	96%
Vacancy, in per cent of gross rental income	**0.7%**	0.7%	0.8%

[1] *Level at 31 December 2008 after inflation adjustment.*

Rental income

Gross rental income came to NOK 1 120 million at 31 December, compared with NOK 1 149 million a year earlier. This decline reflects the sale of certain properties. The average level of rents for the remaining portfolio increased during the year.

Norwegian Property's portfolio largely comprises office properties with associated warehousing and parking facilities. Some buildings include retail premises, and the company also owns the shopping centre and most of the restaurants at Aker Brygge, the heart of Oslo's central business district (CBD). Offices account for 69 per cent of the gross rental income.

The goal is to have a balanced range of maturities for the leases. Long-duration contracts provide a secure and long-term cash flow. The average remaining term for the company's leases is 5.6 years, slightly down from 31 December 2007. The portfolio's maturity profile is illustrated on page 21.

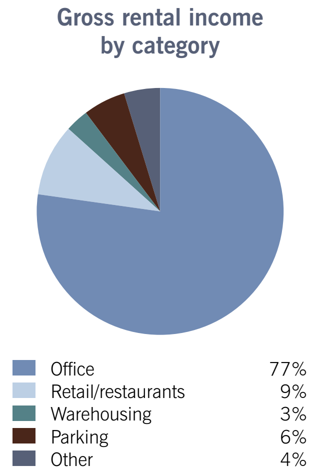
Diversified tenant structure

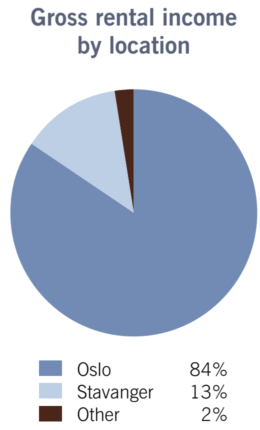
Norwegian Property's ambition is to have a diversified structure of high-quality tenants in order to minimise the risk of contract defaults and loss of rental income. Sector exposure is well diversified, and is shown in the table on the following page.

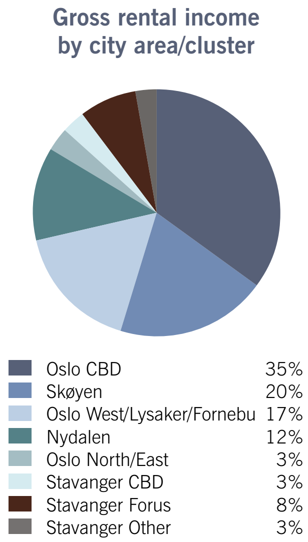
The 25 largest tenants account for 69 per cent gross rental income, and mainly comprise companies with good credit records or public institutions.

Market

Like most other sectors of the economy, the commercial property market was affected by the international financial crisis and general economic downturn. Property values declined sharply during 2008, and market rents also fell back from the peak reached in the spring/summer of 2008. However, contractual rents for leases maturing in 2009 and 2010 lie far below even today's







market rents. Norwegian Property accordingly expects a substantial rise in income from these leases, despite the reduction in market rents during 2008.

During 2008, Norwegian Property entered into or extended a number of leases where rents were increased by 40-50 per cent from the previous level.

The international financial crisis and subsequent economic downturn make for a more uncertain market outlook. The leasing market for commercial property is expected to tighten considerably in 2009, with falling rent levels. A period of lower economic growth and rising unemployment is expected. At the same time, the addition of new office capacity in the market is somewhat lower than in earlier macro-economic cycles. A number of planned development projects are likely to be postponed because of the uncertain market outlook combined with difficult credit markets.

The largest tenants at 31 December 2008

	Tenant	Annual rent		Remaining term, years
1	EDB Business Partner ASA	83.6	10.8%	
2	Aker Solutions ASA	82.7	10.7%	
3	DnB Nor Bank ASA	74.1	9.6%	
4	Nordea	46.1	6.0%	
5	SAS Consortium	42.4	5.5%	
6	If Skadeforsikring	40.6	5.3%	
7	Statoil Hydro	39.7	5.1%	
8	Aker Offshore Partner AS	33.9	4.4%	
9	Total E&P	30.4	3.9%	
10	Leif Höegh & Co AS	28.0	3.6%	
11	Get AS (UPC)	27.3	3.5%	
12	Telenor Eiendom Holding AS	27.2	3.5%	
13	Netcom AS	24.1	3.1%	
14	Skanska Norge AS	22.0	2.8%	
15	Fokus Bank	21.0	2.7%	
16	Hafslund ASA	20.7	2.7%	
17	Ementor Norge AS	18.7	2.4%	
18	TDC Norge AS	16.1	2.1%	
19	Astrup Fearnley AS	15.7	2.0%	
20	Directorate of Labour	15.4	2.0%	
21	YX Energi AS	14.8	1.9%	
22	TietoEnator	13.2	1.7%	
23	Norges Handels og Søfartstidende	12.0	1.6%	
24	Bergesen Worldwide Offshore AS	11.7	1.5%	
25	Simonsen Arkitektfirma DA	11.5	1.5%	
	Total 25 largest tenants	**772.9**	**69.0%**	**6.2**
	Other tenants	346.8	31.0%	4.5
	Total all tenants	**1 119.7**	**100.0%**	**5.6**

[1] *Level of rents at 31 December 2008 after inflation adjustment.*

Competitors

The property market remains highly fragmented. The largest property owners in Oslo and Stavanger are the life insurance companies, specialised property companies such as Olav Thon, Eiendomspar and Entra, and various fund structures (property funds and syndicates). Direct investment by foreign investors in the Norwegian market remains limited.

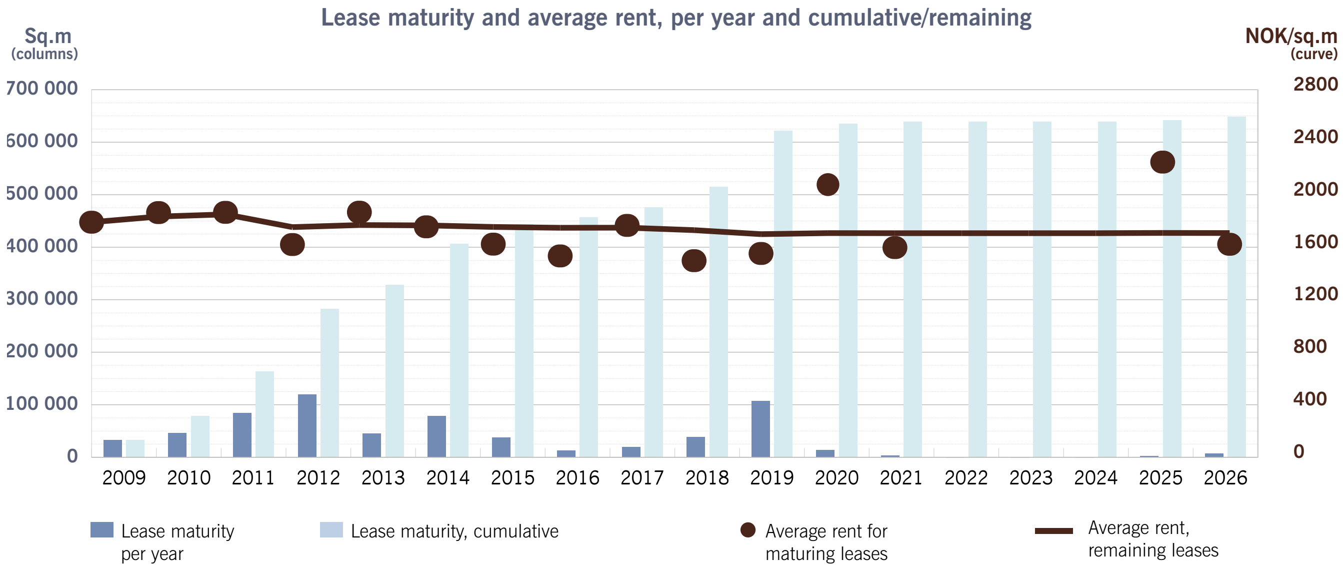
Risk

The group's most important market risks relate to reductions in rental income as a result of declining rents or increased vacancy in the property portfolio. This risk is controlled through good portfolio management, close attention to tenants and an emphasis on investing in high-quality properties in attractive locations.

Loss of rental income also relates to the risk of fire or other damage to the buildings. This risk is reduced by appropriate insurance policies from leading players in the underwriting market. Special cover has been secured for damage resulting from possible terrorist action.

The year 2008

As a lessor and building owner, Norwegian Property seeks satisfied tenants and efficient operations. Facility services and maintenance of the properties have been outsourced, and an agreement was concluded in 2008 with NEAS ASA to professionalise and coordinate operation and maintenance even further. During 2008 and 2009, NEAS will take over total responsibility for facility services and management of all the properties. This deal enhances predictability and economics, with fixed property costs which lie 10-12 per cent lower than before without reductions in the scope and quality of the work done. Property costs have previously been at a level corresponding to roughly six per cent of rental income. The



agreement will also provide tenants with more and better services.

Norwegian Property retains responsibility for leasing and tenant follow-up as well as for development, upgrading and tenant customisation. To discharges these duties in the best possible way, the property department was strengthened during the year. This included the appointment of two leasing managers and a property manager. The department now has nine staff.

The property department was responsible for the full upgrading of two properties in 2008. That included the investment of more than NOK 50 million in a total rebuilding of Grenseveien 19 in Stavanger for the tenant, StatoilHydro. The refurbishment included facade changes and full modernisation of all areas to an up-to-date standard. Connection to a regional remote heating system has also been installed to provide environmental and energy-saving gains as well as a lasting enhancement in the building's value. Nedre Skøyen vei 24 has been upgraded and completed in cooperation with the tenant, the EDB group/Fellesdata, at a cost of NOK 34 million. Much of this investment has been carried by the tenant on the basis of benefits achieved from a general quality enhancement and improved use of space.

A substantial reduction in the transaction market occurred in 2008. Extremely volatile long-term interest rates and stricter terms for debt financing affected required returns, and availability of credit for property transactions became significantly tighter during the year.

Office properties in Oslo and Stavanger with a total value of NOK 2.1 billion were divested (or sales agreed) in 2008 as a natural consequence of the company's active portfolio management, and in order to release capital. These sales were made at good prices, at or above the carried amount. The disposal of Grev Wedels plass 9 to UBS Real Estate Kapitalanlagesellschaft (for the UBS (D) Euroinvest Immobilien property fund) confirms that high-quality properties can be sold at good prices, even in a turbulent market.

A number of leases were awarded and extended during the year, with rents raised by 40-50 per cent from their earlier level. This illustrates that existing leases are under-priced, despite the decline in rents. The leases also contributed to greater predictability and better cash flow. Renewals and extensions include the lease with Aker Solutions (21 528 square metres) for Badehusgaten in Stavanger.

Outlook and goals for 2009

Satisfied tenants as well as efficient operation and management will remain important targets in 2009. A commitment will be made to securing new lettings and renegotiating leases to boost revenues and reduce risk.

Developing and upgrading the properties is important both for the sake of retaining existing tenants and for attracting new ones. An extensive project will begin at Aker Brygge in 2009.

This development embraces three main elements:

- Revitalising the area as a shopping centre and entertainment district. A considerable percentage of the leases expire in 2010-12, providing opportunities to implement a conceptual renewal. An important goal will be to develop a concept and a composition of tenants which can help to enhance Aker Brygge's attraction as a shopping centre.
- Planning how Kaibygg I is to be utilised when DnB Nor moves out. The date of departure depends on when the bank's new premises in Bjørvika are ready for occupation. The timetable calls for this to happen in 2012, but this has not been confirmed.
- Development of the Tingvalla jetty, which is due to be rezoned for commercial buildings, catering and general purposes. The area has an attractive and very visible location on the quayside. An architectural competition has been held. See the presentation on page 22.

The leasing market for commercial property is expected to be considerably tighter in 2009, with declining rents and growing vacancy. However, this is not expected to affect Norwegian Property to any significant extent. Generally strong tenants and good locations, combined with a relatively small number of leases expiring in 2009, creates a high degree of predictability in rental income. The NEAS agreement will become fully operational during 2009, with fixed and lower property expenses. In aggregate, these factors will contribute to a predictable cash flow for the coming year.

Key financial figures

(Amounts in NOK million)	**2008**	2007	2006 [1)]
Rental income	**1 079**	1 011	415
Operating profit	**948**	891	352
Net gain on sales	**7**	9	–
Net changes in value, properties	**(2 905)**	1 219	393
Net changes in value, financial derivatives	**(764)**	293	77
Pre-tax profit	**(3 481)**	1 680	539

[1] *Norwegian Property was established in May 2006.*

Development of the Tingvalla jetty at Aker Brygge:

"BØLGEN" WON ARCHITECTURAL COMPETITION

The open architectural competition for the planned restaurant/service building on the Tingvalla jetty at Aker Brygge has been completed. The winning "Bølgen" (The Wave) entry was designed by Alliance Arkitekter AS in cooperation with Mapt of Copenhagen.

The Tingvalla jetty is part of Norwegian Property's holding at Aker Brygge in central Oslo. A new zoning plan for the area has made it possible to build on the jetty, and the company is planning to construct a restaurant/service building as part of the revitalisation project for the whole of Aker Brygge. The jetty has a very good waterfront location in the centre of the area, and the new building is expected to help attract even more visitors.

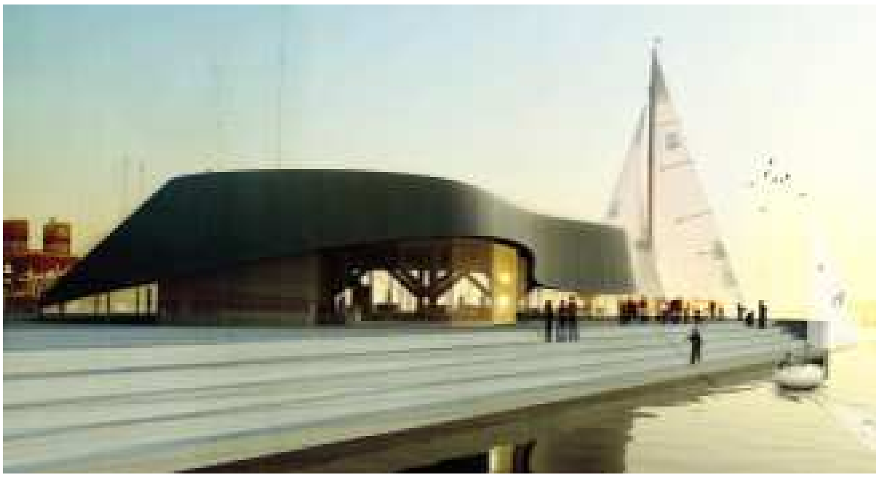
Norwegian Property wants to contribute to giving promising young architects the opportunity to help develop a modern and forward-looking building in a prominent location at Aker Brygge. An open architectural competition for the project was recently completed.

This contest attracted many well-qualified contributors. A total of 43 proposals were received, and these were assessed on the basis of the following criteria:

- compliance with the zoning plan
- efficient use of space
- attraction value
- overall integration with surrounding buildings, urban space and sightlines
- architectonic qualities, choice of materials and functional solution
- choice of solutions with a long lifetime and durability in a life-cycle perspective.

The winning proposal has been developed by Alliance Arkitekter AS in Oslo in cooperation with Copenhagen-based Mapt.

The project is a restaurant building, and the slogan for the winning design is "Bølgen".



COMMERCIAL PROPERTY PORTFOLIO

Oslo and Akershus
Central business district (CBD)

Aker Brygge

Location:	Oslo, CBD
Built/rehabilitated:	
- *Administrasjonsbygget*	1890 / 1986/2005
- *Dokkbygget*	1989
- *Kaibygg I*	1989 / 2005
- *Kaibygg II*	1989
- *Snekkeriet*	1855 / 1986/1997
- *Støperiet*	1824 / 1986/1997
- *Terminalbygget*	1986 / 2004
- *Verkstedhallene*	1986 / 2005
Gross built-up area:	91 577.53 sq.m
- *of which offices:*	51 691 sq.m
- *of which shops/restaurants:*	24 977.53 sq.m
- *of which other:*	14 909 sq.m
Parking spaces:	70
- *of which indoor:*	60
- *of which outdoor:*	10
Site area:	-
Gross rental income 2009:	NOK 237.2 million
Annual CPI adjustment:	97.8%
Biggest tenants:	
– *Administrasjonsbygget*	Cardo Partners
– *Dokkbygget*	Hong Holding AS
– *Kaibygg I*	DnB NOR Bank ASA
– *Kaibygg II*	Biffrestauranten Aker Brygge
– *Snekkeriet*	Det Norske Oljeselskap ASA
– *Støperiet*	SUN Restauranter AS
– *Terminalbygget*	Advokatfirmaet BA-HR
– *Verkstedhallene*	Akerrestaurantene AS

Kaibygning I

Verkstedhallen

Snekkeriet

Drammensveien 60

Location:	Oslo, CBD
Built/rehabilitated:	1960 / 2005
Gross built-up area:	11 250 sq.m
- of which offices:	8 593 sq.m
- of which shops/restaurants:	797 sq.m
- of which other:	1 860 sq.m
Parking spaces:	11
- of which indoor:	11
- of which outdoor:	-
Site area:	2 532 sq.m
Gross rental income 2009:	NOK 20.4 million
Annual CPI adjustment:	Fixed 2.2%
Biggest tenants:	Skanska Norge AS

Ibsen-kvartalet

Location:	Oslo, CBD
Built/rehabilitated:	1997 / (Block C) 2002
Gross built-up area:	38 031 sq.m
- of which offices:	31 618 sq.m
- of which shops/restaurants:	800 sq.m
- of which other:	5 613 sq.m
Parking spaces:	-
- of which indoor:	-
- of which outdoor:	-
Site area:	4 762 sq.m
Gross rental income 2009:	NOK 66.6 million
Annual CPI adjustment:	100%
Biggest tenants:	Directorate of Labour

Stortingsgaten 6

Location:	Oslo, CBD
Built/rehabilitated:	2004 / n/a
Gross built-up area:	6 708.3 sq.m
- of which offices:	4 459.9 sq.m
- of which shops/restaurants:	859.9 sq.m
- of which other:	1 388.5 sq.m
Parking spaces:	22
- of which indoor:	22
- of which outdoor:	-
Site area:	989 sq.m
Gross rental income 2009:	NOK 21.5 million
Annual CPI adjustment:	100%
Biggest tenants:	Fokus Bank

Oslo and Akershus
Skøyen

Drammensveien 134
(Blocks 1-6)

Location:	Oslo, Skøyen
Built/rehabilitated:	
- Blocks 1-4:	1986
- Block 5:	2001
- Block 6:	2005
Gross built-up area:	50 168 sq.m
- of which offices:	36 525.5 sq.m
- of which shops/restaurants:	642 sq.m
- of which other:	13 000.5 sq.m
Parking spaces:	351
- of which indoor:	330
- of which outdoor:	21
Site area:	17 634 sq.m
Gross rental income 2009:	NOK 88.3 million
Annual CPI adjustment:	98.7%
Biggest tenants:	TietoEnator AS
- Block 2:	Norsk Hydro ASA
- Block 3:	YX Energi AS
- Block 4:	StatoilHydro ASA
- Block 5:	Ementor Norge AS
- Block 6:	Leif Höegh & Co AS

Block 1 Drammensveien 134

Block 2 Drammensveien 134

Block 3 Drammensveien 134

Block 4 Drammensveien 134

Block 5 Drammensveien 134

Block 6 Drammensveien 134

Drammensveien 149

Location:	Oslo, Skøyen
Built/rehabilitated:	1988 / 2006
Gross built-up area:	16 323 sq.m
- of which offices:	10 695 sq.m
- of which shops/restaurants:	-
- of which other:	5 628 sq.m
Parking spaces:	159
- of which indoor:	141
- of which outdoor:	18
Site area:	6 115 sq.m
Gross rental income 2009:	NOK 25.7 million
Annual CPI adjustment:	99.8%
Biggest tenants:	Bergesen Worldwide Offshore AS

Hovfaret 11

Location:	Oslo, Skøyen
Built/rehabilitated:	1970 / 1988
Gross built-up area:	5 642 sq.m
- of which offices:	4 377 sq.m
- of which shops/restaurants:	-
- of which other:	1 265 sq.m
Parking spaces:	40
- of which indoor:	-
- of which outdoor:	40
Site area:	3 021 sq.m
Gross rental income 2009:	NOK 11.6 million
Annual CPI adjustment:	100%
Biggest tenants:	EDB Business Partner ASA

Nedre Skøyenvei 24

Location:	Oslo, Skøyen
Built/rehabilitated:	1983 / 2008
Gross built-up area:	4 845 sq.m
- of which offices:	3 629.6 sq.m
- of which shops/restaurants:	-
- of which other:	1 215.4 sq.m
Parking spaces:	63
- of which indoor:	-
- of which outdoor:	63
Site area:	22 648 sq.m
Gross rental income 2009:	NOK 12.5 million
Annual CPI adjustment:	100%
Biggest tenants:	EDB Business Partner ASA

Nedre Skøyenvei 26 A-E

Location:	Oslo, Skøyen
Built/rehabilitated:	1984 / n/a
Gross built-up area:	17 622 sq.m
- of which offices:	11 444 sq.m
- of which shops/restaurants:	-
- of which other:	6 178 sq.m
Parking spaces:	71
- of which indoor:	11
- of which outdoor:	60
Site area:	22 648 sq.m
Gross rental income 2009:	NOK 35.9 million
Annual CPI adjustment:	100%
Biggest tenants:	EDB Business Partner ASA

Nedre Skøyenvei 26 F

Location:	Oslo, Skøyen
Built/rehabilitated:	2006 / n/a
Gross built-up area:	13 498.8 sq.m
- of which offices:	8 766.8 sq.m
- of which shops/restaurants:	-
- of which other:	4 732 sq.m
Parking spaces:	120
- of which indoor:	120
- of which outdoor:	-
Site area:	22 648 sq.m
Gross rental income 2009:	NOK 23.6 million
Annual CPI adjustment:	100%
Biggest tenants:	EDB Business Partner ASA

Oslo and Akershus
Oslo West/Lysaker/Fornebu

Aker Hus

Location:	Oslo West/ Lysaker/Fornebu
Built/rehabilitated:	2007 / n/a
Gross built-up area:	59 279 sq.m
- of which offices:	40 254 sq.m
- of which shops/restaurants:	-
- of which other:	19 025 sq.m
Parking spaces:	681
- of which indoor:	631
- of which outdoor:	50
Site area:	23 198 sq.m
Gross rental income 2009:	NOK 82.7 millon
Annual CPI adjustment:	Max 2.5%
Biggest tenants:	Aker Solutions ASA

Foto: Jiri Havran

Lysaker Torg 35

Location:	Oslo West/ Lysaker/Fornebu
Built/rehabilitated:	2001 / n/a
Gross built-up area:	21 934 sq.m
- of which offices:	14 422 sq.m
- of which shops/restaurants:	-
- of which other:	7 512 sq.m
Parking spaces:	220
- of which indoor:	220
- of which outdoor:	-
Site area:	3 354 sq.m
Gross rental income 2009:	NOK 40.7 million
Annual CPI adjustment:	100%
Biggest tenants:	If Skadeforsikring

Middelthunsgate 17

Location:	Oslo West/ Lysaker/Fornebu
Built/rehabilitated:	1930 / 1989/2002
Gross built-up area:	33 319 sq.m
- of which offices:	26 847 sq.m
- of which shops/restaurants:	-
- of which other:	6 472 sq.m
Parking spaces:	114
- of which indoor:	114
- of which outdoor:	-
Site area:	11 054 sq.m
Gross rental income 2009:	NOK 46.1 million
Annual CPI adjustment:	100%
Biggest tenants:	Nordea

Oksenøyveien 3

Location:	Oslo West/ Lysaker/Fornebu
Built/rehabilitated:	1986 / 1997
Gross built-up area:	12 900 sq.m
- of which offices:	10 200 sq.m
- of which shops/restaurants:	-
- of which other:	2 700 sq.m
Parking spaces:	177
- of which indoor:	110
- of which outdoor:	67
Site area:	7 845 sq.m
Gross rental income 2009:	NOK 17.4 million
Annual CPI adjustment:	100%
Biggest tenants:	SAS Consortium

Oslo and Akershus
Nydalen

Maridalsveien 323

Location:	Oslo, Nydalen
Built/rehabilitated:	2001 / n/a
Gross built-up area:	20 915 sq.m
- of which offices:	11 646 sq.m
- of which shops/restaurants:	-
- of which other:	9 269 sq.m
Parking spaces:	181
- of which indoor:	176
- of which outdoor:	5
Site area:	9 601 sq.m
Gross rental income 2009:	NOK 27.3 million
Annual CPI adjustment:	100%
Biggest tenants:	Get AS

Gjerdumsvei 8

Location:	Oslo, Nydalen
Built/rehabilitated:	1988/1996 / 2005
Gross built-up area:	10 656 sq.m
- of which offices:	8 245 sq.m
- of which shops/restaurants:	-
- of which other:	2 411 sq.m
Parking spaces:	205
- of which indoor:	188
- of which outdoor:	17
Site area:	7 286 sq.m
Gross rental income 2009:	NOK 13.7 million
Annual CPI adjustment:	96%
Biggest tenants:	Océ-Norge AS

Gjerdumsvei 10D

Location:	Oslo, Nydalen
Built/rehabilitated:	1845 / 1987/2004
Gross built-up area:	2 052 sq.m
- of which offices:	2 027 sq.m
- of which shops/restaurants:	-
- of which other:	25
Parking spaces:	42
- of which indoor:	-
- of which outdoor:	42
Site area:	10 487 sq.m
Gross rental income 2009:	NOK 3.3 million
Annual CPI adjustment:	100%
Biggest tenants:	Velux-Norge AS

Gjerdumsvei 14

Location:	Oslo, Nydalen
Built/rehabilitated:	1878 / 1986
Gross built-up area:	1 446 sq.m
- of which offices:	712 sq.m
- of which shops/restaurants:	-
- of which other:	734 sq.m
Parking spaces:	-
- of which indoor:	-
- of which outdoor:	-
Site area:	10 211 sq.m
Gross rental income 2009:	NOK 1.5 million
Annual CPI adjustment:	100%
Biggest tenants:	Trox Auranor Norge AS

Gjerdumsvei 16

Location:	Oslo, Nydalen
Built/rehabilitated:	1920 / 2003
Gross built-up area:	7 120 sq.m
- of which offices:	3 976 sq.m
- of which shops/restaurants:	-
- of which other:	3 144 sq.m
Parking spaces:	136
- of which indoor:	91
- of which outdoor:	45
Site area:	10 211 sq.m
Gross rental income 2009:	NOK 7.8 million
Annual CPI adjustment:	97.5%
Biggest tenants:	Ullevål University Hospital

Gjerdumsvei 17

Location:	Oslo, Nydalen
Built/rehabilitated:	1867 / 1987
Gross built-up area:	803 sq.m
- of which offices:	796 sq.m
- of which shops/restaurants:	-
- of which other:	7 sq.m
Parking spaces:	18
- of which indoor:	-
- of which outdoor:	18
Site area:	3 157 sq.m
Gross rental income 2009:	NOK 1.3 million
Annual CPI adjustment:	100%
Biggest tenants:	Kilden Helse AS

Gullhaug Torg 3

Location:	Oslo, Nydalen
Built/rehabilitated:	1993 / n/a
Gross built-up area:	7 868 sq.m
- of which offices:	7 868 sq.m
- of which shops/restaurants:	-
- of which other:	-
Parking spaces:	8
- of which indoor:	-
- of which outdoor:	8
Site area:	4 103 sq.m
Gross rental income 2009:	NOK 9.5 million
Annual CPI adjustment:	2009 = 1%
Biggest tenants:	Schibsted Eiendom AS

Gullhaugveien 9-13

Location:	Oslo, Nydalen
Built/rehabilitated:	1996 / n/a
Gross built-up area:	43 357 sq.m
- of which offices:	23 031 sq.m
- of which shops/restaurants:	-
- of which other:	20 326 sq.m
Parking spaces:	476
- of which indoor:	401
- of which outdoor:	75
Site area:	10 852 sq.m
Gross rental income 2009:	NOK 46.9 million
Annual CPI adjustment:	100%
Biggest tenants:	NetCom AS

Nydalsveien 15

Location:	Oslo, Nydalen
Built/rehabilitated:	1857 / 1988/2005
Gross built-up area:	3 836 sq.m
- of which offices:	3 038 sq.m
- of which shops/restaurants:	750 sq.m
- of which other:	48 sq.m
Parking spaces:	66
- of which indoor:	-
- of which outdoor:	66
Site area:	6 845 sq.m
Gross rental income 2009:	NOK 6.5 million
Annual CPI adjustment:	100%
Biggest tenants:	Studentenes Hus AS

Nydalsveien 17

Location:	Oslo, Nydalen
Built/rehabilitated:	1968 / 2005
Gross built-up area:	1 560 sq.m
- of which offices:	-
- of which shops/restaurants:	1 560 sq.m
- of which other:	-
Parking spaces:	5
- of which indoor:	-
- of which outdoor:	5
Site area:	6 845 sq.m
Gross rental income 2009:	NOK 3.6 million
Annual CPI adjustment:	100%
Biggest tenants:	Studentenes Hus AS

Sandakerveien 130

Location:	Oslo, Nydalen
Built/rehabilitated:	2001 / n/a
Gross built-up area:	10 023 sq.m
- of which offices:	6 520 sq.m
- of which shops/restaurants:	-
- of which other:	3 503 sq.m
Parking spaces:	134
- of which indoor:	113
- of which outdoor:	21
Site area:	3 240 sq.m
Gross rental income 2009:	NOK 15.4 million
Annual CPI adjustment:	100%
Biggest tenants:	TDC Norge AS

Kolstadgata 1

Location:	Oslo, North/East
Built/rehabilitated:	1979 / 2004
Gross built-up area:	5 479 sq.m
- of which offices:	5 479 sq.m
- of which shops/restaurants:	-
- of which other:	-
Parking spaces:	-
- of which indoor:	-
- of which outdoor:	-
Site area:	1 023 sq.m
Gross rental income 2009:	NOK 8.9 million
Annual CPI adjustment:	75%
Biggest tenants:	Utdanningsdirektoratet

Gardermoen Næringseiendom

Location:	Oslo, North/East
Built/rehabilitated:	1979/1985/1998 / 2005
Gross built-up area:	20 976 sq.m
- of which offices:	-
- of which shops/restaurants:	-
- of which other:	20 976 sq.m
Parking spaces:	-
- of which indoor:	-
- of which outdoor:	-
Site area:	-
Gross rental income 2009:	NOK 25.1 million
Annual CPI adjustment:	100%
Biggest tenants:	SAS Consortium

Stavanger
CDB, Forus

Badehusgaten 33-39

Location:	Stavanger, CBD
Built/rehabilitated:	1985 / 1999
Gross built-up area:	21 528 sq.m
- of which offices:	16 673 sq.m
- of which shops/restaurants:	-
- of which other:	4 855 sq.m
Parking spaces:	240
- of which indoor:	90
- of which outdoor:	150
Site area:	9 772 sq.m
Gross rental income 2009:	NOK 33.9 million
Annual CPI adjustment:	100%
Biggest tenants:	Aker Offshore Partner AS

Forusbeen 35

Location:	Stavanger, Forus
Built/rehabilitated:	1986/1990
Gross built-up area:	21 424 sq.m
- of which offices:	17 674 sq.m
- of which shops/restaurants:	-
- of which other:	3 750 sq.m
Parking spaces:	400
- of which indoor:	150
- of which outdoor:	250
Site area:	23 074 sq.m
Gross rental income 2009:	NOK 27 million
Annual CPI adjustment:	100%
Biggest tenants:	Telenor Eiendom Holding AS

Grenseveien 19

Location:	Stavanger, Forus
Built/rehabilitated:	1984 / 2008
Gross built-up area:	5 390 sq.m
- of which offices:	5 390 sq.m
- of which shops/restaurants:	-
- of which other:	-
Parking spaces:	100
- of which indoor:	-
- of which outdoor:	100
Site area:	5 603 sq.m
Gross rental income 2009:	NOK 9.9 million
Annual CPI adjustment:	100%
Biggest tenants:	StatoilHydro ASA

Grenseveien 21

Location:	Stavanger, Forus
Built/rehabilitated:	1987/1997
Gross built-up area:	27 721 sq.m
- of which offices:	27 721 sq.m
- of which shops/restaurants:	-
- of which other:	-
Parking spaces:	450
- of which indoor:	-
- of which outdoor:	450
Site area:	23 537 sq.m
Gross rental income 2009:	NOK 29.7 million
Annual CPI adjustment:	50%
Biggest tenants:	StatoilHydro ASA

Maskinveien 32

Location:	Stavanger, Forus
Built/rehabilitated:	2003 / n/a
Gross built-up area:	5 086 sq.m
- *of which offices:*	4 561 sq.m
- *of which shops/restaurants:*	-
- *of which other:*	525 sq.m
Parking spaces:	58
- *of which indoor:*	21
- *of which outdoor:*	37
Site area:	3 829 sq.m
Gross rental income 2009:	NOK 5.4 million
Annual CPI adjustment:	100%
Biggest tenants:	ErgoGroup AS

Strandsvingen 10

Location:	Stavanger, Forus
Built/rehabilitated:	2004 / n/a
Gross built-up area:	2 059 sq.m
- *of which offices:*	2 059 sq.m
- *of which shops/restaurants:*	-
- *of which other:*	-
Parking spaces:	38
- *of which indoor:*	-
- *of which outdoor:*	38
Site area:	5 075 sq.m
Gross rental income 2009:	NOK 3 million
Annual CPI adjustment:	80%
Biggest tenants:	Norsk Kontantservice AS

Svanholmen 2

Location:	Stavanger, Forus
Built/rehabilitated:	1987/1989 / 2003/1991
Gross built-up area:	9 463 sq.m
- *of which offices:*	2 883 sq.m
- *of which shops/restaurants:*	6 580 sq.m
- *of which other:*	-
Parking spaces:	-
- *of which indoor:*	-
- *of which outdoor:*	-
Site area:	NOK 11 746 sq.m
Gross rental income 2009:	9.2 million
Annual CPI adjustment:	100%
Biggest tenants:	Elkjøp ASA

Finnestadveien 44

Location:	Stavanger - other
Built/rehabilitated:	1975/1983 / 2007/2008
Gross built-up area:	22 032 sq.m
- *of which offices:*	22 032 sq.m
- *of which shops/restaurants:*	-
- *of which other:*	-
Parking spaces:	-
- *of which indoor:*	-
- *of which outdoor:*	-
Site area:	21 049 sq.m
Gross rental income 2009:	NOK 30.4 million
Annual CPI adjustment:	Fixed 2.5%
Biggest tenants:	Total E&P


Dior

CORPORATE GOVERNANCE

A clear division of responsibilities and roles between shareholders, the board of directors and the executive management helps to strengthen external confidence in the company. In that way, good corporate governance principles can contribute to long-term value creation.

The board of Norwegian Property has drawn up the presentation of corporate governance in the company, which is based on the prevailing Norwegian code of practice for corporate governance (the code) dated 4 December 2007. The presentation relates to each section of the code.

1. Values base and ethical guidelines

The company's core values are value creation, expertise, innovation and integrity. Its ethical guidelines and other policy documents have been formulated in accordance with the values base.

Compliance with section 1 of the code: full.

2. Business

The company's object clause states that "The company's business is the management, acquisition, sale and development of commercial property, including participation in other companies as well as businesses which are related to such".

The articles of association are available at www.norwegianproperty.no. Within the framework of its articles, the company has presented goals and strategies for its business on page 7 of this report and on the company's website.

Compliance with section 2 of the code: full.

3. Equity and dividends

Group equity at 31 December 2008 totalled NOK 5 001 million, representing an equity ratio of 17.3 per cent. The board regards this as satisfactory from an operational perspective, but will seek to strengthen the company's balance sheet and to create more head room to certain covenants in key credit agreements.

The group has a loan-to-value target of borrowing 60-65 per cent of the value of the company's properties. This debt ratio could be higher at times. The capital structure is kept under continuous review in light of market developments and the group's goals, strategy and development.

Norwegian Property's goal is to pay an annual dividend which is competitive for the property sector. The dividend policy is described in note 23 to the consolidated financial statements.

At 31 December 2008, the board held two mandates to increase the share capital, as settlement for property acquisitions and in return for cash payment respectively. The number of shares which can be issued under each mandate is 10.4 million. The mandates have been granted for a year and expire on 30 June 2009.

The board is also mandated to buy 10.4 million of the company's own (treasury) shares at a price between NOK 10 and NOK 400. These mandates have not been utilised so far.

Compliance with section 3 of the code: full.

4. Equal treatment of shareholders and transactions with close associates

Norwegian Property has one share class with equal rights. Its articles impose no voting restrictions.

The board and the executive management are committed to ensuring equal treatment of all shareholders and that transactions with close associates (related parties) take place on an arm's-length basis.

The general meeting has mandated the board to increase the share capital. Pursuant to these mandates, the board can resolve to waive the pre-emptive right of shareholders to subscribe to new shares. This is because the mandates are intended to be used for such purposes as the issue of shares as settlement for property transactions. The capital increase in 2008 was conducted as a preferential share issue.

Note 24 to the group accounts details transactions with close associates (related parties), including management agreements with companies controlled by shareholders in Norwegian Property and agreements on leasing premises to companies controlled by shareholders in Norwegian Property.

The company has drawn up an overview which identifies the various roles of its directors, the offices they hold and so forth. This is intended to serve as a source of information for the company's administration in order to avoid unintended conflicts of interest.

Compliance with section 4 of the code: full.

5. Free negotiability

The articles of association impose no restrictions on the negotiability of Norwegian Property's shares, and the share is freely tradable on the Oslo Stock Exchange.

Compliance with section 5 of the code: full.

6. General meeting

The company encourages its shareholders to attend the general meeting. Its goal is that notice of the general meeting, with relevant and required documentation including the recommendations and reasoning of the nomination committee, will be made available to shareholders on the company's website no later than 21 days before the general meeting, and that corresponding documentation will be sent to shareholders with known addresses at least two weeks before the meeting is due to take place. Three extraordinary general meetings were held in 2008, including two at the request of shareholders representing more than 1/20th of the share capital to make changes to the board and one to approve a preferential share issue. Partly because of the need for swift clarification of the issues submitted to the extraordinary general meetings and to ensure that they were held before the holiday season, the notice and background documents for these meetings were not issued at least 21 days in advance, but were made available within the deadlines specified by the Public Limited Companies Act.

At the general meetings held to elect

"The board and management are committed to ensuring equal treatment of all shareholders."

new directors, the recommendations of the nomination committee were not available early enough for the company to be able to publish them at least 21 days in advance.

The notices provided information on the procedures to be observed for attendance and voting, including the use of proxies, and a proxy form was included with the notices. The notices included information on the right to have issues considered at the general meeting and the relevant deadlines related to raising such matters. The notices with appendices were made available on the company's website immediately after they had been issued as a stock exchange announcement. Shareholders wishing to attend a general meeting must indicate this intention by the specified deadline, which will not expire earlier than five days before the meeting. Shareholders who cannot attend in person are encourage to appoint a proxy. Instructing how the proxy should vote on each item on the agenda will be facilitated. The general meeting elects its own chair.

The board and executive management have been represented at general meetings. The same has applied to the nomination committee at those meetings which have considered the election and remuneration of the board and the nomination committee, and to the auditor at the annual general meeting.

Minutes from a general meeting are published as soon as possible via the stock exchange's reporting system (www.news-web.no, ticker code: NPRO) and on the company's website at www.norwegian-property.no under the investor relations tab.

Compliance with section 6 of the code: With the exception of the 21 days notice of the recommendation of the nomination committee.

7. Nomination committee

Pursuant to the company's articles of association, Norwegian Property has a nomination committee comprising two or three members. These are selected to safeguard the interests of shareholders in general, and the committee is independent of the board and the executive management and otherwise composed pursuant to the code. Members of the nomination committee and its chair are elected by the general meeting for two-year terms, and their remuneration has also been determined by the general meeting.

The nomination committee has nominated directors and recommended their remuneration. Its recommendations with reasons will be made available via the company's website before the election and as soon as they are available. The committee has been represented at the general meetings to present and justify its recommendations and answer questions.

Elected most recently by the extraordinary general meeting on 16 July 2008, the nomination committee comprises: Tom Furulund (chair), Lise Lindbäck and Einar J Greve. Relevant deadlines for submitting nominations to the committee are published on the company's website.

Compliance with section 7 of the code: full.

8. Corporate assembly and board of directors, composition and independence

Pursuant to the articles of association, the board of Norwegian Property will comprise three to nine directors. The board currently has five shareholder-elected directors.

Directors and the chair of the board are elected by the general meeting for two-year terms. The company does not have a corporate assembly.

The board's composition is intended to secure the interests of the owners and representation of key shareholders. The directors also collectively possess a broad business and management background and an in-depth understanding of the property market, merger and acquisition activities, financing and capital markets. The background and experience of directors are presented elsewhere in this report and on the company's website.

The board has been composed in such a way that it can act independently of special interests. Although generally present at board meetings, no member of the company's executive management is also a director. All the directors are independent of the company's executive management

or significant commercial partners. Four of the five directors are considered to be independent of the company's principal shareholders (defined as shareholders with more than 7.5 per cent of the company's shares).

Director Harald Grimsrud represents shareholders who controlled about 15 per cent of the company's shares at 31 December 2008.

Information on shares owned by directors is updated continuously on the company's website.

Compliance with section 8 of the code: full.

9. Work of the board

The board has overall responsibility for managing the group and for supervising the executive management and the group's activities. Its principal tasks include determining the company's strategy and monitoring its operational implementation. In addition come control functions which ensure acceptable management of the company's assets. The board appoints the president and CEO, and elects its own deputy chair.

Instructions which describe the rules of procedure for the board's duties and consideration of matters have been adopted by the board. The board has drawn up instructions for the chief executive which establish a clear division of labour between the board and the executive management. The chief executive is responsible for the company's executive management. Responsibility for ensuring that the board conducts its work in an efficient and correct manner rests with the chair.

The board has considered it appropriate to appoint sub-committees as advisory bodies to the board. An audit committee of three directors has been established to support the board in the exercise of its responsibility for accounts reporting, internal control, audit and overall risk management. Its work is governed by a standing instruction. A compensation committee of two directors has also been established to assist the board over the employment terms of the chief executive and the strategy and main principles for remunerating the company's senior executives. This committee is also governed by a standing instruction.

The board has established an annual plan for its meetings, and evaluates its work and expertise once a year. The present board was elected by the general meeting in December 2008 and intends to carry out a self-assessment in connection with the presentation of results in 2009. The outcome of the evaluation is reported to the nomination committee.

Compliance with section 9 of the code: full.

10. Risk management and internal control

Overall goals and strategies are established and further developed through a continuous updating of Norwegian Property's strategy. On the basis of this strategy, the value base and the ethical guidelines, instructions have been established for the board as well as policies for the important areas. An authority matrix has also been prepared for delegation of responsibility to defined roles in the organisation. Norwegian Property has established a set of internal procedures and systems to ensure unified and reliable financial reporting. The various departments/units in the organisation are required to evaluate their internal control systems related to financial reporting on an annual basis. In addition, regular audits are carried out on the way the company's systems are performing and procedures are being observed. The board receives a monthly report on the company's financial results as well as a description of the status for its most important projects. Governing processes have been established in important areas on the basis of the overall policies. The board will annually review the company's most important risk areas and its internal control.

Compliance with section 10 of the code: full.

11. Remuneration of the board

Directors' fees are determined by the general meeting on the basis of recommendations from the nomination committee. Directors' fees have not been related to results. Nor have options been awarded to directors.

Widar Salbuvik, the former chair, received a special compensation up to his departure in December 2008 for extra

duties as executive chair, based on a proposal from the nomination committee. None of the present directors have undertaken special assignments for the company other than their work on the board, and are unable to accept such assignments without approval from the board in each case.

Further details on the remuneration paid to individual directors are provided in note 19 to the annual accounts.

Compliance with section 11 of the code: With the exception of special duties and compensation to the former chair.

12. Remuneration of senior executives

As mentioned above, a compensation committee of two directors has been established to assist the board with the employment terms of the chief executive as well as with the strategy and main principles for remunerating the company's senior executives. The group's guidelines for remuneration of senior executives are reported in note 19 to the group annual accounts. Note 19 also provides further details about remuneration in 2008 for certain senior executives. The guidelines are presented annually to the general meeting in connection with its consideration of the annual accounts. No options have been issued to employees or elected officers of the company.

Compliance with section 12 of the code: full.

13. Information and communication

All reporting of financial and other information will be timely and accurate, and published through all channels simultaneously, based on openness and equal treatment of players in the securities market. Information is published in the form of annual and interim reports, press releases, stock market announcements and investor presentations. All information of significance for valuing the company will be distributed and published via Hugin and the Oslo Stock Exchange's company disclosure system. Immediately after publication, such information will be made available on the company's website – where it is also possible to subscribe to announcements. The main purpose of such information will be to clarify the company's long-term goals and potential, including its strategy, value drivers and important risk factors.

Important dates for the AGM, interim reports and the right to dividend are published on the company's website and in this report.

The instructions for the company's

board provide more detailed guidelines on information and communication, and the company's approved investor relations policy is available on its website.
Compliance with section 13 of the code: full.

14. Takeovers

No takeover bids were made for the company's shares or the most significant part of its operations in 2008. The company's articles of association place no restrictions on buying shares in the company. In a takeover process, the company's board and executive management will seek to help ensure that the shareholders are treated equally and that the company's business suffers no unnecessary disruption. The board will attempt to ensure that shareholders have sufficient time and information to be able to form a view of a possible offer for the company's business or shares. Without special reasons, the board will not seek to prevent or create difficulties for anyone making an offer for the company's business or shares.
Compliance with section 14 of the code: Full.

15. Auditor

As mentioned above, an audit committee of three directors has been established to support the board in the exercise of its responsibility for accounts reporting, internal control, audit and overall risk management. Its work is governed by an instruction.

During 2008, the auditor conducted the following work in relation to fiscal 2007:

- presented the main features of the audit work
- attended board meetings considering the annual report and when significant changes in accounting principles, assessments of significant accounting estimates and possible disagreements between auditor and executive management were considered
- conducted a review together with the board of the company's internal control systems
- held a meeting with the board without the presence of the executive management
- confirmed that the requirements for the auditor's independence were fulfilled, and provided an overview of services other than auditing which have been rendered to the company.

Pursuant to the instruction for the board's audit committee, the use of the auditor for substantial assignments other than ordinary auditing services must be considered and approved by the board.
Compliance with section 15 of the code: full.

SHARE AND SHAREHOLDER INFORMATION

Norwegian Property's goal is to secure a competitive return for its shareholders based on good management of its assets and maintaining a leading position in the property market. The company pursues an open information policy and an active dialogue with the investor market to ensure good liquidity and a broad shareholder base.

Norwegian Property was founded in May 2006 and listed on the Oslo Stock Exchange on 15 November 2006. Its shares are traded on the Oslo Stock Exchange's main list under the ticker NPRO, and registered in the Norwegian Central Securities Depository with Nordea Securities as registrar. The share has the securities number ISIN NO 001 0317811.

Share price development

The company's share price experienced a significant negative development in 2008. It was priced at NOK 6.08 at 31 December 2008, compared with NOK 65.78 a year earlier. Corrected for the dividend of NOK 2.50 per share paid in May 2008, this represents a negative return of 87 per cent. The Oslo Stock Exchange's benchmark index (OSEBX) fell by a little more than 54 per cent over the same period, after a weak market performance during 2008 characterised by price declines in every industry sector.

The share attained its highest price of NOK 66.03 at 2 January, while the lowest price was NOK 5.50 on 10 October. Property shares both in Norway and internationally found 2008 a challenging year, with financial turbulence and weakened economic prospects contributing to a decline in valuations and a crisis in the global banking and financial industry imposing higher risk premiums on all shares with a financing requirement or a substantial element of debt in the balance sheet. Developments for the leading international property indices are shown on page 41.

Trading in the NPRO share is considered good, with liquidity measured by turnover rate (turnover in relation to issued shares) for Norwegian Property in 2008 no less than 3.6 times higher than the average for the Oslo Stock Exchange as a whole.

Dividend policy

Norwegian Property's ambition is to give its shareholders a high and stable return on their investment in the company through a combination of rising value and dividend. Norwegian Property aims to distribute a dividend that is competitive for the property sector. The dividend policy is described in note 23 to the consolidated financial statements.The AGM will take place on 30 April 2009.

Share and share capital

Norwegian Property has 201 635 416 ordinary shares with a nominal value of NOK 25. See note 4 to the annual accounts for the company.

The company has one share class. Each share carries one vote. Norwegian Property held none of its own shares at 31 December 2008.

Capital changes in 2008

The number of shares at 1 January 2008 was 105 481 570. A rights issue of 96 153 846 shares was made in June/July 2008 at a price of NOK 26 per share. This accordingly raised the number of shares at 31 December to 201 635 416.

Shareholder structure

Norwegian Property had 1 395 registered shareholders at 31 December, an increase of 470 from a year earlier. The shareholder register is dominated by institutional investors and professional players in the Nordic and international commercial property and hotel sectors. At 31 December, 155 of the shareholders were foreign nationals compared with 195 at the same time in 2007. Foreigners owned 39 per cent of the shares issued at 31 December, compared with 61 per cent a year earlier. The company's largest shareholders at 31 December are presented in a separate table.

Nomination committee

Members of the company's nomination committee are:
Tom Furulund (chair)
Lise Lindbäck
Einar J Greve

Shareholders wishing to contact the nomination committee can use the following e-mail address: info@norwegianproperty.no.

Annual general meeting

The AGM normally takes place in March/April. Written notice is sent to all shareholders individually or to their custodian bank. To be able to vote at the AGM, the shareholder must be physically present in person or by proxy.

Investor relations

Norwegian Property has a goal of ensuring a broad shareholder base and good liquidity for the share. The company accordingly places great emphasis on making all price-relevant information available to the market at the right time, and the management works to ensure an open and active dialogue with investors and other parts of the financial market. Important activities include:

- Publication of annual and quarterly results at public presentations, which are also broadcast in real time via webcasts with simultaneous translation to English.
- Investor meetings are staged in Norway and internationally in connection with the presentation of results and on the occasion of major transactions. Norwegian Property also participates in international property seminars.
- Nine investment banks and brokerage firms had established analytical coverage of Norwegian Property at 31 December, with published investment recommendations. The executive management works systematically to secure a high degree of analyst coverage by leading banks and brokers.
- www.norwegianproperty.no is updated continuously with information relevant to investors. People can also use the website to subscribe to stock exchange announcements and press releases by e-mail.

Investor contact

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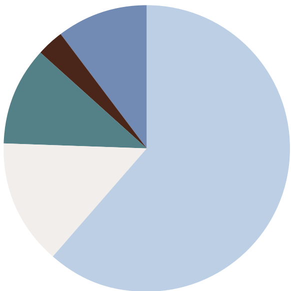
Shareholders at 31 December 2008 by geographic distribution



Norway	61% (39%)
UK	14% (22%)
USA	11% (22%)
Benelux	3% (6%)
Other countries	11% (11%)

Share price developments

Index	Change in 2008
Norwegian Property (incl dividend)	- 87%
Global Property Research 250, European Index	- 46%
Global Property Research 250, Global Index	- 45%
FTSE EPRA/NAREIT, Global Real Estate	- 45%
FTSE EPRA/NARETI, Europe Real Estate	- 49%

20 largest shareholders at 31 Dec 2008

Largest shareholder	Country	No of shares	Percentage
Awilhelmsen Capital AS	NO	23 254 334	11.5%
Canica AS	NO	9 246 467	4.6%
Deutsche Bank Ag London	UK	9 026 994	4.5%
Bgl S/A Opcvm	LUX	8 796 924	4.4%
Credit Suisse Securities	UK	7 955 885	3.9%
Fram Realinvest AS	NO	7 250 700	3.6%
Fram Holding AS	NO	7 250 700	3.6%
Trondheim Kommunale Pensjonskass	NO	6 199 700	3.1%
Vital Forsikring ASA	NO	6 089 907	3.0%
Alpine Intl Real Estate Eq Fnd	NO	5 805 945	2.9%
Aweco Invest AS	NO	5 486 765	2.7%
Seb Enskilda ASA	NO	4 839 699	2.4%
Bank Of New York Mellon	US	4 475 027	2.2%
Fortis Global Custody Service	NL	3 954 666	2.0%
Alpine Global Prem Prop Fund	BE	3 950 150	2.0%
Bank Of New York, Brussels Branch	BE	3 934 381	2.0%
Wenaasgruppen AS	NO	3 683 219	1.8%
Opplysningsvesenets Fond	NO	2 962 731	1.5%
Skagen Vekst	NO	2 893 000	1.4%
Goldman Sachs Int.	UK	2 695 048	1.3%
Total top 20		**129 752 242**	**64.3%**
Other shareholders		71 883 174	35.7%
Total		**201 635 416**	**100.0%**

Financial calendar 2009

30 April	Interim report, Q1
30 April	Annual general meeting
14 August	Interim report, Q2
23 October	Interim report Q3

Updates will be published on the company's website and via the Oslo Stock Exchange

Key figures

Share	2008	2007	2006 1)
Share price 31 Dec (Oslo Stock Exchange, *NOK*)	**6.08**	65.78	65.00
Highest price (Oslo Stock Exchange, *NOK*)	**66.03**	91.00	66.00
Lowest price (Oslo Stock Exchange, *NOK*)	**5.50**	60.25	55.50
Shares traded (Oslo Stock Exchange)	**185 250 456**	122 939 000	34 811 000
Outstanding shares at 31 Dec	**201 635 416**	105 481 570	98 513 000
Stock market value at 31 Dec *(NOK mill)*	**1 226**	7 015	6 403
Book equity per share *(NOK)*	**24.80**	63.20	54.09
Net value per share, EPRA *(NOK)*	**30.14**	70.84	56.53

1) Norwegian Property was founded in May 2006

ANALYTICAL INFORMATION

Norwegian Property seeks to maintain a high degree of openness and credibility concerning its results, asset values and financial accounts. External valuations which take account of such factors as interest rates, required market returns and reduced expectations for future rental income underpin the substantial downward adjustment of fair value in 2008.

Properties – key figures for the portfolio

Norwegian Property owned 50 properties, including one covered by a sales agreement, 73 hotels and one congress centre at 31 December. The table below presents the principal figures for the portfolio. Details of each portfolio are provided in the section on the relevant business area.

Properties – valuation

The company's properties are tested quarterly for fair value. At 31 December, all the properties had been valued by two external valuers.

DTZ Realkapital has valued the company's properties (both hotels and commercial buildings) in Norway, Sweden and Denmark. The group's Finnish portfolio of hotel properties has been valued by Maakanta. Furthermore, Akershus Eiendom has also prepared valuations of all the company's properties (both hotel and commercial). Based on these external valuations, supplemented with an in-house review and analysis, the management makes an assessment and determines whether the external valuations provide an accurate picture of the fair value of the investment properties. An average of the two sets of valuations provides the basis for determining fair value.

The fair value of the investment properties is determined by discounting cash flows related to leases and expectations for market rents after the expiry of the leases. The risk-adjusted required return is used as the discount factor. The value of the properties is adjusted for expected ongoing costs, maintenance requirements and upgrading required on the expiry of the leases. Assessments are also made about the length of the vacant period at the expiry of the lease. Changes to estimated fair value thereby incorporate changes in the outlook, and the adjustments recognised in the year-end balance sheet accordingly represent the estimated commercial value of the properties in light of both a weaker market and poorer prospects in general.

Financial risk

Norwegian Property operates in a capital-intensive sector, where financial risks relate primarily to changes in equity caused by adjustments to the fair value of the property portfolio, the effect of interest rate changes on profits, and the liquidity risk associated with refinancing the company's debt.

Interest rate risk

The group's interest rate regulation profile is tailored continuously through the use of financial derivatives to prevailing interest rate expectations and the company's fixed interest rates. Group policy is to hedge at least 70 per cent of its interest rate exposure in the commercial property portfolio. The requirement for the hotel portfolio (Norgani Hotels) is that at least 50 per cent of the company's interest rate exposure will be hedged. At 31 December, 84 per cent of the company's interest-bearing debt had been interest hedged.

A summary of the company's interest-bearing debt and interest hedge profile is provided in note 16 to the annual accounts.

The high hedging ratio means that the group's financial expenses are robust in relation to changes in short-term money market interest rates. A rise of one per cent in three-month floating interest rates would boost financial expenses by NOK 4.2 million, corresponding to an increase in the group's average payable interest rate from 4.22 to 4.24 per cent, including interest rate margin.

Group debt with short-term fixed interest rates normally has a fixed interest period of three months, so that interest rate changes would not have immediate effect.

Financing sources

The group's principal banks are Nordea, SEB, DnB Nor, Danske Bank, Swedbank and Nykredit. One syndicated facility on the office side and two on the hotel side still represent a large proportion of the company's total borrowing. The group has also used the Norwegian bond market for a portfolio of four properties. To ensure competitive terms and optimum loan financing, the company implemented several financial restructurings in both 2007 and 2008. In addition, the company has refinanced individual properties or small portfolios in other financial institutions. The net reduction in interest-bearing debt during 2008 was NOK 3.84 billion.

Liquidity and capital adequacy

The company's ambition is to have a debt structure which ensures an optimum combination of flexibility and price. Its long-term goal is a debt ratio(interest-bearing debt in relation to company assets) of 60-65 per cent of the fair value of the properties, but

Commercial properties – valuations

		Valuation		Gross rents	
Location	**No of sq.m**	**NOK mill**	**per sq.m**	**NOK mill**	**per sq.m**
Oslo – CBD	170 871	6 319	36 980	394.9	2 311
Oslo – Skøyen	119 924	3 191	26 605	218.3	1 821
Oslo – West/Lysaker/Fornebu	127 432	2 751	21 590	186.9	1 467
Oslo – Nydalen	110 185	1 885	17 109	136.9	1 243
Oslo – North/East	26 445	341	12 892	34.0	1 284
Stavanger	114 703	2 062	17 975	148.6	1 296
Total value	**669 569**	**16 549**	**24 715**	**1 119.7**	**1 672**

this proportion is continuously reviewed in the light of market developments, portfolio development and level of interest rates. The debt ratio was 79.3 per cent at 31 December.

The group has implemented and is still working on measures to strengthen its balance sheet. It conducted a share issue of NOK 2.5 billion in July 2008, and eight properties were sold during the year.

Group liquidity totalled NOK 174 million at 31 December. In addition came NOK 521 million in available credits. The group's available liquidity is sufficient to cover on-going operational requirements.

Properties – key figures for the portfolio

	Hotell	Commercial properties	Total
No of properties	74	50	124
Market value in NOK mill	11 025	16 549	27 574
Gross rents 2009[1] in NOK mill	760	1 120	1 880
Net rents 2009[2] in NOK mill	685	1 057	1 742
Rental income by country			
Norway	23%	100%	
Sweden	45%		
Denmark	4%		
Finland	28%		
Key figures			
Total area in square metres	671 480	669 569	1 341 049
Market value per square metre, NOK	9 074	24 716	33 790
Average lease term, years	10.1	5.6	
Gross yield[4]	7.70%	6.80%	
Net yield[4]	7.00%	6.40%	

[1] Estimated 2009 gross rent based for commercial properties on the run rate at 1 January, for the hotel portfolio on actual 2008 figures.
[2] Net rents = estimated 2008 gross rents adjusted for property costs (six per cent for commercial properties and 10 per cent for hotels).
[3] DTZ has estimated that the market rent for commercial properties is about 13 per cent higher than today's level.
[4] The run rate at 31 December is used for commercial property, and actual 2008 figures for hotels.

Sensitivity analysis for the investment property portfolio

Variables	Variable change	Commercial property[1]	Hotels[1]
Net market yield	+ 0.25 %-point	(303)	(175)
Market interest rates	+ 0.25 per cent	(286)	(202)
Inflation	+1 %-point	122	50
Market rents	+10 per cent	1 218	741

[1] The calculations have been made by DTZ Realkapital and Maakanta in connection with their valuations at 31 December 2008, and exclude the Grev Wedels plass 9 property contracted for sale in 2008.

Hotel properties – valuations

	No of properties	Rooms	Sq.m	Value NOK mill Total	Value NOK mill Per room	Net yield[1]
Norge	14	2 412	140 720	2 365	980 514	7.1%
Sverige	41	6 896	321 763	4 752	689 095	7.3%
Danmark	3	436	15 405	529	1 213 303	5.5%
Finland	16	3 078	195 592	3 379	1 097 791	6.6%
Totalt	**74**	**12 822**	**673 480**	**11 026**	**859 928**	**7.0%**

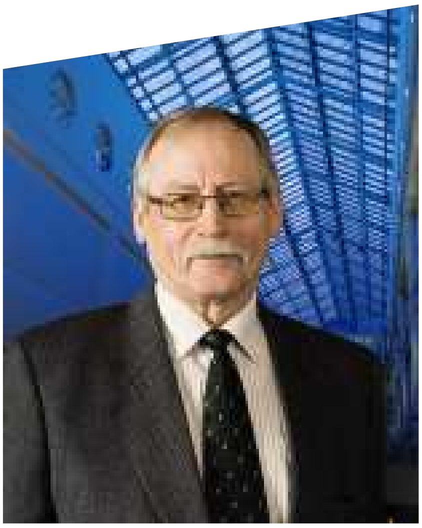
[1] Based on 2008 rental income in local currencies at the exchange rate on 31 Dec 08.

Interest-rate risk

(Amounts in NOK million)	31 Dec 08	31 Dec 07
Total interest-bearing debt	21 879	24 865
- of which hedged	18 487	16 343
Hedging ratio	84%	66%
Average term, interest hedges *(years)*	4.5	5.1
Average term, loans *(years)*	3.9	4.6
Average interest rate	5.84%	5.76%
Average borrowing margin	0.81%	0.76%

Foto: Jiri Havran

PRESENTATION OF THE BOARD



Tormod Hermansen

Chair

Mr Hermansen (born 1940) has held a number of top jobs in public administration and the business sector, as secretary general in the Ministries of Local Government and the Regions and of Finance, and most recently as chief executive of Telenor. He chairs a number of companies – including IT Fornebu AS, Bouvet ASA, the Broadband Alliance and Hødnebø Møbler AS. Mr Hermansen holds an economics degree from the University of Oslo. He has been elected for the 2008-2010 period. Shareholding in NPRO: 0.

Nils K Selte

Director

Mr Selte (born 1965) is chief financial officer of Canica AS, an investment company owned by Stein Erik Hagen and his family. He has previously held senior positions in such companies as Hakon Gruppen, ICA Ahold and Canica AS. He is a director of Jernia AS and several companies in the Canica group. Mr Selte has an MSc in business economics from the Norwegian School of Economics and Business Administration (NHH). He has been elected for the 2008-2010 period. Shareholding in NPRO: 250 000.

Harald Grimsrud

Deputy chair

Mr Grimsrud (born 1961) is chief executive of A Wilhelmsen Capital AS – a company owned by A Wilhelmsen AS. He has previously been a partner in and analysis manager of ABG Sundal Collier and Fondsfinans. He is a director of Telenor Venture AS and Expert AS. Mr Grimsrud has an MSc in business economics from the Norwegian School of Economics and Business Administration (NHH). He has been elected for the 2008-2010 period. Shareholding in NPRO: 0.

Synne Syrrist

Director

Ms Syrrist (born 1972) has a number of boardroom appointments related to investment companies affiliated to DnB Nor. She chairs DnB Nor Shippinginvest I ASA, Lpg Ships I AS and 11 other ship investment companies affiliated to DnB Nor, and is a director of Nordisk Industriutvikling and Camposol AS as well as a number of public limited companies. Ms Syrrist holds an MSc from the Norwegian University of Science and Technology, and qualified as an authorised financial analyst at the Norwegian School of Economics and Business Administration (NHH). She has been elected for the 2008-2010 period. Shareholding in NPRO: 0.

Gry Mølleskog

Director

Ms Mølleskog (born 1962) is senior client partner at Korn Ferry International. She was previously chief of staff at the Royal Palace in Oslo, and has held a number of positions with SAS – most recently as senior vice president in Stockholm. Ms Mølleskog studied at the Norwegian School of Marketing. She has been elected for the 2008-2010 period. Shareholding in NPRO: 0.

PRESENTATION OF THE MANAGEMENT

Petter Jansen

President and CEO

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E-mail: petter.jansen@norwegianproperty.no
Shareholding: 75 000
Options: 0

Mr Jansen was president of SAS Braathens until July 2006, and previously executive vice president for personal customers at DnB and a vice president at Postbanken from 1996 to 2004. He was also head of Oslo's former Fornebu airport in 1993-96, and has held a number of leading position in the Norwegian defence forces. Mr Jansen's education includes the War College and the Army Staff College. He studied at the Defence College in Sweden, in parallel with studies at Östersund School of Economics in 1986-88. He also took the senior executive programme at the London Business School in 2003.

Mari Thjømøe

Vice president and chief financial officer

Telephone: +47 90 77 78 24
E-mail: mari.thjomoe@norwegianproperty.no
Shareholding: 20 000
Options: 0

Ms Thjømøe was executive vice president and CFO in KLP from 2005 to 2008, where she was also responsible for the group's investments – including a substantial property portfolio. She was senior vice president for investor relations at Statoil ASA in 2000-2005, and with Hydro from 1988-2000. Ms Thjømøe is a director of Oslo Børs VPS ASA and Petoro AS. She took an MBA at the Norwegian School of Management in 1987 and qualified as an chartered financial analyst (CFA) at the Norwegian School of Economics and Business Administration (NHH) in 1992.

Dag Fladby

Vice president and chief investment officer

Telephone: +47 90 89 19 35
E-mail: dag.fladby@norwegianproperty.no
Shareholding: 4 000
Options: 0

Mr Fladby was previously senior vice president at Altia Corporation Oy, where he was responsible from August 2005 for the group's business development. Before that, he was one of the key people involved in building up Scandinavian Beverage Group (SBG). Mr Fladby joined the company in 1995 and was its chief executive when it was sold to Altia Corporation at the end of 2004 after a successful period of growth. He received an MSc in business and marketing from the Norwegian School of Management in Oslo in 1993.

Aili Klami

Vice president commercial property

Telephone: +47 95 26 45 55
E-mail: aili.klami@norwegianproperty.no
Shareholding: 0
Options: 0

Ms Klami was previously vice president sales for the Avantor property company, and has substantial experience from the property sector. She was at Avantor in 1996-2006, and before that with Nydalens Compagnie from 1986. In addition to her extensive experience of the property business, Ms Klami has studied at the Norwegian School of Management and has taken a number of courses on property administration, management and sales.

Anders Vatne

President, Norgani Hotels (hotel property)

Telephone: +47 92 69 77 00
E-mail: anders.vatne@norgani.no
Shareholding: 0
Options: 0

Mr Vatne has broad experience of management, distribution, sales and marketing in the hotel and travel industries. He has worked for such companies as Inter Nor Hotels, Choice Hotels, Rainbow Hotels/ Thon Hotels and Horwath Consulting. Mr Vatne has an MBE from the Norwegian School of Management and a qualification from the Norwegian School of Hotel Management.


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