

NORWEGIAN PROPERTY

ANNUAL REPORT 2009



NORWEGIAN PROPERTY

[CONTENTS](#)

[OPERATIONS](#)

[DIRECTORS'
REPORT](#)

[ANNUAL ACCOUNT
– GROUP](#)

[ANNUAL ACCOUNT
– PARENT COMPANY](#)



Norwegian Property ASA

Stranden 3A
NO-0250 Oslo
P O Box 1657 Vik
NO-0120 Oslo
Tel: +47 22 83 40 20
Fax: +47 22 83 40 21

www.norwegianproperty.no

Consultancy:
[First House AS](#)

Graphic design and production:
[Key Design AS](#)

English translation:
R E Gooderham

Photos board and management:
Espen Gees

CONTENTS

OPERATIONS

FINANCIAL CALENDAR 2010	3
NORWEGIAN PROPERTY IN BRIEF	4
KEY FIGURES	5
HIGHLIGHTS 2009	6
LETTER FROM THE CEO	7
CORPORATE GOVERNANCE	8
SHARE AND SHAREHOLDER INFORMATION	12
PRESENTATION OF THE DIRECTORS	14
PRESENTATION OF THE MANAGEMENT	15

DIRECTORS' REPORT 2009

- About Norwegian Property	16
- Strategic priorities	16
- Market conditions	17
- The property market	17
- Risk and risk management	18
- The year 2009	19
- Group accounts	20
- Properties	21
- Events after the balance sheet date	22
- Going concern assumption	23
- Organisation	23
- Organisational changes since 31 December	23
- Health, safety and the working environment	23
- Natural environment	23
- Corporate governance	24
- Outlook	24
- Declaration by the directors and chief executive	24

ACCOUNTS – GROUP

INCOME STATEMENT 1 JAN – 31 DEC	25
BALANCE SHEET AS OF 31 DECEMBER	26
BALANCE SHEET AS OF 31 DECEMBER	27
STATEMENT OF CHANGES IN EQUITY	28
CASH FLOW STATEMENT 1 JAN – 31 DEC	29
NOTES TO THE ANNUAL ACCOUNTS	30
- Note 1 General information	30
- Note 2 Summary of significant accounting policies	30
- Note 3 Financial risk management	32
- Note 4 Determination of fair value	34
- Note 5 Critical accounting estimates and judgements	35
- Note 6 Segment information	36
- Note 7 Investment property	37
- Note 8 Other tangible assets	37
- Note 9 Goodwill	38
- Note 10 Operating leases	38
- Note 11 Financial instruments	38
- Note 12 Derivatives	40
- Note 13 Current receivables	41
- Note 14 Share capital and shareholders	42
- Note 15 Other current liabilities	43
- Note 16 Interest-bearing debt	44
- Note 17 Deferred tax	46
- Note 18 Other operating expenses	47
- Note 19 Payroll costs and remuneration of executive officers and auditors	47
- Note 20 Net financial items	49
- Note 21 Income tax expense	49
- Note 22 Earnings per share	49
- Note 23 Dividend per share and dividend policy	49
- Note 24 Related-party disclosures	49
- Note 25 Business combinations and acquisition of minorities	50
- Note 26 Contingent liabilities	50
- Note 27 Events after the balance sheet date	50

ACCOUNTS – PARENT COMPANY

INCOME STATEMENT 1 JAN – 31 DEC	51
BALANCE SHEET AS OF 31 DEC	52
BALANCE SHEET AS OF 31 DEC	53
CASH FLOW STATEMENT 1 JAN – 31 DEC	54
NOTES TO THE ANNUAL ACCOUNTS	55
- Note 1 General information	55
- Note 2 Summary of significant accounting policies	55
- Note 3 Investments in subsidiaries	56
- Note 4 Tangible assets	57
- Note 5 Cash and cash equivalents	57
- Note 6 Equity	57
- Note 7 Interest-bearing debt	58
- Note 8 Remuneration and fees	59
- Note 9 Net financial items	60
- Note 10 Income tax	60
- Note 11 Related party disclosure	61
- Note 12 Contingent liabilities	61
AUDITOR'S REPORT	62

FINANCIAL CALENDAR 2010

4 May	Interim report, first quarter
4 May	Annual general meeting
19 August	Interim report, second quarter
27 October	Interim report, third quarter

[FINANCIAL CALENDAR 2010](#)

[NORWEGIAN PROPERTY
IN BRIEF](#)

[KEY FIGURES](#)

[HIGHLIGHTS 2009](#)

[LETTER FROM THE CEO](#)

[CORPORATE GOVERNANCE](#)

[SHARE AND SHAREHOLDER
INFORMATION](#)

[PRESENTATION OF
THE DIRECTORS](#)

[PRESENTATION OF
THE MANAGEMENT](#)

OPERATIONS

NORWEGIAN PROPERTY IN BRIEF

Norwegian Property owns and manages a substantial portfolio of commercial and hotel properties in the Nordic area. Measured by portfolio value, it is one of the largest listed property companies in the region, with total property assets valued at NOK 23.7 billion at 31 December 2009. Norwegian Property is characterised by attractive properties, solid tenants and long-term leases, which is reflected in robust rental income, a predictable level of costs and a solid cash flow.



The group's business comprises the commercial property and hotel property segments. While the first of these is organised within the parent company, Norwegian Property ASA, and associated subsidiaries, hotel property is organised in the wholly owned Norgani Hotels subsidiary. The group's head office is in Oslo. In addition, the hotel business has branch offices in Stockholm and Helsinki.

Norwegian Property's goal is to create stable and long-term shareholder value through continued development of its businesses as leading, fully integrated property companies in the office and hotel sectors respectively. In line with the company's strategy, both these segments will act as fully integrated property companies with a professional approach at all stages in the value chain. That calls for attention to be concentrated on the following long-term value drivers:

- Property management
- Letting
- Property development
- Transactions and finance

Goals and strategic priorities

New strategic direction as a focused property company

Since the 31 December 2009, the board has initiated a process which aims to refine the busi-

ness as two separate, independent companies for office and hotel properties respectively. The board takes the view that such a refinement would enhance value creation in both entities. Its ambition for both the office and the hotel business is to develop them into leading property players in their respective segments. The goal is to complete such a process during 2010.

Long-term value creation as a fully integrated property company

Norwegian Property's objective is to create stable and long-term shareholder value by continuing to develop the group's businesses as leading, fully integrated property companies in the office and hotel segments respectively. In line with the company's strategy, both businesses will be fully integrated property companies with a professional approach at all stages in the value chain. This involves focus on the long-term value drivers of property management, letting, property development, transactions and finance.

Preferred partner for clients

Greater closeness to clients, attractive properties and market-leading property expertise shall make Norwegian Property a preferred partner for new and existing tenants.

Recruit, retain and develop staff

Norwegian Property is an expertise-driven organ-

FINANCIAL CALENDAR 2010

NORWEGIAN PROPERTY
IN BRIEF

KEY FIGURES

HIGHLIGHTS 2009

LETTER FROM THE CEO

CORPORATE GOVERNANCE

SHARE AND SHAREHOLDER
INFORMATION

PRESENTATION OF
THE DIRECTORS

PRESENTATION OF
THE MANAGEMENT

OPERATIONS

isation. It wants to be an attractive employer, where people thrive and where employees are enabled to develop and enhance their expertise in order to create a leading professional team in the industry.

At 31 December 2009, Norwegian Property owned 48 office and commercial properties in Norway. These are primarily located in Oslo and Bærum, at Gardermoen airport and in Stavanger, and have a combined fair value of NOK 15 billion. The group's commercial properties consist largely of office premises, associated warehousing and car parks, and retail and catering space. Its portfolio is characterised by a central location and attractive premises with low vacancy. Norwegian Property has a number of large and financially sound tenants in both private and public sectors, with the 25 largest tenants accounting for about 73 per cent of rental income. Solid tenants and a high proportion of long-term leases provide a robust rental income and a predictable cash flow.

Norgani Hotels owned 73 hotel properties and a conference centre in Norway, Sweden, Finland and Denmark at 31 December, with a combined market value of NOK 8.9 billion. Tenants include leading international and regional chains such as Scandic Hotels, Choice Hotels, Rezidor and Hilton. These account for roughly 88 per cent of rental income. The hotel portfolio largely comprises three- and four-star hotels, which have historically had more stable turnover than the high-end hotel segment.

KEY FIGURES

		2009	2008	2007	2006
Profit and loss¹					
Gross rental income	NOK million	1 768	1 867	1 196	415
Operating profit before value adjustments	NOK million	1 455	1 583	1 036	352
Value adjustment investment properties	NOK million	(1 517)	(3 988)	1 219	393
Profit before tax	NOK million	(1 399)	(5 119)	1 651	540
Annualised return on equity (before tax)	Per cent	(28.2)	(86.5)	27.0	25.2
Dividend	NOK per share	-	-	2.50	2.50
Balance sheet¹					
Property portfolio, carried amount	NOK million	23 733	27 313	31 114	13 920
Total assets	NOK million	24 713	28 926	33 882	16 888
Interest-bearing debt	NOK million	18 379	21 841	23 232	10 978
Equity	NOK million	4 918	5 001	6 831	5 373
Equity ratio	Per cent	19.9	17.3	20.2	31.8
Carried equity per share	NOK per share	10.85	24.80	63.20	54.09
Net asset value per share, EPRA ²	NOK per share	12.84	30.14	70.84	56.53
Office portfolio					
Office properties	Number	48	50	57	55
Total area	Square metres	633 864	669 569	736 391	722 542
Average remaining lease term	Years	5.0	5.6	6.5	7.3
Vacancy, office portfolio	Per cent	2.0	0.7	0.7	0.8
Average net yield	Per cent	6.6	6.4	5.2	5.7
Fair value	NOK million	15 029	16 549	20 730	18 056
Fair value per square metre	NOK per sq.m	23 710	24 716	28 151	24 990
Hotel portfolio					
Hotel properties	Number	74	74	74	73
Total area	Square metres	672 792	671 480	671 080	658 417
Average remaining lease term	Years	9.5	10.1	11.0	7.7
Average net yield	Per cent	7.0	7.0	5.9	6.3
Fair value	NOK million	8 922	11 025	10 700	9 452
Fair value per square metre	NOK per sq.m	13 261	16 419	15 944	14 356

¹ Reported figures where the properties are included from their date of acquisition. Norgani Hotels is included from 24 September 2007.
² Carried equity per share, adjusted for deferred tax related to property, goodwill and financial derivatives per share. EPRA = European Public Real Estate Association.

[FINANCIAL CALENDAR 2010](#)

[NORWEGIAN PROPERTY
IN BRIEF](#)

[KEY FIGURES](#)

[HIGHLIGHTS 2009](#)

[LETTER FROM THE CEO](#)

[CORPORATE GOVERNANCE](#)

[SHARE AND SHAREHOLDER
INFORMATION](#)

[PRESENTATION OF
THE DIRECTORS](#)

[PRESENTATION OF
THE MANAGEMENT](#)

OPERATIONS

HIGHLIGHTS 2009

Financial restructuring

The company implemented a private placement of 201 635 416 shares at a price of NOK 6 per share and a subsequent issue of 50 000 000 shares at the same price. Following these issues, the company's share capital totals NOK 226 635 416 divided between 453 270 832 shares with a nominal value of NOK 0.50 per share. In connection with the two issues, the nominal value per share was reduced from NOK 25 to NOK 0.50 and the amount of the reduction transferred to other equity. The proceeds from these issues were devoted in their entirety to redemption of debt.

Appointment of new CEO

It was announced in September that Olav Line had been appointed as president and CEO of Norwegian Property in succession to Petter Jansen. Mr Line took office on 1 January 2010. He was previously chief executive of Steen og Strøm AS, a post he had held since 2003. He has 25 years of experience from the Norwegian and Nordic commercial property market, including senior posts with NSB/Rom Eiendom, Storebrand Eiendom, Nora Eiendom (now KLP) and Avantor.

Rent increase from renegotiated leases

The company renegotiated a total of 121 leases. Agreement was reached, for instance, with DnB Nor on an extension of its existing lease at Aker Brygge to 31 March 2013. The total increase in

rents under the leases was 16.9 per cent. At 31 December, the company had a vacancy of two per cent of the portfolio, compared with 0.7 per cent a year earlier.

Property sales completed

Norwegian Property completed the sale of two office properties during the year. A contract on the sale of Grev Wedels plass 9 was signed in September 2008 and implemented in January. The sales contract for Drammensveien 144 in Oslo was signed in February. In addition, Norgani Hotels agreed the sale of the Park Inn hotel property in Oslo. These premises are under construction, and were to have been completed and taken over by Norgani Hotels during 2010.

Big interest in NPRO share

Norwegian Property experienced a substantial increase in the turnover of its shares. As a result, the company was included during December in the Oslo Stock Exchange's OBX index, which embraces the 25 most-traded shares on the exchange. The number of shareholders also more than doubled, and analyst coverage is growing.

- Norwegian Property reached agreement with DnB NOR on an extension of the existing lease at Aker Brygge to 2013. The lease covers 23 000 sq.m of offices and 2 4000 sq.m of warehousing.



[FINANCIAL CALENDAR 2010](#)
[NORWEGIAN PROPERTY
IN BRIEF](#)
[KEY FIGURES](#)
[HIGHLIGHTS 2009](#)
[LETTER FROM THE CEO](#)
[CORPORATE GOVERNANCE](#)
[SHARE AND SHAREHOLDER
INFORMATION](#)
[PRESENTATION OF
THE DIRECTORS](#)
[PRESENTATION OF
THE MANAGEMENT](#)

OPERATIONS

LETTER FROM THE CEO

Norwegian Property emerged strengthened from 2009, and is well positioned in a market where we now see several positive development trends. We will seize the opportunities offered by the market to create value for our owners. An important move will be to change the company from being financially structured to become an industrial player with focus on a stable long-term growth and presence.



The refinancing carried out in the summer of 2009 has been central for the further development of Norwegian Property. A stronger financial platform, combined with a more positive market outlook, means that we can once again turn our attention to value growth.

Norwegian Property has a very attractive portfolio of properties in the markets for both commercial premises and hotels. We have long-term leases with large and reputable enterprises, and our goal as the lessor is to be professional and reliable with the emphasis on good administration and efficient operation. We will also be in a position to continue developing through the purchase and sale of properties once market trends make this interesting, and we can see that activity here is again starting to recover.

Important indicators show signs of improvement in the market for office buildings. We see in part that rents have stabilised, and expect them to rise again in the longer term. In addition come signals of lower yield requirements in certain segments – a trend which will gradually be reflected in an increase in the value of the properties. A number of our large leases are due to be renegotiated with effect from 2011-13, which we regard as favourable in terms of the expected market development.

The hotel market shows a clear correlation with national macro-economic trends, and experienced a downturn in 2009. A positive development in the macro-economic picture could eventually improve the indicators for turnover and occupancy (revenue per available room – RevPAR), and consequently for rents. However, 2010 is expected to be a challenging year since the decline in demand has led to a relatively

sharp reduction in average room rates and occupancy. Even if occupancy were to increase, it would take time for room rates to return to earlier levels. Stockholm and Copenhagen are also experiencing a sharp expansion in availability, which will influence the pace of growth in these areas.

In a rather longer perspective, developing into a more complete property company will be important. We will create additional value by converting from a primarily financial structure to become a complete property enterprise – one of the leading players in our sector. Our property portfolio provides a good foundation for continued growth in value, and the refinancing has further strengthened us. In addition, we consider ourselves to be well positioned in relation to the development trends we see in the market.

In building a more complete property company, we will concentrate even more strongly on being a client-driven organisation. Future work will create growth through our four value drivers: letting, property management and development, and refining and adding value through buying and selling property. Both separately and collectively, these factors represent an important basis for our future development and growth.

I am looking forward to an exciting and eventful 2010, and to participating in the continued development of Norwegian Property through close interaction with clients, employees and partners.

Olav Line
President and CEO



APPROPRIATE DIVISION OF ROLES

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.

1. Implementation and reporting on corporate governance

Norwegian Property's overall principles for corporate governance are available at www.norwegianproperty.no and are reproduced in the directors' report on page 24 in this annual report.

The board's presentation of the way Norwegian Property has implemented the applicable Norwegian code of practice for corporate governance of 21 October 2009 appears below. This presentation covers each section of the code, and possible variances from the code are specified under the relevant section.

Ethical guidelines and other policy documents have been formulated in accordance with the company's values base. The core values of Norwegian Property are value creation, expertise, innovation and integrity. A renewal of the vision and values base will be developed during 2010 on the basis of the company's current strategic direction.

2. Business

Norwegian Property's articles of association are available on its website. Within the framework of its articles, the company has presented goals and strategies for its business in the directors'

report on page 16 and on its website.

The company's object clause states that *"The company operates in management, acquisitions, sales and development of commercial real estate, including participation in other companies as well as businesses which are related to such"*.

3. Equity and dividends

Equity

Group equity at 31 December 2009 totalled NOK 4 918 million, representing an equity ratio of 19.9 per cent. The board regards this as an acceptable level in relation to the risks in and scope of the business. The capital structure is kept under constant review in light of market developments and the group's goals, strategy and development. The board resolved in 2009 to strengthen the company's financial position by implementing two share issues totalling NOK 1 500 million, which helped to improve the equity ratio. The board's aim is to reduce the debt ratio even further, in line with the company's approved goals, strategies and risk profile.

Dividend

Norwegian Property's dividend policy specifies that a goal for the company is to pay a competitive annual dividend, and the board will propose the payment of dividend at times when the financial results justify such cash disburse-

- ◀ Norwegian Property reached agreement with Total E&P Norge AS on an extension of the existing lease to 2021.

FINANCIAL CALENDAR 2010

NORWEGIAN PROPERTY IN BRIEF

KEY FIGURES

HIGHLIGHTS 2009

LETTER FROM THE CEO

CORPORATE GOVERNANCE

SHARE AND SHAREHOLDER INFORMATION

PRESENTATION OF THE DIRECTORS

PRESENTATION OF THE MANAGEMENT

OPERATIONS > CORPORATE GOVERNANCE

ments. In connection with the renegotiation of loan agreements in 2009, Norwegian Property was subject to certain dividend restrictions related to covenants and the redemption of one of the company's loan facilities. The dividend policy is also described in note 23 to the consolidated financial statements.

Board mandates

The board held two mandates at 31 December 2009 to increase the share capital, each of NOK 500 million. That corresponded to just under 10 per cent of the company's share capital when the mandates were awarded in April 2009. An extraordinary general meeting in June 2009 reduced the nominal value of the shares from NOK 25 each to NOK 0.50. The company's share capital was correspondingly reduced, and the two share-issue mandates, which had been based on the share capital prior to the write-down, were accordingly very high. An extraordinary general meeting in February 2010 accordingly resolved to issue two new mandates, each for about 10 per cent of the new share capital, to replace those issued by the annual general meeting in 2009. The mandates can be applied as settlement for property acquisitions and in return for cash payment respectively.

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 to transactions with close associates (related parties) taking place on an arm's-length basis. 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 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 in part to be used for such purposes as the issue of shares in settlement for property transactions. The capital increases in 2009 were conducted as a private placement followed by a "repair" issue.

Transactions in the company's own shares will be carried out on the stock exchange or in another manner at the stock market price.

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.

5. Freely negotiated shares

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.

6. General meetings

The company facilitates the attendance of as many of its shareholders as possible at the general meeting. Notice of the general meeting, with comprehensive documentation including the recommendations of the nomination committee, is made available to shareholders on the company's website no later than 21 days before a meeting takes place. The deadline for shareholders to register their intention to attend is set as close to the meeting as possible, and

not more than five days in advance.

Notices with documentation are made available on the company's website immediately after the documentation has been issued as a stock exchange announcement. Shareholders wishing to attend a general meeting must indicate this intention by the specified deadline. Shareholders who cannot attend in person are encouraged to appoint a proxy. Arrangements will be made for shareholders to instruct a possible proxy how to vote on each item on the agenda. The general meeting elects its own chair. Representatives of the company's board and executive management are encouraged to attend. The same applies to the nomination committee at those meetings where the election and remuneration of directors and members of the nomination committee are to be considered, and to the auditor at the AGM.

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

In addition to the AGM, one extraordinary general meeting was held in 2009 in connection with the implementation of share issues. Partly because of the need for swift clarification of the issues submitted to the extraordinary general meeting and to ensure that it was held before the holiday season, the notice and background documents for this meeting were not issued at least 21 days in advance, but made available within the deadlines specified by the Public Limited Liability Companies Act at the date in question.

Notices of general meetings have provided information on the procedures to be observed for attendance and voting, including the use of proxies. A proxy form, where a proxy has been



▲ Norwegian Property agreed with YX Energy Norge AS to extend its existing lease to 2015.

named, was included with the notices and framed so that the shareholder could specify how the proxy should vote on each issue. The notices included information on the right to have issues considered at the general meeting and the relevant deadlines.

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

FINANCIAL CALENDAR 2010

NORWEGIAN PROPERTY IN BRIEF

KEY FIGURES

HIGHLIGHTS 2009

LETTER FROM THE CEO

CORPORATE GOVERNANCE

SHARE AND SHAREHOLDER INFORMATION

PRESENTATION OF THE DIRECTORS

PRESENTATION OF THE MANAGEMENT

OPERATIONS > CORPORATE GOVERNANCE

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 are 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 to answer questions. Deadlines for submitting nominations to the committee will be published on the company's website. The present nomination committee was elected at the extraordinary general meeting of 16 July 2008 and comprises: Tom Furulund (chair), Lise Lindbäck and Einar J Greve. No directors or executive personnel are represented on the nomination committee.

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

The company does not have a corporate assembly. 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, confer the provisions of the Public Limited Liability Companies Act. The board's composition is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background and an in-depth understanding of the property market, purchase and sale of businesses, financing and

capital markets. In addition, account has been taken of the need for the board to function well as a collegiate body. 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. The company's executive management is not represented on the board. All the directors are regarded as 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 7.87 per cent of the company's shares at 31 December 2009. Information on shares owned by directors is updated continuously on the company's website.

9. The work of the board of directors

The board has overall responsibility for managing the group and for supervising the chief executive 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. Instructions which describe the rules of procedure for the board's work and its consideration of matters have been adopted by the board. The division of labour between the board and the chief executive is specified in greater detail in standing instructions for the latter. 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 the results for 2009. The outcome of this evaluation will be reported to the nomination committee.

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 values base and the ethical guidelines, overall instructions have been established for the board as well as policies for the most 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 pro-

cedures 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 overall policies. The board reviews the company's most important risk areas and its internal control on an annual basis.

11. Remuneration of the board of directors

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

12. Remuneration of executive personnel

As mentioned under section 9, a compensation committee of two directors has been established to assist the board over the employment terms of the chief executive as well as 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 consolidated annual accounts. Note 19 also provides further details about remuneration in 2009 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.

FINANCIAL CALENDAR 2010

NORWEGIAN PROPERTY IN BRIEF

KEY FIGURES

HIGHLIGHTS 2009

LETTER FROM THE CEO

CORPORATE GOVERNANCE

SHARE AND SHAREHOLDER INFORMATION

PRESENTATION OF THE DIRECTORS

PRESENTATION OF THE MANAGEMENT

OPERATIONS > CORPORATE GOVERNANCE

13. Information and communication

All reporting of financial and other information will be timely and accurate, and 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 exchange 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.

Such information is simultaneously 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 general meetings and interim reports are published on the company's website and in this report. The instructions for the chief executive specify more detailed guidelines on information and communication, and the company's approved investor relations policy is available on its website.

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 give particular weight to ensuring 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.

The board has not prepared guiding principles for responding to a possible takeover bid, since it

wishes to be free, within the constraints of existing regulations, to react to such an offer as it sees fit.

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 2009, the auditor conducted the following work in relation to fiscal 2008:

- 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.



▲ The winning design in the open architectural competition for the restaurant/service building on the Tingvalla jetty at Aker Brygge was submitted by Alliance Arkitekter in collaboration with MAPT in Copenhagen. An application for framework planning permission was submitted in February 2010.

[FINANCIAL CALENDAR 2010](#)

[NORWEGIAN PROPERTY IN BRIEF](#)

[KEY FIGURES](#)

[HIGHLIGHTS 2009](#)

[LETTER FROM THE CEO](#)

[CORPORATE GOVERNANCE](#)

[SHARE AND SHAREHOLDER INFORMATION](#)

[PRESENTATION OF THE DIRECTORS](#)

[PRESENTATION OF THE MANAGEMENT](#)

OPENNESS CREATES TRUST

Open dialogue, equal treatment of shareholders and a high level of accessibility are among the principles observed by Norwegian Property in order to build trust in the financial market. The goal is for the share price to reflect underlying value creation in the group.

The company’s aim is to secure its shareholders a competitive long-term return over time, based on good management of its assets and a leading position in the property market.

Norwegian Property was listed on 15 November 2006 on the Oslo Stock Exchange, where its shares are traded under the ticker NPRO. The share was included in December 2009 in the OBX index of the 25 most liquid shares on the Oslo Stock Exchange. The shares are registered in the Norwegian Central Securities Depository (VPS) with Nordea Securities as registrar.

The share has the securities number ISIN NO 001 0317811.

Share and share capital

At 31 December 2009, Norwegian Property had 453 270 832 ordinary shares with a nominal value of NOK 0.50. See note 14 to the consolidated annual accounts. The company has one share class. Each share carries one vote. Norwegian Property owned none of its own shares at 31 December 2009.

Capital changes in 2009

Norwegian Property strengthened its financial platform during the year through a private placement of NOK 1 200 million and a subsequent issue of NOK 300 million. The proceeds were devoted to redemption of debt. At 1 January 2009, the company had 201 635 416 shares. A private placement of 201 635 416 shares was implemented in June 2009, with a subsequent issue of 50 000 000 shares in August which gave priority to shareholders not invited to subscribe to the private placement. Both issues were implemented at a price of NOK 6 per share. In connection with the issues, the nominal value of each Norwegian Property share was reduced from NOK 25 to NOK 0.50, and the amount of the reduction transferred to other equity.

The 20 largest shareholders at 31 December 2009

Largest shareholders	Country	No of shares	Percentage
Canica AS	NO	23 374 467	5.2%
Awilhelmsen Capital AS	NO	23 254 334	5.1%
Folketrygdfondet	UK	19 264 000	4.2%
Skagen Vekst	NO	16 000 000	3.5%
Bgl BNP Paribas	LUX	14 773 022	3.3%
State Street Bank & Trust Co.	USA	12 803 023	2.8%
State Street Bank And Trust Co.	USA	9 257 960	2.0%
Bank of New York Mellon SA/NV	BE	8 076 920	1.8%
Awilhelmsen Capital II AS	NO	6 934 000	1.5%
Bank of New York Mellon	USA	6 845 570	1.5%
Morgan Stanley & Co Inc. New York	USA	6 156 877	1.4%
Trondheim Kommunale Pensjonskasse	NO	6 099 700	1.3%
Vital Forsikring ASA	NO	6 089 907	1.3%
Bank of New York Mellon SA/NV	BE	6 006 031	1.3%
Reka AS	NO	6 000 000	1.3%
FGCS NV RE Treaty	NL	5 645 701	1.2%
Fram Holding AS	NO	5 500 000	1.2%
Holberg Norge	NO	5 500 000	1.2%
Aweco Invest AS	NO	5 486 765	1.2%
RBC Dexia Investor Services Bank	LUX	5 428 000	1.2%
Total top 20		198 496 277	43.8%
Other shareholders		254 774 555	56.2%
Total		453 270 832	100.0%

Source: VPS

Shareholders by geographic distribution

Country	No. of shareholders	No. of shares	Percentage
Norway	3 045	277 303 666	61.2%
USA	52	74 138 466	16.4%
UK	45	33 341 199	7.4%
Luxembourg	21	27 106 896	6.0%
Other	112	41 380 605	9.1%
Total	3 275	453 270 832	100.0%

Source: VPS

Shareholders by size

Shareholding	No. of shareholders	No. of shares	Percent of capital
Over 10 000 000	6	109 468 846	24.2%
1 000 000 - 9 999 999	83	244 219 661	53.9%
100 000 - 999 999	237	71 096 920	15.7%
10 000 - 99 999	856	22 660 651	5.0%
1 000 - 9 999	1 724	5 694 560	1.3%
1 - 9 999	369	130 194	0.0%
Total	3 275	453 270 832	100.0%

Source: VPS

The company's share capital at 31 December thereby comprised NOK 226 635 416, divided between 453 270 832 shares.

Shareholder structure

Norwegian Property had 3 275 registered shareholders at 31 December, more than double the 1 395 recorded a year earlier. Almost 44 per cent of the share capital is owned by the company's 20 largest shareholders. They are dominated by institutional investors and professional players in the Nordic and international commercial property and hotel sectors. At 31 December, 230 of the shareholders were foreign nationals compared with 155 at the same time in 2008. Foreigners owned 39 per cent of the shares issued at 31 December, unchanged from a year earlier. The company's largest shareholders at 31 December 2009 are presented in a separate table.

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 which is competitive for the property sector, and the board will propose the payment of dividend at times when the financial results justify such cash disbursements.

At 31 December 2009, Norwegian Property has no free equity available for the payment of ordinary dividend.

Option programmes

No option programmes or other arrangements for allocating shares to employees were in place at 31 December 2009.

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 the second quarter. 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 wishes to maintain a good and open dialogue with its shareholders, analysts and the financial market in general. Annual and interim reports are presented quarterly by the company's management and 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 or other events relating to the company. Norwegian Property also maintains continuous contact with analysts and investors, and participates in a number of international property seminars.

The company's website is kept continuously updated. Relevant information for investors and analysts can be found in the investor relations section. This includes all the company's press releases, interim and annual reports, prospectuses, presentations, the articles of association, the financial calendar, the company's IR policy and its corporate governance principles as well as other data. Visitors to the site can also subscribe to stock exchange announcements and press releases via e-mail. Shareholders can contact the company by e-mail at info@norwegianproperty.no.

Share price developments

At 31 Dec	Share capital	No. of shares	Nominal value
2006	2 462 823 225	98 512 929	NOK 25.00
2007	2 637 039 250	105 481 570	NOK 25.00
2008	5 040 885 400	201 635 416	NOK 25.00
2009	226 635 416	453 270 832	NOK 0.50

The share in 2009

		2009
Highest traded price	NOK	13.50
Lowest traded price	NOK	3.10
Share price 31 Dec	NOK	13.50
Outstanding shares 31 Dec	Number	453 270 832
Market value 31 Dec	NOK million	6 119
Turnover rate	Percent	152.2

Analyst coverage at 31 Dec 2009

Stockbroker	Telephone
ABG Sundal Collier	+46 8 566 294 78
Arctic Securities	+47 21 01 32 21
DnB NOR Markets	+47 22 94 88 45
First Securities	+47 23 23 82 61
Nordea Markets	+47 22 48 88 99
Orion Securities	+370 52 46 19 18
Pareto Securities	+47 24 13 21 49
SEB Enskilda	+47 21 00 85 59
RBS / ABN Amro	+31 20 464 3786

[FINANCIAL CALENDAR 2010](#)
[NORWEGIAN PROPERTY
IN BRIEF](#)
[KEY FIGURES](#)
[HIGHLIGHTS 2009](#)
[LETTER FROM THE CEO](#)
[CORPORATE GOVERNANCE](#)
[SHARE AND SHAREHOLDER
INFORMATION](#)
[PRESENTATION OF
THE DIRECTORS](#)
[PRESENTATION OF
THE MANAGEMENT](#)

OPERATIONS

PRESENTATION OF THE DIRECTORS



Tormod Hermansen

Chair

Mr Hermansen (born 1940) has held a number of top jobs in public administration and the business sector, such as secretary general in the Ministries of Local Government and the Regions (1980-85) and of Finance (1986-91), and as head of Televerket and later chief executive of Telenor (1991-2002). He was previously chair of the Government Bank Insurance Fund and the Government Bank Investment Fund, and currently chairs a number of companies – including IT Fornebu AS, Samlerhuset Group, Ventelo and Hødnøbø Møbler. Mr Hermansen holds an economics degree. He owned no shares in the company and held no options at 24 March 2010. Mr Hermansen is a Norwegian citizen.



Harald Grimsrud

Director

Mr Grimsrud (born 1961) is chief executive of Awilhelmsen Capital AS, a financial investment company wholly owned by Awilhelmsen AS. At 24 March 2010, Awilhelmsen Capital and closely associated companies owned about 7.16 per cent of the shares in Norwegian Property. Mr Grimsrud has previously been a partner in ABG Sundal Collier, and a partner and analysis manager at Fondsfians. He is a director of Opplysningen 1881, Telenor Venture VI AS and Expert AS. He has an MSc in business economics from the Norwegian School of Economics and Business Administration (NHH). Mr Grimsrud owned no shares in the company and held no options at 24 March 2010. He is a Norwegian citizen.



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 owned no shares in the company and held no options at 24 March 2010. Ms Mølleskog is a Norwegian citizen.



Nils K. Selte

Director

Mr Selte (born 1965) is chief financial officer of Canica AS, an investment company which concentrates primarily on such sectors as manufacturing, consumer goods, trading and property. At 24 March 2010, Canica and closely associated companies owned about 5.00 per cent of the shares in Norwegian Property. Mr Selte has previously held senior positions in such companies as Hakon Gruppen and ICA. He is a director of Jernia AS, several fund management companies and various companies in the Canica group. He has an MSc in business economics from the Norwegian School of Management. Close associates of Mr Selte owned 479 000 shares in the company and held no options at 24 March 2010. He is a Norwegian citizen.



Synne Syrrist

Director

Ms Syrrist (born 1972) is a director of Global Rig Company ASA, Cecon ASA, Vetro Solar AS, Gregoire AS and Castelar Corporate Finance AS, and chair of DnB NOR ShippingInvest I ASA. She was previously a partner and financial analyst at First Securities. 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 owned no shares in the company and held no options at 24 March 2010. Ms Syrrist is a Norwegian citizen.

[FINANCIAL CALENDAR 2010](#)[NORWEGIAN PROPERTY
IN BRIEF](#)[KEY FIGURES](#)[HIGHLIGHTS 2009](#)[LETTER FROM THE CEO](#)[CORPORATE GOVERNANCE](#)[SHARE AND SHAREHOLDER
INFORMATION](#)[PRESENTATION OF
THE DIRECTORS](#)[PRESENTATION OF
THE MANAGEMENT](#)

OPERATIONS

PRESENTATION OF THE MANAGEMENT

**Olav Line***President and CEO*

Mr Line (born 1958) took over as group president and CEO in Norwegian Property in January 2010. He was previously chief executive of Steen og Strøm AS from 2003. Mr Line has 25 years of experience from the Norwegian and Nordic commercial property market, including senior posts with NSB/Rom Eiendom, Storebrand Eiendom, Nora Eiendom (now KLP) and Avantor. He holds an MSc from the Norwegian University of Science and Technology in Trondheim. Mr Line owned 62 000 shares in the company and held no options at 24 March 2010. He is a Norwegian citizen.

**Svein Hov Skjelle***Chief financial and investment officer*

Mr Skjelle (born 1967) became CFO/CIO of Norwegian Property in January 2010. He was previously CFO at Entra Eiendom. Mr Skjelle served as CFO for Norwegian Property in 2006-09, and has experience from such posts as CEO and CFO in the Tel-eComputing group and CFO for Merkantildata (now Ementor). He holds an MSc in business economics and an authorised financial analyst qualification from the Norwegian School of Economics and Business Administration. Mr Skjelle owned 34 000 shares in the company and held no options at 24 March 2010. He is a Norwegian citizen.

**Aili Klami***Vice president commercial property*

Ms Klami (born 1956) has been vice president commercial property for Norwegian Property since December 2006. She was vice president sales for the Avantor property company in 1996-2006, and held posts as marketing manager and departmental head before that. In addition, she has 10 years of experience with the then Nydalens Compagnie property company. Ms Klami has studied at the Norwegian School of Management, as well as taking courses on property administration, management and sales. She owned no shares in the company and held no options at 24 March 2010. Ms Klami is a Finnish citizen.

**Anders Vatne***President, Norgani Hotels*

Mr Vatne (born 1965) joined Norgani Hotels from the international Horwath Consulting consultancy in 2008. He has broad experience from the travel trade, including service as deputy CEO of Thon Hotels (previously Rainbow Hotels) as well as posts with Inter Nor Hotels and Choice Hotels and in consulting. Mr Vatne has an MBE from the Norwegian School of Management and a qualification from the Norwegian School of Hotel Management. He owned no shares in the company and held no options at 24 March 2010. Mr Vatne is a Norwegian citizen.

[About Norwegian Property](#)[Strategic priorities](#)[Market conditions](#)[The property market](#)[Risk and risk management](#)[The year 2009](#)[Group accounts](#)[Properties](#)[Events after the balance sheet date](#)[Going concern assumption](#)[Organisation](#)[Organisational changes since 31 December](#)[Health, safety and the working environment](#)[Natural environment](#)[Corporate governance](#)[Outlook](#)[Declaration by the directors and chief executive](#)

DIRECTORS' REPORT 2009

POSITIONED FOR POSITIVE DEVELOPMENT

Norwegian Property implemented a financial restructuring in 2009 which secured the company a sustainable platform for further progress. Despite a demanding market, the company achieved a solid cash flow of NOK 424.1 million from operating activities, compared with NOK 444.9 million the year before. Stable operation resulted in an operating profit before fair value adjustments of NOK 1 454.7 million, down 8.1 per cent from 2008. The overall value of the group's property portfolio was adjusted downwards by NOK 1 517.4 million, compared with a reduction of NOK 3 987.5 million the year before. Despite the demanding market conditions, the company had low vacancy in its portfolio while achieving increased rents from renegotiated leases.

Norwegian Property worked in 2009 to strengthen its financial platform through a private placement and a subsequent issue totalling NOK 1 500 million, which were implemented in the summer of 2009. The issue proceeds were devoted in their entirety to redeeming debt, and the group repaid a total of NOK 2 730.8 million in interest-bearing debt during the year. In addition to strengthening its equity, the company achieved relaxations in loan terms, extensions to the maturity of certain credit facilities, refinancing of remaining debt and minor adjustments to margins.

Operationally, the company gave weight in 2009 to good routines for operation and maintenance of its properties, predictable operating costs and detailed monitoring of each property. Close contact with clients and renegotiation of leases to secure more favourable levels of rent have also been priorities.

Macro-economic uncertainty and financial turbulence characterised 2009. Despite demanding market conditions, the company renegotiated a total of 121 leases during the year with an overall increase of 16.9 per cent in rents. With a vacancy of two per cent in the office portfolio at 31 December, the proportion of vacant premises remains at a low level compared with the market as a whole.

At 31 December 2009, Norwegian Property managed a property portfolio with a gross fair value before adjustment for deferred tax of NOK 24 billion. The office portfolio accounted for NOK 15 billion of this total, and the hotels for NOK 8.9 billion. Gross rental income totalled NOK 1 767.7 million in 2009, which represented a decline of 2.1 per cent from the year before after adjusting for property sales.

The company achieved an operating profit before fair value adjustments of NOK 1 454.7 million, compared with NOK 1 583.1 million in 2008. Total fair value adjustments were a decrease of NOK 1 517.4 million, equivalent to a negative 5.4 per cent, compared with a reduction of NOK 3 987.5 million in 2008, equivalent to a negative 12.8 per cent. Overall, this yielded a negative annualised return of 28.2 per cent on capital for 2009 as against a negative 86.5 per cent the year before.

About Norwegian Property

Norwegian Property owns and manages a substantial portfolio of commercial and hotel properties in the Nordic region. The group's business comprises the commercial property and hotel property segments. Activities related to commercial property are organised in the parent company, Norwegian Property, and associated

subsidiaries, while the hotel property segment is organised in the wholly owned Norgani Hotels subsidiary. The group's head office is in Oslo. In addition, the hotel business has branch offices in Stockholm and Helsinki.

With 32 employees at 31 December 2009, Norwegian Property is listed on the Oslo Stock Exchange with the ticker NPRO. Its fair value at 31 December was NOK 6 119 million.

At 31 December 2009, Norwegian Property owned 48 office and commercial properties in Norway. These are primarily located in Oslo and Bærum, at Gardermoen airport and in Stavanger, and have a combined fair value of NOK 15 billion. The group's commercial properties consist largely of office premises, associated warehousing and car parks, and retail and catering space.

Norgani Hotels owned 73 hotel properties and conference centre in Norway, Sweden, Finland and Denmark at 31 December, with a combined fair value of NOK 8.9 billion.

More than half the room capacity is located in Sweden, where Norgani Hotels is the country's largest hotel owner with 41 properties. These hotels are distributed nationwide, with the largest presences on the outskirts of Stockholm and along the E4 arterial highway. The group has 16 hotels in Finland, located mostly in Helsinki and

oriented towards the course and conference business with a substantial element of international guests. Norgani Hotels has three hotels in Denmark, all located in Copenhagen. The 14 hotels in Norway are spread over the whole country and have less exposure in the big cities.

Strategic priorities

New strategic direction as a focused property company

Since the New Year, the board has initiated a process which aims to refine the business as two separate, independent companies for office and hotel properties respectively. The board takes the view that such a refinement would enhance value creation in both entities. Its ambition for both the office and the hotel business is to develop them into leading property players in their respective segments. The goal is to complete such a process during 2010.

Long-term value creation as a fully integrated property company

Norwegian Property's objective is to create stable and long-term shareholder value by continuing to develop the group's businesses as leading, fully integrated property companies in the office and hotel segments respectively. In line with the company's strategy, both businesses will be fully

About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

Natural environment

Corporate governance

Outlook

Declaration by the directors and chief executive

DIRECTORS' REPORT 2009

integrated property companies with a professional approach at all stages in the value chain. This calls for attention to be concentrated on the long-term value drivers:

- Property management
- Leasing
- Property development
- Transactions and finance.

Preferred partner for clients

Greater closeness to clients, attractive properties and market-leading property expertise will make Norwegian Property a preferred partner for new and existing tenants.

Recruit, retain and develop staff

Norwegian Property is an expertise-driven organisation. It wants to be an attractive employer, where people thrive and where employees are enabled to develop and enhance their expertise in order to create a leading professional team in the industry.

Market conditions

Considerable uncertainty related to macro-economic conditions and the impact of the financial crisis on the real economy characterised 2009. Both Norway and the Nordic region experienced a decline in gross domestic product during the first half, and unemployment rose throughout the year – particularly in Finland and Sweden. Signals of a more positive trend were detectable in the second half, but uncertainty nevertheless continued to affect the market.

Employment declined during the year, and the weak trend for jobs is expected to continue in 2010.

The negative GDP trend in Norway and the Nordic region, combined with a lack of financing, have meant increased vacancy and declining rents for the property market as a whole.

The property market

Commercial property

According to the latest official survey by Akershus Eiendom, vacant space in Oslo was about 6.5 per cent in the fourth quarter of 2009 after rising from around 4.5 per cent at 1 January. Akershus Eiendom calculates that vacancy will continue to rise to just over seven per cent in 2010 and towards 8.5 per cent in 2011.

The level of market rents fell markedly during the first half of 2009, particularly in prestigious areas of Oslo where the decline continued in the second half. However, other segments showed a levelling off during that period. The general view is that market rents are close to bottoming out or have already done so.

In the Stavanger region, the office market is driven to a great extent by activity in the oil and gas business. A consequent positive trend for rents in recent years went into reverse in 2008-09 because of lower activity in the petroleum sector. Market rents declined during 2009. Furthermore, Statoil has taken a lease on 30 000 square metres of office space in a new building at Forus. The premises it is vacating will increase vacant space in the leasing market.

Activity in the transaction market rose during the fourth quarter, primarily as a result of better terms for external capital financing.

Hotel property

The hotel market is affected to a great extent by general macro-economic conditions. After a number of good years, with a historic peak in 2008, developments in 2009 were affected by the global economic recession, with declining revenue per available room (RevPAR) and occupancy rates throughout the Nordic market. Finland and Norway are the worst-hit of Norgani's main markets, and experienced a substantial decline in RevPAR. However, the trend appeared

Key figures, hotel portfolio

		2009 ¹	2008 ²	2007 ³	2006
Hotel properties	Number	74	74	74	73
Total area	Square metres	672 792	671 480	671 080	658 417
Total rooms	Number	12 884	12 822	12 804	12 493
Average size per property	Square metres	9 092	9 074	9 069	9 019
Average value per hotel room	NOK 1 000	692	860	836	757
Fair value	NOK million	8 922	11 025	10 700	9 452
Gross rental income	NOK million	724	787	699	662
Annual property costs	NOK million	82	81	65	62
Net rental income	NOK million	642	706	634	600
Gross yield ⁴	Per cent	7.9	7.7	6.5	7.0
Net yield ⁴	Per cent	7.0	7.0	5.9	6.3
Average remaining lease term	Years	9.5	10.1	11.0	7.7
Minimum rent and seller guarantees	NOK million	569	632	596	-
Minimum rent (inflation-adjusted)	NOK million	544	559	519	-

¹ Actual rent obtained and annual property costs for 2009, converted to the average 2009 exchange rate.

² Actual rent obtained and annual property costs for 2008, converted to the average 2008 exchange rate.

³ Actual rent obtained and annual property costs for 2007, converted to the average 2007 exchange rate.

⁴ Based on reported figures for 2009 converted to the exchange rate at 31 December 2009.

Key financial figures, hotel¹

All amounts in NOK million	2009	2008	2007 ²	2006
Rental income	724	785	699	574
Operating profit	577	634	508	515
Net gain on sales	0	27	-	66
Net changes in value, properties	(1 043)	(1 116)	820	672
Net changes in value, financial derivatives	(33)	(438)	132	-
Pre-tax profit	(857)	(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.

to be levelling off towards the end of the year. In Sweden, where developments were somewhat less negative, a positive RevPAR trend was reported in December.

Some improvement in macro-economic prospects is contributing to expectations that the

negative trend could be levelling off. At the same time, market conditions for hotels are expected to remain demanding in 2010 because it will take some time for an improvement in macro-economic trends to be reflected in higher occupancy rates and an eventual improvement in

About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

Natural environment

Corporate governance

Outlook

Declaration by the directors and chief executive

DIRECTORS' REPORT 2009

room rates. Some of the negative market development has been offset for Norgani by the fact that about 80 per cent of its budgeted turnover is secured through minimum rent agreements and seller guarantees.

Based on projects in progress, a number of new hotels are expected to be completed over the next two years. A number of the projects currently at the planning stage will probably be postponed or scrapped, thereby reducing the anticipated capacity expansion to some extent.

Risk and risk management

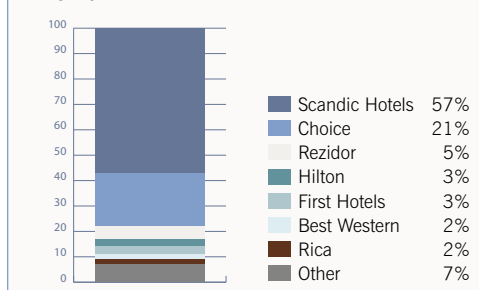
The group's activities involve various types of financial risk: market (including exchange rate, interest rate and price), credit and liquidity risk, and risk related to capital management. Its overall risk management plan focuses on the unpredictability of capital markets, and seeks to minimise the potentially negative effects on the group's results and equity. Financial derivatives are used by the group to hedge against certain risks.

Risk management in the group is conducted by a central finance department in accordance with guidelines approved by the board. The management team identifies, evaluates and hedges financial risk in close collaboration with the various operational units. The board establishes written principles for overall risk management and provides written guidelines for specific areas such as exchange rate and interest rate risk.

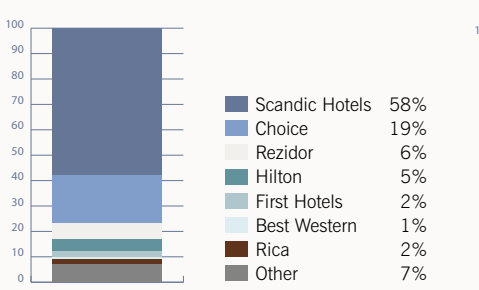
Financial risks

The company's financial risks relate primarily to changes in equity as a result of amendments to the value of the property portfolio, the effect of interest rate changes on profits and liquidity, liquidity and profit risks when refinancing the company's debt, and the effect of turnover-

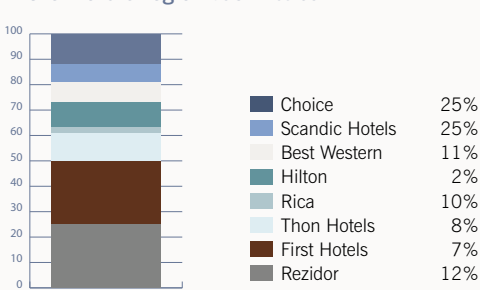
Hotel rooms belonging to Norgani by operator at 31 Dec 09



Norgani's turnover by operator at 31 Dec 09



The largest Nordic operators by hotel rooms in the Nordic region at 31 Dec 09



based rents on profits for the group's hotels. Hedging is utilised to dampen the effect of interest-rate changes on profits and liquidity. At 31 December, 105.7 per cent (2008: 83.6 per cent) of the group's interest-bearing debt was covered by interest rate hedges with an average term of 3.1 years (2008: 4.5 years). As a result of property sales and capital increases in 2009, the hedging ratio exceeded 100 per cent at 31 December. Any further decline in short-term market interest rates will accordingly have a limited impact on the group's interest expenses.

At 31 December, the group had a total liquidity – including unused drawing rights – of NOK 613 million (2008: NOK 695 million). The group constantly seeks to have a liquidity buffer tailored to the repayment profile of its debt and ongoing short-term fluctuations in working capital requirements.

Market risk

Norwegian Property is exposed to changes in market and turnover-based rents and to the rate of inflation. The group has a large proportion of long-term leases, with an average remaining term at 31 December of five years for commer-

cial properties and 9.5 years for hotels (2008: 6.5 and 10.1 years respectively). The commercial property leases provide fixed revenues over their term. The majority of the leases permit full adjustment for changes in the consumer price index (CPI), so that the company can adjust rents in line with CPI developments. All but one of the hotels have turnover-based leases (the exception provides for a fixed annual rent with CPI adjustment). Most of the leases guarantee a certain minimum rent, and the sellers of some hotels have provided Norgani Hotels with rent guarantees for the difference between a guaranteed rent and the actual turnover-based figure.

Credit risk

Norwegian Property's portfolio of office properties is characterised by high quality, a financially sound and well diversified set of tenants, and an average remaining lease term of five years. The hotel portfolio consists primarily of good three- and four-star hotels rented on long-term turnover-based leases to the largest Nordic hotel operators. The average remaining term for these leases is 9.5 years, and the leases for 71 of the

hotels contain clauses on minimum rents tied to the CPI. Norwegian Property's tenants in the office properties normally pay rent quarterly in advance. In addition, most leases require security for rent payments in the form of a deposit account or bank guarantee. The risk of direct losses from defaults or payment problems is accordingly limited, and relates primarily to re-letting of premises. The company checks the credit ratings and histories of new tenants. Most of the tenants have provided bank guarantees or established deposit accounts containing the equivalent of three months rent. Rental income is largely invoiced quarterly in advance. In Finland, the independent operator of the Korpilampi hotel went into receivership in 2009. However, bad debts were limited in both 2009 and 2008. Liquidity risk The group will ensure that it has sufficient liquidity/credit limits to meet its obligations. It will also have a sensible level of liquidity to meet unexpected commitments. The financing strategy aims to maintain flexibility in the market and to

About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

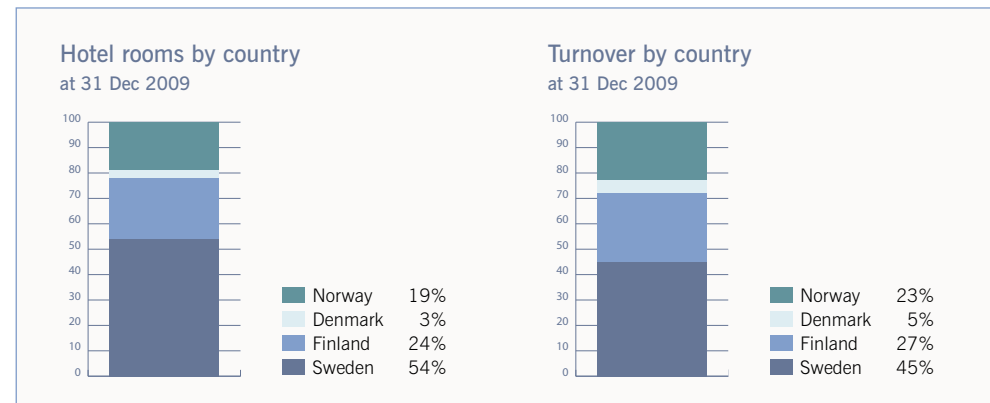
Natural environment

Corporate governance

Outlook

Declaration by the directors and chief executive

DIRECTORS' REPORT 2009



cope with fluctuations in rental income. One goal is that liquidity will consist as far as possible of available revolving credit and overdraft facilities rather than cash holdings.

The group is well hedged against fluctuations in market interest rates and exchange rates, which reduces the need for liquidity to meet unexpected commitments in these areas. A positive cash flow from operations was generated by the group in the form of results from ordinary operations/financial items (profit before fair value adjustments, exchange rate changes and gain/loss on the sale of properties) in both 2009 (NOK 373 million) and 2008 (NOK 312 million). Other liquidity risk relates first and foremost to servicing instalments on and redemption of loans.

At 31 December 2009, the group had interest-bearing debt of NOK 18 378.8 million, with an average remaining term of three years. It repaid a total of NOK 2 730.8 million in interest-bearing debt during the year. The group is continuously exposed to refinancing risk associated with the maturity of loans, and seeks to limit this by renegotiating and extending the duration of loans before they mature. This work will be given priority in 2010.

The year 2009

Highlights

Financial restructuring

The company implemented a private placement of 201 635 416 shares at a price of NOK 6 per share and a subsequent issue of 50 000 000 shares at the same price. Following these issues, the company's share capital totals NOK 226 635 416 divided between 453 270 832 shares with a nominal value of NOK 0.50 per share. In connection with the two issues, the nominal value per share was reduced from NOK 25 to NOK 0.50 and the amount of the reduction transferred to other equity. The proceeds from these issues were devoted in their entirety to redemption of debt.

Appointment of new chief executive

It was announced in September that Olav Line had been appointed as president and CEO of Norwegian Property in succession to Petter Jansen. Mr Line took office on 1 January 2010. He was previously chief executive of Steen og Strøm AS, a post he had held since 2003. He has 25 years of experience from the Norwegian and Nordic commercial property market, includ-

National statistics and key figures

At 31 Dec 2009	Norgani No. of rooms	Market No. of rooms	Market share Norgani
Norway	2 410	64 022	3.8%
Denmark	434	37 513	1.2%
Finland	3 124	49 700	6.3%
Sweden	6 916	122 683	5.6%
Total	12 884	273 918	4.7%

Norway		2009	2008
Occupancy rate	Per cent	50.7	55.3
Average room rate (ARR)	NOK	863	868
RevPAR	NOK	438	480
Business travel, share of occupancy	Per cent	52.7	54.0
Holiday and leisure, share of occupancy	Per cent	47.3	46.0
Foreign share of occupancy	Per cent	25.1	27.0
Domestic share of occupancy	Per cent	74.9	73.0

Finland		2009	2008
Occupancy rate	Per cent	49.2	53.3
Average room rate (ARR)	EUR	79	81
RevPAR	EUR	39	43
Business travel, share of occupancy	Per cent	42.0	44.0
Holiday and leisure, share of occupancy	Per cent	58.0	56.0
Foreign share of occupancy	Per cent	28.0	29.0
Domestic share of occupancy	Per cent	72.0	71.0

Sweden		2009	2008
Occupancy rate	Per cent	48.3	50.3
Average room rate (ARR)	SEK	890	911
RevPAR	SEK	430	458
Business travel, share of occupancy	Per cent	50.0	53.0
Holiday and leisure, share of occupancy	Per cent	50.0	47.0
Foreign share of occupancy	Per cent	23.4	23.0
Domestic share of occupancy	Per cent	77.0	77.0

Source: Horwath Consulting

About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

Natural environment

Corporate governance

Outlook

Declaration by the directors and chief executive

DIRECTORS' REPORT 2009

ing senior posts with NSB/Rom Eiendom, Store-brand Eiendom, Nora Eiendom (now KLP) and Avantor.

Rent increase from renegotiated leases

The company renegotiated a total of 121 leases. Agreement was reached, for instance, with DnB Nor on an extension of its existing lease at

Aker Brygge to 31 March 2013. As a result of this extension, annual rent under the contract increased by about NOK 10.1 million (14.5 per cent) in 2009 value. The total increase in rents under the leases was 16.9 per cent. At 31 December, the company had a vacancy of two per cent of the portfolio, compared with 0.7 per cent a year earlier.

Key figures, commercial property portfolio

		2009	2008	2007	2006
Properties	Number	48	50	57	55
Total area	Square metres	633 864	669 569	736 391	722 542
Average size per property	Square metres	13 205	13 391	12 919	13 137
Average value per square metre	NOK	23 710	24 716	28 151	24 990
Fair value	NOK million	15 029	16 549	20 730	18 056
Gross rental income ¹	NOK million	1 049	1 120	1 149	1 064
Estimated annual property costs ¹	NOK million	59	63	76	61
Net rental income ¹	NOK million	990	1 057	1 073	1 003
Gross yield	Per cent	7.0	6.8	5.5	5.9
Net yield	Per cent	6.6	6.4	5.2	5.7
Average remaining lease term	Years	5.0	5.6	6.5	7.3
Average consumer price index adjustment	Per cent	97.1	97.0	95.0	96.0
Vacancy (as proportion of gross rental income)	Per cent	2.0	0.7	0.7	0.8

¹ Level at 1 January 2010

Key financial figures, commercial property

Amounts in NOK million	2009	2008	2007	2006 ¹
Rental income	1 044	1 079	1 011	415
Operating profit	878	948	891	352
Net gain on sales	(7)	7	9	-
Net changes in value, properties	(474)	(2 905)	1 219	393
Net changes in value, financial derivatives	68	(764)	293	77
Pre-tax profit	(168)	(3 481)	1 680	539

¹ Norwegian Property was established in May 2006.

Property sales completed

Norwegian Property completed the sale of two office properties during the year. A contract on the sale of Grev Wedels plass 9 was signed in September 2008 and implemented in January. The sales contract for Drammensveien 144 in Oslo was signed during February. In addition, Norgani Hotels agreed the sale of the Park Inn hotel property in Oslo. These premises are under construction, and were to have been completed and taken over by Norgani Hotels during 2010.

Big interest in NPRO share

Norwegian Property experienced a substantial increase in the turnover of its shares. As a result, the company was included during December in the Oslo Stock Exchange's OBX index, which embraces the 25 most-traded shares on the exchange. The number of shareholders also more than doubled, and analyst coverage is growing.

Group accounts

The group accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), and consistent accounting principles are applied to all the periods presented.

Income statement

The consolidated income statement for 2009 embraces Norgani Hotels AS, with 74 hotel properties, and the Norwegian Property office portfolio of 48 properties at 31 December. Gross rental income totalled NOK 1 767.7 million (2008: NOK 1 866.8 million). Because a small hotel in Finland went into receivership, Norgani has recognised NOK 2.1 million in lost rental income for the quarter.

Maintenance and property-related costs

totalled NOK 147 million (2008: NOK 152.2 million). Other operating costs totalled NOK 165.9 million (2008: NOK 131.6 million), and were affected by special items totalling NOK 17.2 million related to the refinancing and personnel-related expenses. Operating profit before fair value adjustments was thereby NOK 1 454.7 million (2008: NOK 1 583.1 million). No costs related to research and development activities have been recognised in the 2009 accounts.

The downward adjustment to the fair value of the company's property portfolio totalled NOK 1 517.4 million, which corresponds to an accumulated negative value adjustment of 5.4 per cent for the year as a whole. The total downward adjustment in 2008 was NOK 3 987.5 million, equivalent to an accumulated negative value adjustment of 12.8 per cent for the year. This reduction reflects expectations of more vacant space, lower market rents, reduced inflation expectations and a higher required return. Properties were sold for NOK 1 billion in total during 2009, yielding an accounting loss of NOK 7.1 million. The consolidated operating loss after the negative adjustments to fair value for the property portfolio came to NOK 378.6 million (2008: NOK 2 591.1 million).

Financial income, which consists largely of interest income, totalled NOK 42.2 million (2008: NOK 26.6 million). Financial expenses, primarily interest expenses and other costs related to the company's financing, were NOK 1 098.2 million (2008: NOK 1 353.1 million). The company has secured financial instruments to manage interest rate and exchange rate risk. The change in fair value for these instruments had a positive effect of NOK 35.5 million (2008: negative effect of NOK 1 201.4 million). The loss before tax was thereby NOK 1 399 million (2008: NOK 5 118.9 million).

NOK 230.1 million is recognised in the

About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

Natural environment

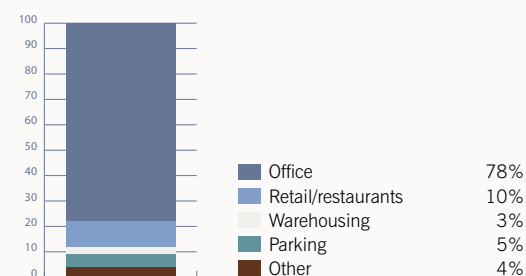
Corporate governance

Outlook

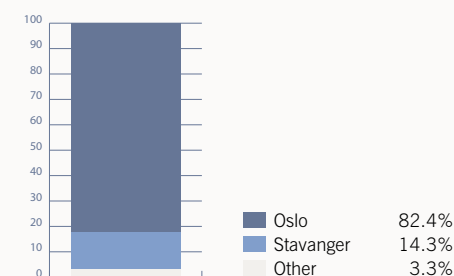
Declaration by the directors and chief executive

DIRECTORS' REPORT 2009

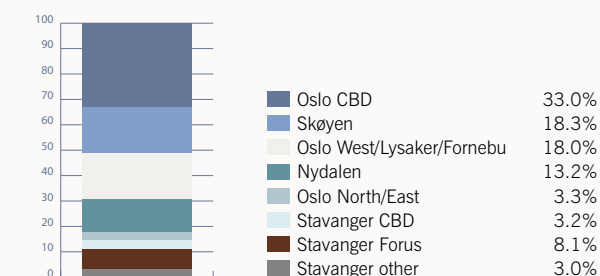
Gross rental income by category
at 31 Dec 09



Gross rental income by location
at 31 Dec 09



Gross rental income by city area/cluster
at 31 Dec 09



accounts as a tax credit (2008: NOK 928.2 million), which relates primarily to changes in deferred tax and deferred tax asset and accordingly has no cash flow effect. As a result, the net loss after tax is NOK 1 168.9 million (2008: NOK 4 058.4 million). That means earnings per share were negative at NOK 2.58 (2008: negative at NOK 25.81).

Cash flow

Cash flow from operations totalled NOK 1 480 million (2008: NOK 1 715.7 million). Net cash flow from investing activities was NOK 974.9 million (2008: NOK 847.2 million). Net cash flow from financing activities was negative at NOK 2 371.3 million (2008: NOK 3 032.2 million). The group reduced net interest-bearing debt by NOK 2 730.8 million in total during 2009, compared with NOK 3 843.5 million the year before. The net change in liquidity was NOK 83.7 million (2008: negative at NOK 469.3 million).

Balance sheet and liquidity

Cash in hand at 31 December amounted to NOK 248.2 million (2008: NOK 174.2 million). In addition, the group had NOK 365 million in

unused drawing rights at 31 December. Total equity was NOK 4 918 million (2008: NOK 5 001.2 million), representing an equity ratio of 19.9 per cent (2008: 17.3 per cent). After deduction of minority interests, carried equity per share came to NOK 10.85 (2008: NOK 24.80).

Interest-bearing debt at 31 December was NOK 18 378.8 million (2008: NOK 21 840 million). At 31 December, the average interest rate on the company's loans was 5.33 per cent (2008: 5.84 per cent). The average loan margin was 0.98 (2008: 0.81 per cent). The average remaining term to maturity for the loans was three years (2008: 3.9 years).

The group had concluded net interest rate hedging contracts totalling NOK 19 476.5 million (2008: NOK 18 487 million) at 31 December. That represented a hedging ratio of 105.7 per cent (2008: 84 per cent). The average remaining term of the interest rate hedges was 3.1 years (2008: 4.5 years). The bulk of the hedging is not subject to hedge accounting under IAS 39.

Properties

Commercial property

Gross rental income from the office premises totalled NOK 1 043.9 million (2008: NOK 1 079.4 million). The average remaining term of the portfolio's leases at 31 December was five years (2008: 5.6 years), and rents are adjusted annually by an average of 97.1 per cent of the CPI.

The sale of two properties totalling NOK 1 billion was completed during 2009. A contract on the sale of Grev Wedels plass 9 was signed in September 2008 and implemented in January. The sales contract for Drammensveien 144 in Oslo was signed in February, with the transaction closed in March.

Work on renegotiating leases to secure an improved level of rent and on maintaining low vacancy was given priority during 2009.

Norwegian Property has financially sound and attractive organisations and companies as tenants. The 25 largest office tenants accounted for 72.8 per cent of annual rental income at 31 December 2009.

A total of 121 leases were awarded or renegotiated in 2009 with a combined value of

NOK 43.9 million, which represents an increase of 16.9 per cent from the level for the expired leases.

Norwegian Property is well positioned in the market for commercial property, with low vacancy in the portfolio, financially sound clients, long leases and an underlying potential for increasing the level of rents. A moderate proportion of the leases in the company's portfolio expire in 2010, with rather more expiring in 2011 and 2012. Given the expected development of the market, this also represents an opportunity to increase rental income.

Hotel properties

Gross rental income for 2009 was NOK 723.8 million (2008: NOK 787.4 million). The average remaining term for the leases is 9.5 years (2008: 10.1 years), and most specify minimum rents which are inflation-adjusted annually. The minimum guaranteed rental income for 2010 is NOK 544 million. In addition come seller guarantees of NOK 25 million.

Tenants largely comprise the biggest hotel chains operating in the Nordic region. The most important tenants are leading international and

About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

Natural environment

Corporate governance

Outlook

Declaration by the directors and chief executive

DIRECTORS' REPORT 2009

regional hotel chains, including Scandic Hotels, Choice Hotels Scandinavia and Rezidor. Of these, Scandic Hotels accounts for 57 per cent of turnover, Choice Hotels for 21 per cent and Rezidor for five per cent.

In the hotel segment, Norgani Hotels concentrates primarily on three- and four-star hotels located in Nordic towns with more than 50 000 inhabitants. Historically, these have experienced greater stability in turnover than hotels in the high-end segment and the sector as a whole. All

but one of the hotels have leases with turnover-based rents.

The independent operator of the Korpilampi hotel in Finland went into receivership during 2009. Efforts are being made to continue operation with a new operator.

The sale of the Park Inn hotel property in Tollbugata 28 was completed in February 2009.

Norgani awarded a new lease for Hotel Europa in Copenhagen during 2009 to Finland's Omenahotelli Oy. Running for 15 years, the lease

replaces the existing contract which expired in 2010. The lease is regarded as attractive, and is based on a fixed rent with annual CPI adjustment. In addition, Norgani will receive a share of turnover when this exceeds a specified level. Norgani will upgrade the hotel in cooperation with Omenahotelli, and has received satisfactory bank guarantees from the new tenant.

Valuation of the properties

DTZ Realkapital and Akershus Eiendom performed independent valuations of the group's office and hotel properties in Norway, Sweden, Finland and Denmark at 31 December 2009. The valuation models are based on discounting cash flows related to existing leases and the value of market rents after the expiry of existing leases. Individual assessments of current expenses and upgrading costs and the risk of vacancy at the expiry of existing leases are made on a property-by-property basis.

The board and executive management have carried out independent assessments of parameters which affect the value of the group's properties, including developments in interest rates, market rents, occupancy, the yield level on property transactions and the quality of the properties. On the basis of these assessments, the board has concluded that the external valuations provide a realistic valuation of the properties. The total carried amount of the company's investment properties, after deducting tax compensation for purchases, was NOK 23 732.7 million at 31 December 2009 (2008: NOK 27 312.6 million).

Events after the balance sheet date

Norwegian Property issued a new bond loan of NOK 235 million in January 2010 to refinance earlier bond loans maturing in March 2010. The company has thereby refinanced all debts

maturing in 2010.

An extraordinary general meeting of Norwegian Property was held on 3 February 2010, which resolved to amend article 8 in the articles of association and to mandate the board to increase the share capital.

In cooperation with the executive management, the board has conducted extensive work on the company's strategy since the New Year. The group's hotel and office businesses operate to a great extent as independent entities today and, in the board's view, offer limited synergies. The board has accordingly initiated a process with the primary goal of refining these businesses into two independent companies during 2010. ABG Sundal Collier has been hired as a financial adviser to coordinate such a process.

The board's ambition is that both businesses will be leaders in their respective markets. Norwegian Property's ambition is that its hotel and office operations will both be fully integrated property companies with a professional approach at all stages in the value chain – leasing, administration, transactions, finance and development.

Norwegian Property ASA reached agreement on 24 February 2010 over the sale of Oksenøyveien 3 at Fornebu in Bærum local authority. The gross value of the property is NOK 175 million, which corresponds to the prevailing valuation after the property's area has been measured and reclassified in relation to applicable market standards. The buyer is HMK Invest AS. This sale is in line with Norwegian Property's strategy for active management of its portfolio. The transaction is due to be completed during March 2010.

It was announced on 11 March 2010 that Norwegian Property had conducted a private placement directed towards professional Norwegian and international investors. The objective

The largest tenants at 31 December 2009

Tenant	Annual rent ¹	Share of total	Remaining term, years
1 EDB Business Partner ASA	84.2	8.0%	9.2
2 Aker Solutions ASA	83.4	8.0%	9.3
3 DnB NOR ASA	72.7	6.9%	3.3
4 Nordea	46.4	4.4%	4.1
5 Statoil ASA	43.2	4.1%	3.1
6 SAS Scandinavian Airlines Norge AS	43.1	4.1%	6.9
7 If Skadeforsikring	40.9	3.9%	2.8
8 Aker Offshore Partner AS	34.1	3.2%	5.0
9 Total E&P Norway AS	31.2	3.0%	8.1
10 Høegh Autoliners Management AS	28.2	2.7%	10.2
11 Get AS	27.8	2.7%	1.4
12 Telenor Eiendom Holding AS	27.4	2.6%	5.7
13 NetCom AS	24.2	2.3%	2.9
14 Skanska Norge AS	22.3	2.1%	5.3
15 Fokus Bank	20.3	1.9%	3.1
16 Atea ASA	18.8	1.8%	2.7
17 TDC AS	16.3	1.6%	1.5
18 NAV	15.5	1.5%	1.7
19 Uno-X Energi AS	14.5	1.4%	3.9
20 Tieto Norway AS	13.9	1.3%	2.6
21 BW Offshore AS	11.8	1.1%	3.9
22 Simonsen Advokatfirma DA	11.7	1.1%	3.0
23 Økokrim	11.5	1.1%	16.6
24 ErgoGroup AS	10.7	1.0%	1.7
25 Schibsted Eiendom AS	9.6	0.9%	4.0

¹ Level of rents at 1 January 2010.

About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

Natural environment

Corporate governance

Outlook

Declaration by the directors and chief executive

DIRECTORS' REPORT 2009

of the private placement was to strengthen the company's balance sheet and enhance flexibility in relation to the current process of separating Norwegian Property into two independent players. It was substantially oversubscribed and the issue price was set at NOK 12 per share. The gross proceeds were NOK 543.9 million.

This expansion in the share capital was approved by the board in accordance with its mandate. The share capital has been increased by NOK 22 663 000 through the issue of 45 326 000 new shares, corresponding to about 10 per cent of the company's share capital prior to the issue. Following the completion of the private placement, the company's share capital is NOK 249 298 416 divided into 498 596 832 shares with a nominal value of NOK 0.5 each.

Going concern assumption

Pursuant to the Norwegian Accounting Act, the board confirms that the going concern assump-

tion is realistic. The annual accounts for 2009 have been prepared on that basis.

Coverage of net loss in the parent company

The board proposes that the net loss for the year be covered by a transfer from other paid-in equity and the share premium reserve. The board will propose to the AGM in May that no dividend be paid for the fiscal year 2009.

Organisation

The group had 32 employees at 31 December, including 18 in the hotel business. Daily operation of the properties has largely been outsourced to external partners. The group's executive management comprises four people, including the CEO of Norgani Hotels. One of these executives is a women. Females account for 56.3 per cent of the group's employees. It is the board's ambition that future appointments will help to maintain a

continued balance between the genders. Weight has been given when recruiting management and key personnel to combining professional expertise and experience of the property sector, while ensuring that personal qualities contribute to an aggressive and efficient organisation. The board's ambition is that Norwegian Property will be a leading Norwegian centre of expertise for managing commercial property.

Organisational changes since 31 December

Olav Line took over as president and CEO of Norwegian Property in January 2010. He succeeded the former CFO, Mari Thjømøe, who had served as acting chief executive following the departure of Petter Jansen in October. Mr Line was previously chief executive of Steen og Strøm AS, and has 25 years of experience in the Norwegian and Nordic property market.

Svein Hov Skjelle took over in January 2010

as CFO of Norwegian Property. He has previously held various posts in finance, management and accounting, most recently as CFO for the Entra Eiendom AS property company. Before that he held a similar post in Norwegian Property from 2006-2009.

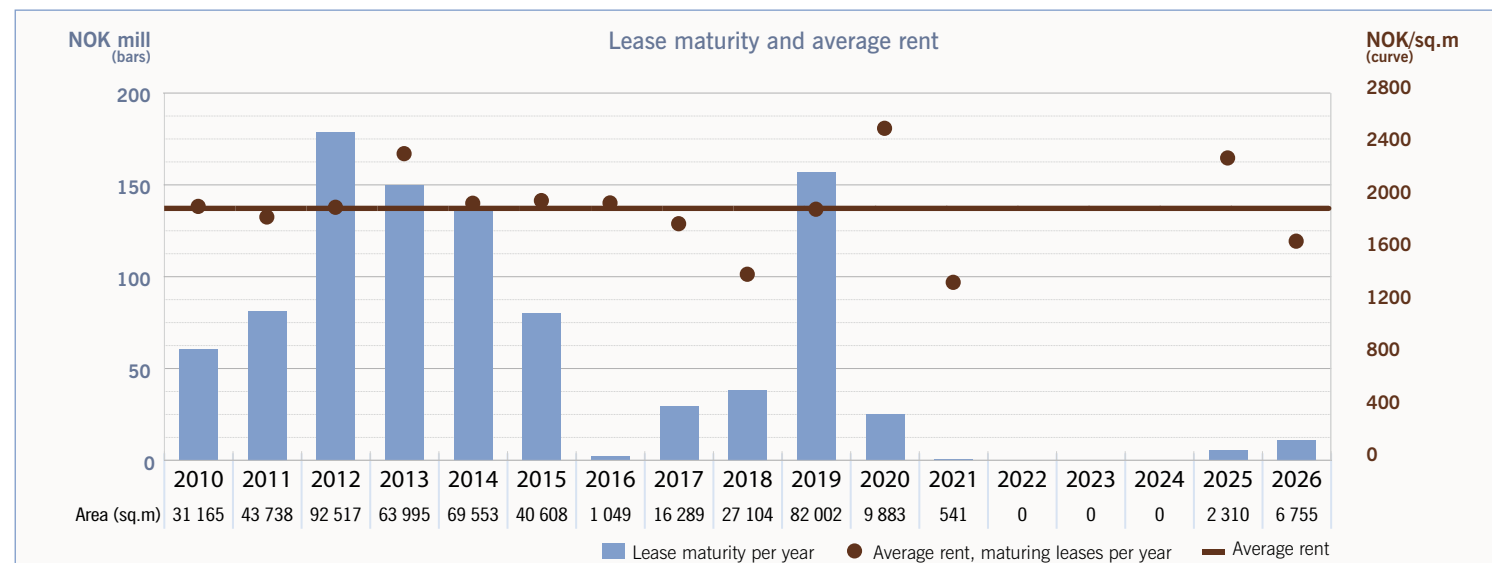
Health, safety and the working environment

No injuries were recorded in Norwegian Property's business during 2009. Overall sickness absence for Norwegian Property ASA and Norgani Hotels AS was 3.95 per cent in 2009. The board gives weight to ensuring a good working environment in Norwegian Property through appropriate premises, dynamic working conditions and challenging jobs.

Natural environment

The group's business causes little pollution of the natural environment. As far as possible, efforts are made in development and rehabilitation projects to adopt environment-friendly materials and to facilitate the use of renewable energy sources such as district heating. The group has taken steps to identify activities which can contribute to reducing energy consumption in its buildings. Great attention is also paid to optimising the operation of the properties, which in turn contributes to reducing energy consumption. Work on energy labelling of the properties will be initiated in 2010.

Norwegian Property manages a substantial amount of property, and accordingly has an impact on the local environment around its holdings. The company's ambition is to contribute to the development of the natural environment through rehabilitation, maintenance and possible new building.



About Norwegian Property

Strategic priorities

Market conditions

The property market

Risk and risk management

The year 2009

Group accounts

Properties

Events after the balance sheet date

Going concern assumption

Organisation

Organisational changes since 31 December

Health, safety and the working environment

Natural environment

Corporate governance

Outlook

Declaration by the directors and chief executive

DIRECTORS' REPORT 2009

Corporate governance

Norwegian Property's overarching principles for corporate governance are intended to secure an appropriate division of roles between the company's owners, board of directors and executive management. Such a division will ensure that goals and strategies are adopted, that the approved strategies are implemented in practice and that the results achieved are measured and followed up. The principles will also help to ensure that the group's operations are subject to satisfactory controls. An appropriate division of roles and satisfactory controls will contribute to the greatest possible value creation over time to the benefit of shareholders and other stakeholders. One goal is that good corporate governance will contribute to positive relations between Norwegian Property and its shareholders and other stakeholders. Corporate government in the company will be based on the following main principles:

- The company will treat all shareholders equally
- The interests of the shareholders in general will be protected
- The company will provide full, accurate and correlated information about its operations at the right time, and present it simultaneously and with the same content to all recipients
- The division of roles between owners, board and executive management will preserve their independence and prevent conflicts of interest

- Transactions with close associates will be conducted on an arm's-length basis
- Compliance with applicable recommendations for good corporate governance will be based on the "comply or explain" principle.

A more detailed presentation of the company's corporate governance is provided in a separate section of the annual report.

Outlook

Underlying macro-economic developments, measured by changes to GDP, showed positive tendencies towards the end of 2009. However, uncertainty related to the macro-economic outlook remains considerable, and most people expect relatively low growth in the world economy as a result of high unemployment and government debt in many countries. The Norwegian economy has been robust during the economic downturn, and less affected by international conditions than many other countries. Vacant space has increased in recent years, but this growth is expected to level off next year. Market rents in the office market are stabilising. Norwegian Property is well positioned in the market for commercial property, with attractive properties, low vacancy in the portfolio and a high proportion of long leases. A moderate proportion of the leases in the company's portfolio expire in 2010, with a growing share expiring in 2011 and 2012. Renegotiation of leases on improved terms has high priority.

The hotel market normally lags behind the

office sector in the economic cycle. The negative trend for RevPAR seemed to show a tendency to level off towards the end of 2009, but 2010 is also expected to a weak year. However, this has a limited effect on the company's cash flow since Norgani Hotels has safeguarded its future revenues to a considerable extent through its lease structure with minimum rents and the largest hotel operators as counterparties. Turnover-based rents also mean that Norgani Hotels will be well placed when the hotel market later shows a positive trend.

Following the financial restructuring in 2009, Norwegian Property has a better equity position and renegotiated loan agreements. The issue of a new bond loan in January 2010 means that all debt maturing in 2010 has been refinanced. The company will be concentrating its attention in the future on extending the duration of its other credit facilities.

With the market's leading hotel and office portfolio, and a renewed focus on value drivers in the property sector, Norwegian Property's businesses have a solid foundation for serving as leading players in their respective markets.

Declaration by the directors and chief executive

The board of directors and the chief executive have today reviewed and approved the directors' report and the annual consolidated and parent company financial statements for Norwegian Property ASA at 31 December 2009. The consolidated financial statements have

been prepared in accordance with the IFRS as adopted by the European Union and associated interpretations as well as additional Norwegian disclosure requirements in the Norwegian Accounting Act in force at 31 December 2009. The parent company's financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles at 31 December 2009. The directors' report for the group and the parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no 16 at 31 December 2009.

To the best of our knowledge, we confirm that:

- The annual parent company and consolidated financial statements for 2009 have been prepared in accordance with applicable accounting standards
- The financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss as a whole at 31 December 2009 for the group and the parent company
- The directors' report for the group and the parent company includes a true and fair review of the development and performance of the business and the position of the group and the parent company, and of the principal risks and uncertainties facing the group and the parent company.

Oslo, 24 March 2010

The board of directors of Norwegian Property ASA



Tormod Hermansen
Chair



Harald Grimsrud
Director



Gry Mølleskog
Director



Nils K. Selte
Director



Synne Syrrist
Director



Olav Line
President and CEO

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

INCOME STATEMENT 1 JAN – 31 DEC

Consolidated

(Amounts in NOK 1 000)		Note	2009	2008
Rental income from properties			1 767 665	1 866 774
Gross rental income			1 767 665	1 866 774
Maintenance and property-related costs			(147 031)	(152 151)
Other operating expenses		18, 19	(165 901)	(131 562)
Total operating cost			(312 932)	(283 713)
Operating profit before fair value adjustment, investment property			1 454 733	1 583 061
Gain/loss from fair value adjustment of investment property		7	(1 517 369)	(3 987 503)
Gain/loss from sales of investment property		7	(7 104)	34 362
Impairment of goodwill		9	(308 832)	(220 968)
Operating profit			(378 571)	(2 591 047)
Financial income		20	42 233	26 627
Financial costs		20	(1 098 198)	(1 353 046)
Change in market value of financial derivative instruments		12, 20	35 518	(1 201 439)
Net financial items			(1 020 447)	(2 527 858)
Profit before income tax			(1 399 018)	(5 118 905)
Income tax expense		17, 21	230 076	928 194
Profit for the year			(1 168 942)	(4 190 711)
Minority interests				132 322
Profit after minority interests			(1 168 942)	(4 058 389)
Earnings per share attributable to shareholders (amounts in NOK)			(2.58)	(25.81)

COMPREHENSIVE INCOME STATEMENT IN ACCORDANCE WITH IAS 1

Consolidated

(Amounts in NOK 1 000)		2009	2008
Profit for the year		(1 168 942)	(4 190 711)
Translation differences		(433 824)	442 295
Gain (loss) in market value of financial derivative instruments		69 997	(81 118)
Tax on other income and cost		(19 599)	22 713
Total profit for the period		(1 552 368)	(3 806 821)
Majority share of total profit for the period		(1 552 368)	(3 674 499)
Minority share of total profit for the period		-	132 322

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

BALANCE SHEET AS OF 31 DECEMBER

Consolidated

<i>(Amounts in NOK 1 000)</i>				
	Note	2009	2008	2007
ASSETS				
Non-current assets				
Financial derivative instruments	12	33 719	37 333	581 458
Goodwill	9	580 230	885 642	1 064 987
Investment property	7	23 732 704	27 312 567	31 113 889
Other tangible assets	8	6 997	9 858	2 965
Shares and interests		1 691	2 014	1 623
Receivables		8 883	11 192	1 575
Total non-current assets		24 364 225	28 258 607	32 766 497
Current assets				
Financial derivative instruments	12	2 745	127 475	106 765
Trade receivables	13	93 037	172 125	186 369
Other receivables	13	4 825	193 896	180 780
Cash and cash equivalents	3	248 216	174 220	635 476
Total current assets		348 823	667 716	1 115 590
TOTAL ASSETS		24 713 047	28 926 323	33 882 087

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

BALANCE SHEET AS OF 31 DECEMBER

Consolidated

(Amounts in NOK 1 000)		Note	2009	2008	2007
EQUITY AND LIABILITIES					
Equity					
Share capital	14	226 635	5 040 885	2 637 039	
Share premium		2 539 654	1 196 268	1 211 081	
Other paid-in equity		6 440 068	1 500 000	1 500 000	
Retained earnings		(4 296 643)	(3 127 701)	1 310 962	
Other reserves		8 282	391 708	7 818	
Total equity		4 917 996	5 001 160	6 830 903	
Non-current liabilities					
Financial derivative instruments	12	487 775	679 260	-	
Deferred tax	17, 21	365 497	565 496	1 521 767	
Interest-bearing debt	16	17 781 346	21 021 975	21 733 946	
Non-current liabilities		18 634 618	22 266 731	23 255 713	
Current liabilities					
Financial derivative instruments	12	11 184	116 866	26 075	
Interest-bearing debt	16	597 492	818 611	1 498 193	
Trade payables		15 486	29 432	44 086	
Other liabilities	15	536 271	693 523	631 279	
Total current liabilities		1 160 432	1 658 432	3 795 470	
Total liabilities		19 795 051	23 925 163	27 051 183	
TOTAL EQUITY AND LIABILITIES		24 713 047	28 926 323	33 882 087	

Oslo, 24 March 2010
The board of directors of Norwegian Property ASA


Tormod Hermansen
Chairman


Harald Grimsrud
Director


Gry Mølleskog
Director


Nils K. Selte
Director


Synne Syrrist
Director


Olav Line
President and CEO

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP								
STATEMENT OF CHANGES IN EQUITY								
Consolidated								
(Amounts in NOK 1 000)	Equity attributable to shareholders of the company					Translation differences	Minority interests	Total equity
	Share Capital	Share premium	Other paid-in equity	Retained earnings	Other reserves ¹			
Total equity 31 December 2007	2 637 039	1 211 081	1 500 000	1 310 962	7 818	-	164 003	6 830 903
Financial derivatives, net of tax	-	-	-	-	(58 405)	-	-	(58 405)
Profit for the period	-	-	-	(4 058 389)	-	442 295	(132 322)	(3 748 416)
Total income for 2008	-	-	-	(4 058 389)	(58 405)	442 295	(132 322)	(3 806 821)
Capital increase, June 2008	2 403 846	96 154	-	-	-	-	-	2 500 000
Equity issue cost, net of tax	-	(110 967)	-	-	-	-	-	(110 967)
Dividend paid for 2007	-	-	-	(263 704)	-	-	-	(263 704)
Acquisition of minorities in subsidiaries and divestment of subsidiaries with minorities	-	-	-	(116 570)	-	-	(31 681)	(148 251)
Transactions with shareholders	2 403 846	(14 813)	-	(380 274)	442 295	-	(31 681)	1 977 078
Total equity 31 December 2008	5 040 885	1 196 268	1 500 000	(3 127 701)	391 708	442 295	-	5 001 160
Financial derivatives, net of tax	-	-	-	-	50 398	-	-	50 398
Profit for the period	-	-	-	(1 168 942)	-	(433 824)	-	(1 602 766)
Total income for 2009	-	-	-	(1 168 942)	50 398	(433 824)	-	(1 552 368)
Capital decrease	(4 940 068)	-	4 940 068	-	-	-	-	-
Capital increase	125 818	1 383 995	-	-	-	-	-	1 509 813
Equity issue cost, net of tax	-	(40 609)	-	-	-	-	-	(40 609)
Translation differences	-	-	-	-	-	-	-	-
Transactions with shareholders	(4 814 250)	1 343 386	4 940 068	-	-	-	-	1 469 204
Total equity 31 December 2009	226 635	2 539 654	6 440 068	(4 296 643)	442 106	8 471	-	4 917 996

¹ Other reserves include hedging reserves.

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

CASH FLOW STATEMENT 1 JAN – 31 DEC

Consolidated

(Amounts in NOK 1 000)	2009	2008
Ordinary profit before income tax	(1 399 018)	(5 118 905)
- Paid taxes in the period	(24 862)	(8 894)
+ Depreciation of tangible assets	3 976	2 141
+/- Fair value adjustments of investment properties	1 517 369	3 987 504
-/+ Gain/loss from sale of investment properties	7 104	(34 362)
+/- Fair value adjustments of financial derivative instruments	(35 518)	1 201 439
+ Impairment of goodwill	308 832	220 968
+/- Net financial items excluding fair value adjustments of financial derivative instruments	1 055 965	1 326 419
+/- Change in current items	46 185	139 368
= Net cash flow from operating activities	1 480 033	1 715 677
- Payments for purchase of non-current assets (investment properties)	(77 439)	(308 302)
+ Received for sale of non-current assets (investment properties)	1 052 387	1 311 029
- Payments for purchase of subsidiaries	-	(155 521)
= Net cash flow from investment activities	974 948	847 206
+/- Net change in non-current debt	(2 730 818)	(3 843 536)
+/- Net financial items excluding fair value adjustments of financial derivative instruments	(1 055 965)	(1 270 799)
+ Capital increase	1 450 638	2 345 879
- Dividend payments	-	(263 704)
+/- Other financing activities	(35 109)	-
= Net cash flow from financing activities	(2 371 254)	(3 032 159)
= Net change in cash and cash equivalents	83 727	(469 276)
+ Opening balance of cash and cash equivalents	174 220	635 476
+/- Exchange rate effects	(9 731)	8 020
Cash and cash equivalents 31 December	248 216	174 220

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

NOTES TO THE ANNUAL ACCOUNTS

NOTE 1 GENERAL INFORMATION

The Norwegian Property ASA group is a real estate investment company established in 2006 which invests in large, centrally located commercial properties in Norway's biggest cities. At the end of 2009, the company owned 48 properties in Oslo and Stavanger. All these properties were acquired after 9 June 2006. In 2007 and 2008, Norwegian Property through Oslo Properties acquired all the shares in the previously listed Norgani Hotels group. At the end of 2009, the Norgani Hotels group owned 73 hotel properties and one congress centre in Sweden, Norway, Finland and Denmark. The purpose of the company is to provide private and institutional investors with access to a large, liquid and diversified investment alternative with exposure to centrally located high-quality commercial properties.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Norwegian Property ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and effective as of 31 December 2009, and additional requirements pursuant to the Norwegian Accounting Act as of 31 December 2009.

IFRS standards and interpretations published before the reporting of the financial statement, but not mandatory as of 31 December 2009, are not adopted by the group. The company has reviewed the effects of implementing these unimplemented non-obligatory standards and interpretations. No significant effects have been identified with regard to the annual financial statements, the assessment of reported figures or their presentation as a consequence of a future implementation.

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) which are carried at fair value through profit and loss.

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

Changes have been made in the financial statements and the accompanying information as a result of adaptation to the modified IAS 1. The most important changes are the introduction of the presentation of total income and the reclassification of parts of the financial derivatives from current to non-current. Reclassification of the derivatives also leads to the requirement to prepare of three-year balance sheet figures.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are defined as all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally resulting from a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights which are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which such control ceases.

Purchases of single purpose entities owning only property, with no employees, management or recorded procedure descriptions are not considered to be an acquisition of business (IFRS 3 Business Combinations is not applicable). Norwegian Property allocates the cost of such purchases between the individual identifiable assets and liabilities acquired, based on their fair value at the date of acquisition.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

The acquisition cost is measured as being the fair value of assets used as a consideration, equity instruments issued and liabilities incurred related to the transfer of control and direct costs related to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities are recognised at fair value at the date of acquisition, irrespective of any minority interest. The excess cost of acquisition over the fair value of identified net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement at the date of acquisition.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction indicates evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions and minority interests

Minority interests are included in the group's income statement, and are specified as minority interests. Correspondingly, minority interests are included as part of the group's shareholders' equity and are specified in the consolidated balance sheet.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services subject to risks and returns which are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment subject to risks and returns which are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statement is presented in NOK, which is the company's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into NOK using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) which have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date
- (ii) Income and expenses for each income statement are translated at average exchange rates
- (iii) All resulting translation differences are recognised as a separate component of equity.

On consolidation, exchange rate changes arising from translation of the net investment in foreign entities, and of financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such translation differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value of assets arising from the acquisition of a foreign entity are allocated to the acquired entity and translated at the closing rate.

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP

2.5 Investment property

Property held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property is initially measured at acquisition cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices adjusted if necessary for any differences in the nature, location or condition of the specific asset. The fair value of investment property reflects, amongst other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Changes in fair values are recorded in the income statement under gain on fair value adjustments on investment property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Other repairs and maintenance costs are charged to the income statement during the financial period in which they incur. Expenses related to tenants' accommodation, e.g replacement of walls, are activated together with the asset's carrying amount simultaneously as the remaining carrying amount of the replaced components is derecognised. If an investment property is used by the company, it is reclassified as property, plant and equipment unless the internal use is insignificant. Fair value at the date of reclassification is the property's acquisition cost.

Assets under construction are classified as property, plant and equipment measured at cost until completion, when the asset is transferred to investment property.

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure directly attributable to the acquisition of the item. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they incur.

2.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of net identifiable assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest levels for which there are separately identifiable cash flows. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.8 Impairment of non-financial assets

Assets which have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised with the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.9 Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and assets available for sale. The classification is determined in accordance with the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading purposes. A financial asset is classified within this category if acquired principally for the purpose of short-term trade owing to favourable short-term market movements. Derivatives are classified as held for trade unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (Note 2.11).

2.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently reassessed at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of net investments or a highly probable forecast transaction (cash flow hedge).

The group documents, at the inception of the transaction, the relationship between the hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking the hedge transactions. The group also documents whether the derivatives used in hedging are effective in offsetting changes in fair value or cash flows related to the hedged items. Such assessments are documented both at hedge inception and on an ongoing basis.

The fair value of various derivative instruments used for hedging purposes is disclosed in Note 12. Changes in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is greater than 12 months or as a current asset or liability when the remaining maturity is less than 12 months.

(a) Derivatives not included as hedge accounting

The majority of the group's interest rate and currency swaps are assumed not to qualify for hedge accounting. Changes in the fair value of any derivative instruments which do not qualify for hedge accounting are recognised immediately in the income statement under changes in market value of financial derivatives.

(b) Cash flow hedge

The effective portion of changes in fair value derivatives designed for and qualify as cash flow hedges are recognised within equity. The gain or loss relating to the ineffective portion is recognised in the income statement under other financial income (costs).

Amounts taken directly to equity are recognised in the income statement in the period where the hedged item affects profit or loss (for example, when the planned hedged sale takes place). The gain or loss related to the effective portion of interest rate swaps hedging floating-rate loans is recognised in the income statement under financial expenses. Gain or loss related to the effective portion of a currency future contract hedging export sales is recognised as revenues. The gain or loss related to the ineffective portion is recognised in the income statement under other financial income (costs).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is reversed when the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement under changes in market value of financial derivatives.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss related to the ineffective portion is recognised immediately in the income statement under change in market value of financial derivative instruments. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed or sold.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP

provision is the difference between the asset's carrying amount and recoverable amount which is the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and changes in the provision are recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement under other operating expenses.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits, other current highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown under borrowings in current liabilities on the balance sheet.

2.13 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the duration of the borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination which, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) which have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary differences will not reverse in the foreseeable future.

2.17 Revenue recognition

Revenue includes rental income, service charges and management charges from properties, and income from property trading. Revenue comprises the fair value of the consideration received for the services in the ordinary course of the group's activities. Revenue is shown net of value added tax, rebates and discounts and after eliminating sales within the group.

(a) Rental income

Rental income is recognised over the life of the rental period.

(b) Other income

Other income is recognised as it is earned.

2.18 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.19 Interest expense

Interest expenses on borrowings are recognised under financial costs in the income statement using the ef-

fective interest rate method. The effective interest rate method is used to allocate amortised cost to financial assets and financial liabilities and for correct accrual of interest income and interest expense. The effective interest rate distributes the future cash flows throughout the duration of the loan and indicates the real net value of the financial asset or liability.

When calculating the effective interest rate, all fees are included and distributed over the relevant period (term to maturity).

2.20 Pensions

Norwegian Property ASA operates a defined contribution plan for all employees. In addition, the CEO of Norwegian Property has a defined benefit pension plan. Norgani Hotels AS including subsidiaries operates defined contribution plans for all new employees. Some employees are included in a former defined benefit plan in Norway. A defined contribution pension scheme is an arrangement whereby the group pays fixed (defined) amounts to a privately held administered scheme. The group has no legal or other obligations to pay further amounts in the event that the pension scheme itself has insufficient assets to pay contributions to employees relating to rights earned in current or previous periods. Contributions are recognised as employee benefit expense when they fall due. Prepaid contributions are recognised as an asset to the extent that the cash refunds or reductions in future payments are available.

A defined benefit plan is a pension plan which defines an amount of pension benefit which an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the straight-line earnings method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, in excess of the greater of 10 per cent of the value of plan assets or 10 per cent of the defined benefit obligation, are charged or credited to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

NOTE 3 FINANCIAL RISK MANAGEMENT

The group's activities imply the exposure to a variety of financial risks: market risk (including foreign exchange, interest rate and price risk), credit risk, liquidity risk and capital risk management. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's profit/loss and equity. The group use hedging instruments designed to mitigate certain risks.

Risk management for the group is managed by the corporate treasury in accordance with guidelines approved by the board. The management identifies, evaluates and hedge financial risks in close cooperation with the group's operational units. The board provides written policies for the overall risk management and written guidelines for specific areas such as foreign exchange and interest rate risk.

3.1 Market risk

Foreign exchange risk

The group operates in different countries and is exposed to foreign exchange risks in several currencies, mainly related to Norgani Hotels business in Sweden (SEK), Finland (EUR) and Denmark (DKK). Investments in foreign subsidiaries implies risks related to the translation of net investments. Hedging is generally achieved by borrowings in the respective currencies. The group has to a smaller extent entered into hedging agreements to reduce the net asset exposure in foreign currencies. The general policy for Norgani Hotels is to hedge 70 per cent of the net exposure at any time, and the hedging ratio will never deviate by more than 20 percentage points from this baseline. The hedging ratio is measured on the basis of the portion of interest-bearing liabilities and derivatives compared with investment properties and cash and cash equivalents in the different currencies. The hedging ratio at the end of the year is specified in the table on the next page.

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

(Amounts in NOK 1 000)	2009					2008				
	NOK	SEK	EUR	DKK	Total	NOK	SEK	EUR	DKK	Total
Investment property	16 970 145	3 865 522	2 466 897	430 140	23 732 704	18 651 806	4 752 121	3 379 374	529 266	27 312 567
Cash and cash equivalents	177 203	79 040	(6 335)	(1 692)	248 216	81 477	25 247	70 095	(2 599)	174 220
Interest-bearing debt	(13 645 553)	(2 568 551)	(1 888 495)	(276 239)	(18 378 838)	(16 173 816)	(2 919 272)	(2 413 042)	(334 456)	(21 840 586)
Derivatives	-	(430 451)	(462 591)	(67 340)	(960 382)	-	(580 182)	(370 160)	(79 619)	(1 029 962)
Net exposure	3 501 795	945 560	109 476	84 869	4 641 700	3 589 429	1 277 914	666 267	112 592	4 616 239
Hedging ratio (per cent)	80	76	96	80	81	81	73	81	79	83

Rental income and operating costs for Norgani Hotels in foreign currencies, related to foreign subsidiaries, are not subject to currency hedging. In 2009, 82.2 per cent of Norgani Hotels revenue was related to Sweden, Finland and Denmark (2008: 77 per cent).

In 2009, 1.6 per cent (NOK 29 million annually) of Norwegian Property's (commercial properties) rental income was in foreign currency (EUR) and practically all operational expenses are denominated in NOK (2008: 3.7 per cent, NOK 41 million). This exposes the segment to limited foreign exchange risk. Norwegian Property has entered into hedging agreements to limit the risk related to foreign currencies.

Gains and losses on the group's (commercial properties) hedging contracts are classified as changes in market value of financial derivatives in the income statement. Notional principal amounts and the maturity of the group's total portfolio of forward exchange contracts at the end of 2009 are specified in local currencies in the table below (see also Note 12).

Currency	Notional principal amount in currency	< 1 year	1-2 years	2-5 years	Over 5 years
SEK	(525 000)	(525 000)	-	-	-
EUR	(56 119)	(28 572)	(7 937)	(10 975)	(8 634)
DKK	(60 000)	(60 000)	-	-	-

If NOK in relation to SEK, EUR and DKK was 10 per cent weaker/stronger as of 31 December 2009, and all other variables constant, profit/loss after tax for 2009 would change by approximately NOK 114 million (2008: approximately NOK 206 million) as a result of currency changes when translating foreign subsidiaries and hedging contracts.

Price risk

Rental income is exposed to changes in market rent, revenue based rent and inflation. The group prefer non-current leases. The average duration of leases at the end of 2009 was five years for commercial properties and 9.5 years for hotels (2008: 6.5 and 10.1 years respectively).

Leases for commercial properties secure a fixed revenue during the lease term. The majority of leases have a 100 per cent CPI adjustment clause allowing the company to adjust rental rates with the CPI development. The company seeks to secure such regulation clauses in all new contracts. Average CPI adjustment at the end of 2009 was one per cent, increasing annual rent for 2010 by NOK 10 million. The rent related to the shopping centre at Aker Brygge in Oslo is revenue-based, but the seller has given a rental guarantee to Norwegian Property related to the difference between the guaranteed rent and actual revenue-based rent until June 2010.

All leases for hotels, except one, are revenue-based (the single exception is a fixed rent contract with CPI adjustments). Most leases guarantee a certain minimum rent and the sellers of some hotels have given Norgani Hotels rental guarantees related to the difference between the guaranteed rent and the actual revenue-based rent.

Interest rate risk

The group is subject to interest rate risk related to floating-rate loans. Norwegian Property has a policy of hedging a minimum of 70 per cent of floating-rate loans outstanding. As at year end, 117 per cent of such loans (including cash) were hedged (2008: 93 per cent). The loan-to-value ratio is lower for Norgani Hotels

than for Norwegian Property, and the corresponding policy for Norgani Hotels is to hedge a minimum of 50 per cent of floating-rate loans outstanding. As at year end, 99 per cent of such loans were hedged (2008: 91 per cent).

In order to mitigate interest risk, the group has entered into interest rate swap agreements totalling NOK 19.5 billion at the end of the year (2008: NOK 18.5 billion). At the end of 2009, the average credit margin on floating-rate borrowings was 98 basis points (2008: 81 basis points). At the end of 2009, the average base rate of the loan portfolio was 5.33 per cent (2008: 5.84 per cent). The average remaining maturity of hedging agreements was 3.1 years (2008: 4.5 years). Notional principal amounts and the maturity for the group's total portfolio of interest rate hedges at the end of 2009 are specified in local currencies in the table below (see also Note 12).

Currency	Notional principal amount in currency	< 1 year	1-2 years	2-5 years	Over 5 years
NOK	(15 230 260)	(2 475 000)	(5 996 950)	(5 092 310)	(1 666 000)
SEK	(2 600 000)	(1 010 000)	(250 000)	(890 000)	(450 000)
EUR	(264 500)	(50 000)	(30 000)	(147 500)	(37 000)
DKK	-	-	-	-	-

In addition come interest rate swap agreements not actuated as of 31 December 2010.

If the average interest rate as of 31 December 2009 was 25 basis points higher/lower, and all other variables were constant, the group's profit/loss after tax would be NOK 33 million lower/higher (2008: NOK 39 million).

3.2 Credit risk

The majority of the group's rental revenues come from solid tenants. Tenants are preferably large, solid companies and public institutions who reduce the risk related to the agreements. New tenants are checked against credit rating agencies for an acceptable credit history. Most tenants have provided bank guarantees or made deposits with amounts equivalent to three months rent. Rents are generally invoiced quarterly in advance. Credit loss during 2009 and 2008 was limited.

Maximum credit exposure related to accounts receivable on the balance sheet date by business segments and currency are specified in the table below.

(Amounts in NOK 1 000)	2009			2008		
	Commercial properties	Hotel	Total	Commercial properties	Hotel	Total
Norway (NOK)	77 282	608	77 890	153 481	1 953	155 434
Sweden (SEK)	-	10 487	10 487	-	13 842	13 842
Denmark (DKK)	-	1 464	1 464	-	2 552	2 552
Finland (EUR)	-	3 196	3 196	-	297	297
Total	77 282	15 755	93 037	153 481	18 644	172 125

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP

3.3 Liquidity risk

The group aims to ensure that liquidity/credit facilities are sufficient to meet its foreseeable obligations as well as securing a reasonable capacity to meet unforeseen obligations. The funding strategy aims to maintain flexibility and withstand fluctuations in rental income. The liquidity reserve should largely consist of revolving credit and overdraft facilities rather than cash and cash equivalents. The liquidity reserve as of 31 December is specified in the table below.

(Amounts in NOK 1 000)	2009	2008
Cash and cash equivalents	248 216	174 220
– of which restricted cash and cash equivalents	(707)	(711)
Available cash and cash equivalents	247 509	173 509
Unused credit facilities	310 000	466 000
Unused overdraft facilities	55 000	55 000
Liquidity reserve	612 509	694 509

As described above, the group has a high degree of hedging against changes in market interest rates and foreign currencies, reducing the need for liquidity reserves to meet unforeseen obligations related to these areas. The group generated positive cash flows from operations related to results from ordinary operations/financial items (profit/loss before value changes, changes in exchange rates and gain/loss from sale of properties), for both 2009 (NOK 373 million) and 2008 (NOK 312 million). Additional liquidity risks are mainly related to instalments and maturity of liabilities. The maturity of liabilities for the group is specified in the table below. The classification is based on the maturity specified in the contracts. Amounts in the table are undiscounted cash flows (NOK 1 000).

	Book value	Expected cash flow	< 1 year	1-2 years	2-5 years	Over 5 years
31.12.09						
Interest-bearing loans ¹	18 378 838	18 418 721	328 576	9 785 271	7 865 624	439 250
Trade payables	15 486	15 486	15 486	-	-	-
Other payables	536 270	351 702	351 702	-	-	-
31.12.08						
Interest-bearing loans	21 840 586	21 840 586	818 611	2 317 738	17 033 030	1 700 819
Trade payables	29 432	29 432	29 432	-	-	-
Other payables	693 523	481 021	481 021	-	-	-

¹ The difference between the capitalised amount and the expected cash flow is caused by activated costs.

3.4 Capital risk management

The group's goal related to capital risk management is to ensure continued operation in order to secure a return on investment for owners and other stakeholders and to obtain an optimal capital structure to reduce capital costs. To improve its capital structure the group can adjust the level of dividends to shareholders, return capital to investors, issue new shares or sell assets to reduce debt. Capital risk management is monitored in part by the level of the group debt ratio (LTV/loan to value). The debt ratio is calculated by the proportion of gross interest-bearing debt compared with gross property value. The group has an objective to strengthen the financial position and to obtain a long-term LTV target of 60 to 65 per cent. The LTV ratio at the end of the year is specified in the table below.

(Amounts in NOK 1 000)	2009	2008
Non-current interest-bearing debt according to the balance sheet	17 781 346	21 021 975
Curent interest-bearing debt according to the balance sheet	597 492	818 611
Capitalised borrowing costs	38 429	37 942
Gross interest-bearing debt	18 417 267	21 878 528
Investment properties according to the balance sheet	23 732 704	27 312 567
Tax compensation at acquisition accounted for as a reduction of investment properties in the balance sheet	218 458	261 664
Gross property value	23 951 162	27 574 231
Loan to value (per cent)	77	79

NOTE 4 DETERMINATION OF FAIR VALUE

The consolidated financial statements have been prepared on a historical cost basis except for investment property, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) which are recognised at fair value through profit and loss.

Investment property

All group investment properties are valued at fair value based on a quarterly valuation update, and each property is valued as of 31 December 2009 by two independent experts. DTZ Realkapital and Akershus Eiendom have performed a valuation of all properties in Norway, Sweden, Denmark and Finland. Based on the external valuations and supplementary internal analysis of the market for the rental portfolio, management makes an overall fair value assessment to determine whether the external valuations fairly represent the value of investment properties. All properties are periodically subject to inspections and technical reviews. See also Note 5 for critical accounting estimates and judgements.

Financial instruments and derivatives

The estimated fair value of the group's financial instruments is based on market value and valuation methods as described below.

Cash and cash equivalents
Fair value is assumed to be equal to the book value.

Interest-bearing liabilities
The group recognises interest-bearing liabilities at amortised cost.

Trade receivable/other receivables and trade payables/other payables
In principle recognised initially at fair value and subsequently measured at amortised cost. However, discounting is normally not assumed to have a significant effect on this type of receivable and payable.

Shares and interests
Fair value of any listed shares and interests is valued at the market price listed at the balance sheet date. Shares and interests which are not listed are calculated using accepted and acknowledged valuation techniques, or carried at cost if fair value cannot be reliably measured.

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP				
Derivatives				
The fair value of financial derivatives, including currency forward exchange contracts/swaps and interest rate swaps, is determined by the net present value of future cash flows, calculated by using quoted interest rate curves and exchange rates at the balance sheet date. For derivatives related to Norwegian Property (commercial properties), the calculations are generally performed by banks. The company has checked and tested the valuation for reasonableness. For derivatives related to Norgani Hotels, the calculations are calculated by the company's treasury system and verified by external valuations from banks.				
When determining the fair value of net obligations to acquire investment properties, the valuation of the investment property is based on the same principles as described for ordinary valuation of investment properties. The liability is the net present value of future cash flows agreed in relation to the takeover of the property.				
The table below shows the assessment of fair value derivatives.				
Determination of fair value as of 31.12.09 by using				
	Given market value for corresponding assets and liabilities (level 1)	Other significant observable input (level 2)	Other significant non-observable input (level 3)	Total estimated fair value
Assets				
Financial derivatives	-	36 464	-	-
Liabilities				
Financial derivatives	-	(498 959)	-	-
Total	-	(462 495)	-	-
There have been no movements between level 1 and level 2.				

NOTE 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations about future events which are believed to be reasonable under current circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual figures. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investment properties

Investment property is valued at its fair value based on a quarterly valuation update. The procedures for determination of fair value for investment properties are described in Note 4. Norwegian Property's portfolio of commercial properties is, in line with these principles, externally valued each quarter after the incorporation in 2006. The hotel portfolio (Norgani Hotels) was acquired at the end of the third quarter of 2007 and externally valued from year end 2007.

Properties are valued by discounting future cash flows. Both contractual and expected cash flows are included in the calculations. Therefore, fair value assessment of investment properties depends largely on assumptions related to market rents, discount rates and inflation. Market rents in the primary valuations are based on individual assessments of each property and segmentations of different areas within the properties, if relevant. Macroeconomic assumptions for interest rate level, inflation expectations, etc, are updated as part of the calculations. Inflation expectations are based on consensus from banks and public statistics agencies (1.62-2.60 per cent for Norway, 2.00 per cent for Denmark, 1.10-2.00 per cent for Sweden and 1.18-1.78 per cent for Finland). Cash flows from current leases are discounted with individual discount rates compared to cash flows from renewals at market rent and residual values, based on an assessment of the properties and tenants. Current rent for commercial properties are discounted based on discount rates in the interval 6.25-11.00 per cent, based on individual assessments of the single properties. Current rent for hotels is correspondingly discounted on the basis of discount rates in the interval 5.50-11.30 per cent.

The sensitivity related to fair value assessment of investment properties depends mainly on assumptions related to yield, interest rates, inflation and market rent for properties. The table below shows examples of how changes related to each of these variables influence property values at year end 2009, assuming all other variables are constant (amounts in NOK million).

Variables	Changes of variables	Commercial-properties ¹	Hotel ¹
Net market yield	+ 0.25 per cent	(277)	(194)
Market interest rate	+ 0.25 per cent	(263)	(177)
Inflation	+ 1 per cent	130	(72)
Market rent	+ 10 per cent	1 184	955

¹ The calculations are carried out by DTZ Realkapital in connection with the valuations carried out at year end 2009.

Fair value of financial derivatives

The group's financial derivatives include currency forward contracts/swap contracts, interest rate swap contracts and the obligation to acquire investment properties. The procedures for valuation of financial derivatives are described in Note 4.

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP								
NOTE 6 SEGMENT INFORMATION								
Business segments								
The group's primary reporting format is the commercial properties (Norwegian Property) and hotels (Norgani Hotels) business segments. These business segments are in conformity with the group's internal management reporting. Each single property is generally organised as a separate legal entity. Thus, the distribution of revenue, expenses, assets and liabilities to the business segments follows the group's legal structure. Below is an allocation of key financial figures to the business segments.								
(Amounts in NOK 1 000)	Commercial properties		Hotels		Other/elim ¹		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Gross rental income	1 043 861	1 079 420	723 804	787 354	-	-	1 767 665	1 866 774
Property-related costs	(63 675)	(70 985)	(83 356)	(81 165)	-	-	(147 031)	(152 150)
Net rental income	980 186	1 008 435	640 448	706 189	-	-	1 620 634	1 714 624
Owner-related costs	(100 919)	(60 728)	(64 941)	(69 766)	(42)	(1 067)	(165 902)	(131 561)
Gain/(loss) from fair value adjustment of investment properties	(474 032)	(2 905 192)	(1 043 337)	(1 082 311)	-	-	(1 517 369)	(3 987 503)
Gain/(loss) from sales of investment properties	(7 104)	7 174	-	27 188	-	-	(7 104)	34 362
Impairment of goodwill	-	-	(308 832)	-	-	(220 968)	(308 832)	(220 968)
Operating profit	398 132	(1 950 311)	(776 662)	(418 700)	(42)	(222 035)	(378 572)	(2 591 047)
Net financial items	(564 734)	(1 531 088)	(370 980)	(789 399)	(84 734)	(207 370)	(1 020 448)	(2 527 858)
Ordinary profit before income tax	(166 602)	(3 481 400)	(1 147 642)	(1 208 100)	(84 775)	(429 405)	(1 399 020)	(5 118 905)
Income tax expense					230 076	928 194	230 076	928 194
Profit for the period	(166 602)	(3 481 400)	(1 147 642)	(1 208 100)	145 301	498 789	(1 168 944)	(4 190 711)
Minority interests	-	-	-	-	-	132 322	-	132 322
Profit after minority interests	-	-	-	-	145 301	631 111	(1 168 944)	(4 058 389)
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
Investment property/fixtures and equipment	14 810 392	16 289 968	8 922 312	11 032 457	-	-	23 732 704	27 322 425
Other assets	4 387 806	3 594 382	179 984	386 448	(3 587 450)	(2 376 932)	980 340	1 603 898
Interest-bearing debt	11 418 915	12 978 429	6 245 550	7 671 415	714 385	1 190 742	18 378 850	21 840 586
Other liabilities	575 580	899 636	623 277	592 907	217 341	592 034	1 416 198	2 084 577
Total equity	7 203 705	6 006 285	2 233 469	3 154 583	(4 519 178)	(4 159 708)	4 917 996	5 001 160
Investments	18 539	104 735	58 900	203 567	-	-	77 439	308 302

¹ Includes group eliminations, Oslo Properties and the liability to acquire shares in Oslo Properties (total acquisition financing).

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP

Geographical markets

The group's secondary reporting format is geographical markets (countries). The group has operations in Norway, Sweden, Denmark and Finland. The commercial properties are only located in Norway, while the hotel properties are located in all four countries. Below is an allocation of key financial figures to the different countries.

	Norway		Sweden		Denmark		Finland		Other/elim		Total	
(Amounts in NOK 1 000)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Gross rental income	1 225 212	1 261 482	322 250	358 162	31 860	31 565	188 343	215 565	-	-	1 767 665	1 866 774
Property-related costs	(72 350)	(81 518)	(32 534)	(35 962)	(8 019)	(6 132)	(32 437)	(28 538)	(1 691)	-	(147 031)	(152 150)
Net rental income	1 152 862	1 179 964	289 716	322 200	23 841	25 433	155 906	187 027	(1 691)	-	1 620 634	1 714 624
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
Investment property/fixtures and equipment	16 970 145	18 656 796	3 865 500	4 756 989	430 140	529 266	2 466 897	3 379 374	22	-	23 732 704	27 322 425
Interest-bearing debt	12 443 310	14 513 074	2 568 551	2 919 279	276 273	334 456	1 888 495	2 413 035	605 279	1 660 742	17 781 908	21 840 586
Net other assets/liabilities (unallocated)									(435 306)	(480 679)	(435 306)	(480 679)
Total equity	4 526 835	4 143 722	1 296 949	1 837 710	153 867	194 810	578 402	966 339	(1 040 563)	(2 141 421)	5 515 490	5 001 160
Investments	29 952	184 070	30 422	63 122	-	39 998	17 065	21 112	-	-	77 439	308 302

NOTE 7 INVESTMENT PROPERTY

Changes in book value of investment property and the net income directly related to this book value are specified in the table below. The future minimum annual lease payments receivable under non-cancellable operating leases are specified in Note 10.

(Amounts in NOK 1 000)	2009	2008
Opening balance 1 January	27 312 567	31 113 889
Disposal of properties ¹	(1 035 551)	(1 300 293)
Additions from business combinations	93 439	282 171
Reclassification to/from property under construction, etc (see Note 8)	-	(2 769)
Fair value adjustment of investment property	(1 517 369)	(3 987 503)
Exchange rates changes	(1 120 383)	1 207 072
Book value as of 31 December ²	23 732 704	27 312 567
Rental income	1 767 665	1 866 774
Property related costs	(147 031)	(152 150)
Net rental income	1 620 634	1 714 624

¹ Disposals in 2009 are related to the properties Grev Wedels Plass 9 and Drammensveien 144.

² Book value at year end 2009 includes a reduction of NOK 218.5 million (2008: NOK 261.7 million) related to tax compensation received when acquiring investment properties (single purpose entities).

Restrictions related to investment properties

Apart from covenants in loan agreements, there are no restrictions on when the investment properties can be realised, or how the revenue from any sale can be used.

NOTE 8 OTHER TANGIBLE ASSETS

Changes in other tangible assets are specified in the table below.

(Amounts in NOK 1 000)	Fixture, fittings and equipment
Acquisition costs	
As of 31 December 2007	4 289
Additions/investments	6 265
Reclassification to/from investment property (see Note 7)	2 769
As of 31 December 2008	13 623
Additions/investments	815
Reclassification to/from investment property (see Note 7)	-
As of 31 December 2009	14 438
Accumulated depreciation	
As of 31 December 2007	1 323
Current year's depreciation	2 141
As of 31 December 2008	3 464
Current year's depreciation	3 976
As of 31 December 2009	7 440
Book value as of 31 December 2008	10 158
Book value as of 31 December 2009	6 997

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP

NOTE 9 GOODWILL

Changes in the book value of goodwill are specified in the table below.

(Amounts in NOK 1 000)

	2009	2008
Opening balance 1 January	885 642	1 064 987
Additions from business combinations (see Note 25)	-	41 623
Exchange rate effects	3 420	-
Impairment of goodwill	(308 832)	(220 968)
Book value as of 31 December	580 230	885 642

Goodwill is entirely related to deferred tax accounted for in connection with the takeover of Oslo Properties/Norgani Hotels.

Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction not treated as a business combination (acquisition of single purpose entities). Even if investment properties are normally sold as shares or interests in a company without the calculation of payable tax, deferred income tax related to all temporary differences between the book value and the tax basis in a business combination must be accounted for. Deferred tax is reduced on the basis negative fair value adjustments of investment properties after the acquisition. Goodwill related to such reductions of deferred tax must correspondingly be reduced. Impairment related to this amounts to NOK 305 million for 2009.

NOTE 10 OPERATING LEASES

The group is lessor for investment properties. The future minimum annual lease payments receivable under non-cancellable operating leases are as follows:

(Amounts in NOK 1 000)

	2009	2008
Within 1 year	1 592 915	1 661 624
Between 1 and 5 years	5 229 099	5 425 350
Later than 5 years	4 427 690	5 260 584
Total	11 249 704	12 347 558

The figures presented above relate to contract values for the following year (not index adjusted) for contracts entered into as of 31 December.

NOTE 11 FINANCIAL INSTRUMENTS

Financial assets represent contractual rights for the group to receive cash or other financial assets in the future. Financial liabilities correspondingly represent contractual obligations for the group to carry out future payments. Financial instruments are included in several accounting lines in the group's balance sheet and income statement, and are classified by different categories in accordance with the accounting treatment. A specification of the group's financial instruments is presented below.

(Amounts in NOK 1 000)

As of 31 December 2009	Financial instruments at fair value through profit or loss	Derivatives designated as hedging instruments	Loans and receivables	Other financial liabilities	Other items	Total¹
Financial assets						
Non-current derivatives	-	33 719	-	-	-	33 719
Shares and interests	1 691	-	-	-	-	1 691
Non-current receivables	-	-	8 883	-	-	8 883
Current derivatives	2 745	-	-	-	-	2 745
Current receivables²	-	-	93 037	-	4 825	97 862
Cash and cash equivalents	-	-	248 216	-	-	248 216
Financial liabilities						
Non-current derivatives	-	487 775	-	-	-	487 775
Non-current interest-bearing debt	-	-	-	17 781 346	-	17 781 346
Current derivatives	11 184	-	-	-	-	11 184
Current interest-bearing debt	-	-	-	597 492	-	597 492
Current liabilities²	-	-	-	367 188	184 568	551 756
Profit/loss related to financial instruments						
Rental income	-	-	-	-	1 767 665	1 767 665
Operating cost	-	-	(1 080)	-	(311 852)	(312 932)
Financial income	-	-	42 233	-	-	42 233
Financial cost	-	-	-	(1 098 198)	-	(1 098 198)
Change in market value of financial instruments	35 518	-	-	-	-	35 518
Gain/loss recognised in equity						
Recognised in equity, before tax	-	69 997	-	-	-	69 997

NOTE 10 OPERATING LEASES

The group is lessor for investment properties. The future minimum annual lease payments receivable under non-cancellable operating leases are as follows:

(Amounts in NOK 1 000)	2009	2008
Within 1 year	1 592 915	1 661 624
Between 1 and 5 years	5 229 099	5 425 350
Later than 5 years	4 427 690	5 260 584
Total	11 249 704	12 347 558

The figures presented above relate to contract values for the following year (not index adjusted) for contracts entered into as of 31 December.

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP						
(Amounts in NOK 1 000)						
As of 31 December 2008	Financial instruments at fair value through profit or loss	Derivatives designated as hedging instruments	Loans and receivables	Other financial liabilities	Other items	Total ¹
Financial assets						
Non-current derivatives	-	37 333	-	-	-	37 333
Shares and interests	2 014	-	-	-	-	2 014
Non-current receivables	-	-	11 192	-	-	11 192
Current derivatives	127 475	-	-	-	-	127 475
Current receivables ²	-	-	278 738	-	87 283	366 021
Cash and cash equivalents	-	-	174 220	-	-	174 220
Financial liabilities						
Non-current derivatives	572 988	106 272	-	-	-	679 260
Non-current interest-bearing debt	-	-	-	21 021 975	-	21 021 975
Current derivatives	116 866	-	-	-	-	116 866
Current interest-bearing debt	-	-	-	818 611	-	818 611
Current liabilities ²	-	-	-	510 453	212 502	722 955
Profit/loss related to financial instruments						
Rental income	-	-	-	(6 200)	1 872 974	1 866 774
Operating cost	-	-	(709)	-	(283 004)	(283 713)
Financial income	-	-	26 627	-	-	26 627
Financial cost	-	-	-	(1 353 046)	-	(1 353 046)
Change in market value of financial instruments	(1 201 439)	-	-	-	-	(1 201 439)
Gain/loss recognised in equity						
Recognised in equity, before tax	-	(81 118)	-	-	-	(81 118)

¹ Accounting items not specified in the table above, but included in the group's financial statement, do not contain financial instruments.
The book value of financial instruments in the group's balance sheet is assumed to represent fair value.

² Other items under current receivables include prepaid expenses, and other items under current liabilities include prepaid rental income.

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP

Interest rate derivatives

Below follows a specification of principal notional amounts per business segment and currency for the group's interest rate derivatives as of 31 December. All group interest rate derivatives are cash flow hedges. The maturity is specified in Note 3.

	Currency	2009 Notional principal amount	2008 Notional principal amount
Commercial properties	NOK	(386 000)	(386 000)
Interest rate swaps included as hedge accounting	NOK	(386 000)	(386 000)
Commercial properties	NOK	12 866 584	11 663 308
Commercial properties	EUR	-	25 467
Hotel	NOK	1 675 000	1 750 000
Hotel	SEK	2 600 000	2 600 000
Hotel	EUR	264 500	249 500
Interest rate swaps not included as hedge accounting	NOK	18 843 335	18 486 785
Total interest rate swaps	NOK	18 457 335	18 100 785

Floating rates are three-month NIBOR with the exception of the EUR and SEK contracts, where the floating rate in general is three-month EURIBOR/STIBOR. Gains and losses relating to derivative contracts which do not qualify for hedge accounting are realised through profit and loss until the underlying hedged loan is fully repaid. Gains and losses related to contracts qualifying for hedge accounting are accounted for in equity until the underlying hedged loans is fully repaid.

Foreign exchange derivatives

Below follows a specification of principal notional amounts per business segment and currency for the group's exchange rate derivatives as of 31 December. All exchange rate derivatives related to commercial properties are cash flow hedges, and all exchange rate derivatives related to hotels are net investment hedges. The maturity is specified in Note 3.

	Currency	2009 Notional principal amount	2008 Notional principal amount
Commercial properties	EUR	(30 438)	(44 539)
Hotel	SEK	(525 000)	(640 660)
Hotel	EUR	(25 000)	(37 434)
Hotel	DKK	(60 000)	(60 000)
Total currency forward/swap contracts	SEK	(525 000)	(640 660)
Total currency forward/swap contracts	EUR	(55 438)	(81 973)
Total currency forward/swap contracts	DKK	(60 000)	(60 000)

NOTE 13 CURRENT RECEIVABLES

Accounts receivable and other receivables as of 31 December are specified in the table below.

(Amounts in NOK 1 000)	2009	2008
Account receivables	93 037	172 125
Provision for impairment of receivables	-	-
Net accounts receivable	93 037	172 125
Other current receivables ¹	4 825	193 896
Total current receivables	97 862	366 021

¹ Mainly related to accrued income/deferred cost (2009 and 2008) and accrued interest on hedging instruments (2008).

No material legal claims or disputes over services and/or maintenance charges had been brought against the group as at the date of this report.

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP						
NOTE 14 SHARE CAPITAL AND SHAREHOLDERS						
The tables below specify changes in the share capital after the incorporation of Norwegian Property ASA, the average number of shares for the past two years, the largest shareholders and shares owned by directors and senior executive officers as of 31 December 2009.						
Changes in the share capital and average number of shares						
Date	Type of change	Changes in share capital (NOK)	Share capital after change (NOK)	No of shares after change	Face value (NOK)	Price per share (NOK)
20-07-05	Incorporation	-	100 000	1 000	100.00	100.00
26-04-06	Share split	-	100 000	4 000	25.00	-
22-05-06	Private placement	875 000 000	875 100 000	35 004 000	25.00	50.00
22-05-06	Write down	100 000	875 000 000	35 000 000	25.00	-
22-05-06	Private placement	162 500 000	1 037 500 000	41 500 000	25.00	50.00
09-06-06	Consideration issue	508 853 050	1 546 353 050	61 854 122	25.00	50.00
22-06-06	Consideration issue	46 100 000	1 592 453 050	63 698 122	25.00	50.00
30-06-06			1 592 453 050	63 698 122	25.00	
04-07-06	Consideration issue	370 175	1 592 823 225	63 712 929	25.00	50.00
18-07-06	Private placement	150 000 000	1 742 823 225	69 712 929	25.00	50.00
28-08-06	Consideration issue	20 000 000	1 762 823 225	70 512 929	25.00	50.00
28-08-06	Consideration issue	25 000 000	1 787 823 225	71 512 929	25.00	50.00
30-09-06			1 787 823 225	71 512 929	25.00	
16-10-06	Consideration issue	50 000 000	1 837 823 225	73 512 929	25.00	50.00
14-11-06	Consideration issue, IPO	563 636 375	2 401 459 600	96 058 384	25.00	53.50
05-12-06	Consideration issue, green shoe	61 363 625	2 462 823 225	98 512 929	25.00	50.00
31-12-06			2 462 823 225	98 512 929	25.00	
29-03-07	Private placement	174 216 025	2 637 039 250	105 481 570	25.00	71.75
31-12-07			2 637 039 250	105 481 570	25.00	
17-06-08	Private placement	2 403 846 150	5 040 885 400	201 635 416	25.00	26.00
31-12-08			5 040 885 400	201 635 416	25.00	
24-06-09	Depreciation of face value	(4 940 067 692)	100 817 708	201 635 416	0.50	-
27-08-09	Private placement	100 817 708	201 635 416	403 270 832	0.50	6.00
07-09-09	Private placement	25 000 000	226 635 416	453 270 832	0.50	6.00
31-12-09			226 635 416	453 270 832	0.50	
		2009	2008			
Average number of shares (1 000 shares)		280 100	157 236			
Number of shares issued as of 31 December (1 000 shares)		453 271	201 635			

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1General information
Note 2Summary of significant accounting policies
Note 3Financial risk management
Note 4Determination of fair value
Note 5Critical accounting estimates and judgements
Note 6Segment information
Note 7Investment property
Note 8Other tangible assets
Note 9Goodwill
Note 10Operating leases
Note 11Financial instruments
Note 12Derivatives
Note 13Current receivables
Note 14Share capital and shareholders
Note 15Other current liabilities
Note 16Interest-bearing debt
Note 17Deferred tax
Note 18Other operating expenses
Note 19Payroll costs and remuneration of executive officers and auditors
Note 20Net financial items
Note 21Income tax expense
Note 22Earnings per share
Note 23Dividend per share and dividend policy
Note 24Related-party disclosures
Note 25Business combinations and acquisition of minorities
Note 26Contingent liabilities
Note 27Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP

List of main shareholders as of 31 December 2009

Largest shareholders	Country	Number of shares	Proportion
Canica AS	NO	23 374 467	5.2%
Awilhelmsen Capital AS	NO	23 254 334	5.1%
Folketrygdfondet	UK	19 264 000	4.2%
Skagen Vekst	NO	16 000 000	3.5%
Bgl Bnp Paribas	LUX	14 773 022	3.3%
State Street Bank & Trust Co	USA	12 803 023	2.8%
State Street Bank And Trust Co	USA	9 257 960	2.0%
Bank of New York Mellon Sa/Nv	BE	8 076 920	1.8%
Awilhelmsen Capital II AA	NO	6 934 000	1.5%
Bank of New York Mellon	USA	6 845 570	1.5%
Morgan Stanley & Co Inc New York	USA	6 156 877	1.4%
Trondheim Kommunale Pensjonskasse	NO	6 099 700	1.3%
Vital Forsikring ASA	NO	6 089 907	1.3%
Bank of New York Mellon SA/NV	BE	6 006 031	1.3%
Reka AS	NO	6 000 000	1.3%
Fgcs Nv Re Treaty	NL	5 645 701	1.2%
Fram Holding AS	NO	5 500 000	1.2%
Holberg Norge	NO	5 500 000	1.2%
Aweco Invest AS	NO	5 486 765	1.2%
Rbc Dexia Investor Services Bank	LUX	5 428 000	1.2%
Others		254 774 555	56.2%
Total number of shares as of 31 December 2009		453 270 832	100.0%

Shares held by directors and senior executive officers as of 31 December 2009

Shareholder	Number of shares
Board of directors	
Tormod Hermansen (chair)	-
Harald Grimsrud	-
Gry Mølleskog	-
Nils K Selte and close associates	479 000
Synne Syrrist	-
Senior executives	
Olav Line, CEO from 1 January 2010	8 000
Aili Klami, Vice president and COO	-
Anders Vatne, CEO Norgani Hotels	-
Shares held by directors and senior executive officers as of 31 December 2009	487 000

NOTE 15 OTHER CURRENT LIABILITIES

Other current liabilities are specified in the table below.

(Amounts in NOK 1 000)	2009	2008
Public dues	62 787	71 629
Taxes payable	16 766	-
Accrued salaries	5 616	6 916
Accrued interest	196 320	312 047
Deferred income	184 568	212 502
Other payables	70 213	90 429
Total other current liabilities	536 270	693 523

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP

NOTE 16 INTEREST-BEARING DEBT

Overview and details of the group's interest-bearing debt

The table below present an overview as of 31 December of group interest-bearing debt by business area, including hedging ratio, average interest rate and remaining duration.

	Commercial properties 2009	Hotels 2009	Total 2009	Acquisition financing (Oslo Properties) 2009	Total incl acquisition financing 2009	Total 2008
Total interest-bearing debt at face value (NOK 1 000)	11 452 875	6 245 550	17 698 425	718 854	18 417 279	21 878 528
- of which hedged (NOK 1 000)	13 253 000	6 224 000	19 477 000	-	19 477 000	18 487 000
Hedging ratio, exclusive cash and cash equivalents (per cent)	116	100	110		106	84
Cash and cash equivalents (NOK 1 000)	180 165	63 618	243 783	4 433	248 216	174 220
Effective hedging ratio, including cash (per cent)	118	101	112		107	85
Committed unutilised credit facilities (NOK 1 000)	310 000	55 000	365 000	-	365 000	521 000
Average interest rate, including margin (per cent)	5.48	5.06	5.33	5.22	5.33	5.84
Average margin (per cent)	0.71	1.24	0.90	3.03	0.98	0.81
Average remaining duration, borrowings (years)	2.8	3.6	3.1	2.5	3.0	3.9
Average remaining duration, hedging contracts (years)	2.9	3.4	3.1	-	3.1	4.5

Group interest-bearing non-current and current debt as of 31 December are specified per business area, type of debt and currency in the table below.

(Amounts in NOK 1 000)	Currency	2009			2008		
		Non-current	Current	Total	Non-current	Current	Total
Bank borrowings	NOK	9 791 371	150 504	9 941 875	10 985 629	187 790	11 173 419
Bank borrowings	EUR	-	-	-	31 308	485	31 794
Bonds	NOK	1 209 000	302 000	1 511 000	1 511 000	-	1 511 000
Other borrowings	NOK	-	-	-	7 500	-	7 500
Total commercial properties	NOK	11 000 371	452 504	11 452 875	12 813 721	192 587	13 006 308
Bank borrowings	NOK	1 489 885	22 380	1 512 265	1 512 265	22 380	1 534 645
Bank borrowings	SEK	2 528 055	40 496	2 568 551	2 608 637	615 091	3 223 728
Bank borrowings	EUR	1 847 148	41 347	1 888 495	239 047	4 980	244 027
Bank borrowings	DKK	271 390	4 849	276 239	247 699	4 311	252 010
Total hotel	NOK	6 136 478	109 072	6 245 550	6 567 062	634 353	7 201 415
Bank borrowings Oslo Properties/acquisition financing	NOK	668 854	50 000	718 854	1 670 805	-	1 670 805
Total interest-bearing debt	NOK	17 805 703	611 576	18 417 279	21 051 588	826 940	21 878 528
Capitalised borrowing cost	NOK	(24 345)	(14 084)	(38 429)	(29 613)	(8 329)	(37 942)
Total book value interest-bearing debt	NOK	17 781 358	597 492	18 378 850	21 021 975	818 611	21 840 586
Bank borrowings hotel at fair value	NOK	6 036 884	-	6 036 884	-	-	-
Bond loans at fair value	NOK	1 128 551	300 430	1 428 980	-	-	-
Total fair value of interest-bearing debt	NOK	17 601 315	595 922	18 197 236	-	-	-

Total fair value of interest-bearing debt consists of bond loans valued at market price as of 31.12.09 and bank loans at book value, since the interest margins were renegotiated in July 2009.

Total fair value of interest-bearing debt consists of bond loans valued at market price as of 31.12.09 and bank loans at book value, since the interest margins were renegotiated in July 2009.

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP								
The maturity of the group's non-current interest-bearing debt as of 31 December is specified in the table below (current interest-bearing debt falls due within one year from the balance sheet date).								
(Amounts in NOK 1 000)	2009				2008			
	Commercial properties	Hotels	Oslo Properties/ acquisition financing	Total	Commercial properties	Hotels	Oslo Properties/ acquisition financing	Total
Between 1-2 years (2011 and 2012 / 2010 and 2011)	9 115 432	675 404	668 854	10 459 690	646 933	-	1 670 805	2 317 738
Between 3-5 years (2013, 2014 and 2015 / 2012, 2013 and 2014)	1 460 689	5 461 074	-	6 921 763	11 441 629	5 591 401	-	17 033 030
More than 5 years (after 2015 / after 2014)	424 250	-	-	424 250	725 158	975 661	-	1 700 819
Total	11 000 371	6 136 478	668 854	17 805 703	12 813 721	6 567 062	1 670 805	21 051 588

The book value of group assets pledged as security as of 31 December is specified in the table below.

(Amounts in NOK 1 000)	2009	2008
Investment property	23 732 704	27 312 567
Receivables	97 862	366 021
Cash and cash equivalents	248 216	174 220
Total	24 078 782	27 852 808
Liabilities secured	18 417 279	21 878 528

Assets owned by limited liability partnerships are only pledged as security for own borrowings.

Interest-bearing debt for commercial properties

Norwegian Property ASA issued three tranches of bonds in the Norwegian capital market in March 2007, totalling NOK 1 511 million. One of the tranches has a duration of five years and the other two have a duration of three years. Four properties are pledged as first priority security for these borrowings.

Norwegian Property Holding AS has a NOK 11 billion credit of which NOK 1 billion is a revolving credit facility. The available amount under the facility is reduced by ordinary installments and sale of properties by Norwegian Property Holding AS. At year end 2009, after installments and sale of properties closed during the year, the remaining available loan/credit under the facility is NOK 5 503 million. NOK 310 million of the revolving facility was undrawn at year end.The credit facility falls due in July 2012.

As of 31 December 2009, group commercial property subsidiaries have additional borrowings of NOK 1 440 million.

The main terms of the facilities for the commercial properties portfolio are:

- Interest: NIBOR + margin
- Interest rate hedging: minimum 70 per cent for the commercial property portfolio.
- Financial covenants: the company must comply with agreed senior interest cover and loan-to-value thresholds (LTV). As of 31 December 2009 the agreed senior interest cover is a minimum of 1.4 and agreed LTV ratio under 85 per cent.
- Installments are based on the level of LTV.
- Other covenants: negative pledge, restrictions on granting loan guarantees, restrictions on acquisitions and change of control.
- Security: the facilities are secured by pledges on properties. The main facility is also secured by first priority pledges on company's and the subsidiaries' shares, acquired properties, trade receivables, inter-company loans and the company's bank accounts. Subsidiaries guarantee for the facilities. No significant bank guarantees have been issued on behalf of the parent company.

Interest-bearing debt for hotels

The financing of Norgani Hotels was continued in connection with the takeover. As of 31 December 2009, two syndicated borrowing facilities were in place, a EUR 239 million facility and a multi-currency credit facility of originally EUR 13 million, DKK 677 million, NOK 1 435 million and SEK 1 840 million. In addition, the company has entered into a financing agreement with Svenska Handelsbanken AB of SEK 1 150 million and a bilateral facility of SEK 565 million.

The main terms of the facilities for the hotel portfolio are:

- Interest: NIBOR/EURIBOR/CIBOR/STIBOR + margin.
- Interest rate hedging: different minimum levels of interest rate hedging ratios in relation to the different borrowing agreements.
- Financial covenants: as of 31 December 2009, the agreed senior interest cover is a minimum of 1.35 to two in relation to different agreements, the agreed LTV ratio is 85 per cent and a minimum equity ratio of 15 per cent.
- Other covenants: negative pledge, restrictions on granting of loans, restrictions on acquisitions and change of control.
- Security: the facilities are secured by pledges on properties. The main facility is also secured by first priority pledges on company's and the subsidiaries' shares, acquired properties, trade receivables, inter-company loans and the company's bank accounts. Subsidiaries guarantee for the facilities. No significant bank guarantees have been issued on behalf of the parent company.

Interest-bearing debt for Oslo Properties

Oslo Properties AS' NOK 719 million acquisition financing falls due in June 2012, and the main terms are as follows:

- Interest: NIBOR + margin
- Interest rate hedging: minimum 70 per cent (excluding acquisition financing).
- Financial covenants: LTV below 90 per cent for the Oslo Properties group for the two first years, thereafter 75 per cent. The Norgani group must have a LTV below 85 per cent and a senior interest cover ratio of minimum 1.6.
- Other covenants: negative pledge, pari passu, restrictions on new borrowings, restrictions on merger/de-merger and change of control.
- Restrictions related to payments of dividends from Oslo Properties, cash flow generated from sale of properties and other cash flow generated by Norgani exceeding certain levels will be used for the purpose of repayment of borrowings.
- Security: first priority pledges on all Oslo Properties assets, including the shares in Norgani Hotels and bank accounts, pledges on Norwegian Property ASA's shares in Oslo Properties and guarantee issued on Norwegian Property ASA's behalf.

INCOME STATEMENT 1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DECEMBER	
BALANCE SHEET	
AS OF 31 DECEMBER	
STATEMENT OF CHANGES IN EQUITY	
CASH FLOW STATEMENT	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
Note 2	Summary of significant accounting policies
Note 3	Financial risk management
Note 4	Determination of fair value
Note 5	Critical accounting estimates and judgements
Note 6	Segment information
Note 7	Investment property
Note 8	Other tangible assets
Note 9	Goodwill
Note 10	Operating leases
Note 11	Financial instruments
Note 12	Derivatives
Note 13	Current receivables
Note 14	Share capital and shareholders
Note 15	Other current liabilities
Note 16	Interest-bearing debt
Note 17	Deferred tax
Note 18	Other operating expenses
Note 19	Payroll costs and remuneration of executive officers and auditors
Note 20	Net financial items
Note 21	Income tax expense
Note 22	Earnings per share
Note 23	Dividend per share and dividend policy
Note 24	Related-party disclosures
Note 25	Business combinations and acquisition of minorities
Note 26	Contingent liabilities
Note 27	Events after the balance sheet date
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – GROUP

NOTE 17 DEFERRED TAX

The book value of deferred tax as of 31 December is specified in the tables below.

Deferred income tax assets and liabilities are offset where the group has a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

<i>(Amounts in NOK 1 000)</i>	2009	2008
Deferred tax assets		
Deferred tax assets to be reversed after more than 12 months	767 062	750 516
Deferred tax assets to be reversed within 12 months	-	-
Deferred tax assets	767 062	750 516
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	1 132 560	1 316 011
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities	1 132 560	1 316 011
Net deferred tax liabilities	365 498	565 495
Changes in book value of deferred tax are specified as follows		
As of 1 January	565 496	1 521 767
Changes related to business combinations	-	(2 869)
Recognised through profit and loss (see Note 21)	(254 938)	(928 315)
Tax on exchange rate and interest rate hedges charged to equity	(1 670)	7 779
Tax on issue expense charged to equity	15 725	(43 154)
Exchange rate changes	40 885	10 288
As of 31 December¹	365 498	565 496

¹ Deferred tax at the end of 2009 is divided as follows by country: Norway NOK 823.9 million (2008: NOK 287.9 million), Sweden negative at NOK 465.1 million (2008: NOK 21.8 million), Denmark NOK 12.1 million (2008: NOK 45.5 million) and Finland negative at NOK 5.5 million (2008: NOK 210.3 million).

The following amounts are charged to equity and included in net deferred tax at the balance sheet date:

<i>(Amounts in NOK 1 000)</i>	2009	2008
Tax on issue expenses	(91 593)	(107 318)
Tax on financial derivative instruments charged to equity	8 783	10 453
Total deferred tax charged to equity	(82 810)	(96 865)

Changes to deferred tax assets and deferred tax liabilities:

<i>(Amounts in NOK 1 000)</i>	Tax loss carried forward ¹	Buildings	Fair value gain/loss	Total
Total as of 31 December 2007	(568 171)	3 445 838	101 651	2 979 318
Deferred tax liability from purchase/sale of companies	-	(122 360)	-	(122 360)
Recognised deferred tax	258 310	(850 223)	(336 403)	(928 315)
Tax charged to equity	(43 154)	-	7 779	(35 375)
Exchange rate changes	(1 962)	11 899	351	10 288
Total as of 31 December 2008	(354 977)	2 485 154	(226 622)	1 903 556
Deferred tax liability from purchase/sale of companies	-	-	-	-
Recognised deferred tax	(16 334)	(248 549)	9 945	(254 938)
Tax charged to equity	15 725	-	(1 670)	14 055
Exchange rates changes	(7 624)	53 377	(4 867)	40 885
Total as of 31 December 2009	(363 210)	2 289 982	(223 214)	1 703 557
As of 31 December 2007	(555 621)	1 975 737	101 651	1 521 767
Amounts not accounted for, purchased assets (not a business combination pursuant to IFRS 3) ²	(12 550)	1 350 609	-	1 338 059
As of 31 December 2008	(342 427)	1 134 545	(226 622)	565 496
Amounts not accounted for, purchased assets (not a business combination pursuant to IFRS 3) ²	(12 550)	1 350 609	-	1 338 059
As of 31 December 2009	(350 660)	939 373	(223 214)	365 497

¹ Include tax assets related to disputed tax loss carried forward of SEK 1 645 million related to Norgani Hotels acquisition of hotels in Sweden in 2005. The Swedish tax authorities have instead admitted SEK 1 245 million of the deficit in 2007. The remaining deficit of SEK 400 million remains to be clarified. Norgani Hotels has appealed all decisions which limit the deficit. The seller of the hotels has granted guarantees related to the availability of the deficits, and Norgani Hotels has raised a claim in accordance with this agreement of approximately SEK 130 million against the seller. The group considers that it has no financial risk related to any limitations for tax loss carried forward.

² Purchases of single purpose entities owning only property with no employees, management or recorded procedure descriptions are not considered to be an acquisition of a business (IFRS 3 Business Combinations is not applicable). Hence, the deferred income tax is not accounted for as it arises from initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction affects neither accounting nor taxable profit or loss.

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP

NOTE 18 OTHER OPERATING EXPENSES

Other operating expenses (owner-related cost) are specified in the table below.

(Amounts in NOK 1 000)	2009	2008
Payroll costs (see Note 19)	78 029	56 769
Depreciation	3 976	2 141
Other expenses	83 896	72 652
Total other operating expenses	165 901	131 562

NOTE 19 PAYROLL COSTS AND REMUNERATION OF EXECUTIVE OFFICERS AND AUDITORS

(Amounts in NOK 1 000)

Payroll costs, including pension cost (pension obligation) and remuneration of directors, executive officers and auditors, are specified in the tables below.

Payroll costs

Payroll costs for the year are specified as follows:

	2009	2008
Salaries and remuneration	60 564	40 230
Social security costs	9 193	6 765
Pension costs	6 948	5 538
Other Payroll costs	1 323	4 236
Total Payroll costs	78 028	56 769

Employees at 31 December	32	37
Full-time equivalent positions at 31 December	32	37
Average number of employees	34	35

Pension cost and pension obligation

According to the act on mandatory pension schemes, Norwegian Property ASA and Norgani Hotels AS must operate certain pension schemes. The companies have schemes which satisfies these requirements. Norwegian Property ASA operates a defined contribution plan for all employees. The CEO of Norwegian Property ASA also has a defined benefit pension plan. Norgani Hotels AS, including subsidiaries, operates a defined contribution plan for all new employees. Five employees are part of a former defined contribution plan in Norway. Pension costs for the year are specified as follows:

	2009	2008
The period's pension earnings (service cost)	3 212	3 051
Interest cost of pension obligation	339	304
Return on plan assets	(67)	(59)
Administration costs	24	40
Changes in social security costs	38	39
Pension cost, benefit plans	3 546	3 374
Pension cost, contribution plans	3 402	2 164
Total pension cost	6 948	5 538

Pension obligations for benefit plans are specified as follows as of 31 December:

	2009	2008
Present value of pension obligations	9 253	10 896
Pension assets at market value ¹	(1 227)	(871)
Net pension obligation	8 026	10 025
Benefits paid	(7 281)	(1 847)
Unrecognised actuarial losses	457	
Social security costs	105	104
Pension obligation in the balance sheet as of 31 December	1 307	8 282

¹ Pension assets at market value are not specified on different categories of assets, since the group's pension obligations are fully insured in two insurance companies.

Changes in pension obligations for benefit plans for the year are specified as follows:

	2009	2008
As of 1 January	8 283	5 469
Changes from business combinations	-	-
Premium paid	(400)	-
Total pension cost, see above	3 546	3 374
Benefits paid	(10 122)	(561)
As of 31 December	1 307	8 282

Financial assumptions for benefit plans:

	2009	2008
Discount rate (per cent)	4.40	4.30
Expected return on plan assets (per cent)	5.60	6.30
Annual wage increases (per cent)	4.25	4.50
Adjustments of statutory base amount (per cent)	4.00	4.25
Pension increases (per cent)	2.50	2.00

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1General information
Note 2Summary of significant accounting policies
Note 3Financial risk management
Note 4Determination of fair value
Note 5Critical accounting estimates and judgements
Note 6Segment information
Note 7Investment property
Note 8Other tangible assets
Note 9Goodwill
Note 10Operating leases
Note 11Financial instruments
Note 12Derivatives
Note 13Current receivables
Note 14Share capital and shareholders
Note 15Other current liabilities
Note 16Interest-bearing debt
Note 17Deferred tax
Note 18Other operating expenses
Note 19Payroll costs and remuneration of executive officers and auditors
Note 20Net financial items
Note 21Income tax expense
Note 22Earnings per share
Note 23Dividend per share and dividend policy
Note 24Related-party disclosures
Note 25Business combinations and acquisition of minorities
Note 26Contingent liabilities
Note 27Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP

Remuneration of executive officers in 2009

Group management:

Name	Title	Salary ¹	Bonuses ²	Other benefits	Pension benefit earned
Petter Jansen ³	President and CEO	10 791 667	-	73 500	10 974 000
Mari Thjørmøe	Vice president and CFO	1 925 699	-	58 968	-
Svein Hov Skjelle to 28 Feb 09	Vice president and CFO	951 143		22 000	
Dag Fladby	Vice president and CIO	3 610 022	570 000	126 000	-
Aili Klami	Vice president and COO	1 604 319	-	104 400	-
Anders Vatne	Vice president and CEO Norgani Hotels	1 512 000	-	213 000	218 000
Total		20 394 850	570 000	597 868	11 192 000

¹ Paid in 2009 after deducting bonuses earned for 2008 paid in 2009, included in the amounts for 2008 at NOK 1 550 for Jansen, NOK 345 for Skjelle, NOK 516 for Fladby and NOK 236 for Klami.

² Bonuses for 2009 to be paid in 2009.

³ Olav Line, new CEO from 1 January 2010. No remuneration was paid to Olav Line in 2009.

Board of directors:

After the general meeting the board of directors consists of Tormod Hermansen (chair), Harald Grimsrud, Nils K Selte, Synne Syrrist and Gry Mølleskog. The board was elected at an extraordinary general meeting on 19 December 2008 for the period until the general meeting in 2010.

Name	Remuneration
Tormod Hermansen (chair)	500 000
Harald Grimsrud	200 000
Nils K Selte	200 000
Synne Syrrist	200 000
Gry Mølleskog	200 000
Total	1 300 000

Declaration of management benefits:

This declaration relates to benefits received by key management personnel for work performed in the group. The group will always ensure that it has a professional management to safeguard shareholder interests. In order to achieve this, the company is required to offer competitive remuneration terms as part of a total compensation package.

1. Principles for basic salary

Key management employees will receive a competitive basic annual salary, based on the individual's responsibilities and level of expertise.

2. Bonus principles

Key management employees can also receive variable bonus payments. Bonus payments are determined by the individual's own performance in achieving key targets for the group as a whole, a specific function or a subsidiary in which the individual is employed. Key targets will consist of performance improvement initiatives or financial targets, including the company's share price performance. Targets in relation to the chief executive officer's own performance will be established by the board, whilst the chief executive officer will establish targets for other key management personnel. The targets will be measurable wherever possible. Bonus payment will not exceed 125 per cent of the chief executive officer's annual salary or 30 per cent of annual basic salary for other key management employees.

3. Principles for non-cash related benefits

Key management employees can be offered certain non-cash related compensation benefits, such as company car scheme, insurance and pension scheme arrangements. Non-cash related benefits should basically contain telephones and newspapers. Key management employees have the right to belong to the company's defined contribution pension scheme. Conditions of the pension scheme may vary between employees. The group has currently no employee option programmes.

4. Payment after termination of contract

As at year end, two key management employees have agreements in place with the company for payment of salary after termination of contract. Resignation notice periods are six months. Payment of salary after termination of contract can occur in special instances. Approval from the chair of the board is required for payments of salary after termination of contract for any employees where this right is not already documented in their employment contract.

5. Remuneration decision making process

The board determines the chief executive officer's annual salary. The board prepares annual guidelines which are presented to shareholders at the annual general meeting for ratification in accordance with section 5-6 of the Liabilities Companies Act.

Auditor's fee for 2009

Deloitte is the auditor for all Norwegian Property group companies, Oslo Properties AS/Norgani Hotels AS and directly owned Norwegian subsidiaries. PricewaterhouseCoopers (PwC) is the auditor for other Norgani Hotels group companies.

Fee	Deloitte	PwC
Statutory audit	1 908	3 377
Other certification services	13	57
Tax/VAT advisory fee	-	143
Other services	352	50
Total	2 273	3 627

The auditor's fee is net of VAT.

48

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP		
NOTE 20 NET FINANCIAL ITEMS		
Net financial items are specified in the table below.		
(Amounts in NOK 1 000)	2009	2008
Interest income (loans and receivables)	13 759	22 650
Foreign currency gains (loans and receivables)	28 392	3 887
Other financial income (loans and receivables)	82	90
Total financial income	42 233	26 627
Interest costs (loans and receivables)	(1 055 178)	(1 211 476)
Foreign currency loss (loans and receivables)	(2 660)	(59 506)
Other financial expenses (loans and receivables) ¹	(40 361)	(82 064)
Total financial expenses	(1 098 198)	(1 353 046)
Change in market value of financial derivative instruments (fair value through profit and loss)	35 518	(1 201 439)
Net financial items	(1 020 447)	(2 527 858)
¹ Other financial expenses for 2008 include NOK 61.4 million related to the liability to acquire shares in Oslo Properties AS, see Note 25.		
NOTE 21 INCOME TAX EXPENSE		
The table below specifies income tax expense on current tax and deferred tax respectively, and the calculation of income tax expense based on profit before tax.		
(Amounts in NOK 1 000)	2009	2008
Current tax	24 862	121
Deferred tax (see Note 17)	(254 938)	(928 315)
Income tax expense	(230 076)	(928 194)
Profit before tax:	(1 399 018)	(5 118 905)
Tax calculated at a tax rate of 28 per cent	(391 725)	(1 433 293)
Deferred tax asset not capitalised ¹	-	473 476
No calculation of tax on impairment of goodwill	86 473	61 871
Income not subject to tax purposes/expenses not deductible for tax purposes	106 805	(30 247)
Corrections related to previous years current tax	(31 629)	-
Income tax expense	(230 076)	(928 194)
¹ Mainly related to deferred tax asset on investment properties not capitalised when fair value exceeds the tax basis but is lower than the group's acquisition cost.		
NOTE 22 EARNINGS PER SHARE		
Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.		
	2009	2008
Net profit attributable to shareholders (NOK 1000)	(1 168 942)	(4 058 389)
Weighted average number of outstanding shares (1 000)	280 100	157 236
Basic earnings per share (NOK per share)	(4.17)	(25.81)
Norwegian Property has not issued options or other financial instruments which have dilutive effect on outstanding shares. The company has no own shares. Diluted earnings per share is therefore the same as the basic earnings per share.		
NOTE 23 DIVIDEND PER SHARE AND DIVIDEND POLICY		
Norwegian Property ASA aims to pay an annual dividend which is competitive for the property sector, and dividends will be proposed by the board of directors for periods where financial results permits a distribution of a cash dividend. As of December 2009, Norwegian Property ASA has no free equity available for distribution of ordinary dividends.		
NOTE 24 RELATED-PARTY DISCLOSURES		
General		
Parties are considered to be related if one party has the ability to control or to exercise significant influence or joint control over the group in making strategic or operating decisions. Significant influence is normally obtained by ownership, participation in decision-making bodies and management, or by agreements such as loan agreements, management agreements and supplier relationships. The Norwegian Property ASA group is not directly controlled or dominated by any significant shareholders. Financial relationships related to the board and management are described in Note 14 and 19. Since Norwegian Property was established, there have been four main categories of transactional relationships with related parties: • Property transactions in which Norwegian Property ASA shares are full or partial consideration to seller • Facility management agreements • Rental agreements with shareholders • Interest and management fee charges from parent to subsidiaries		
Property transactions		
Companies have sold properties to Norwegian Property and accepted shares in Norwegian Property ASA as consideration are considered to be related parties.		
2009		
No shares were issued as consideration in connection with property transactions in 2009.		
2008		
No property transactions with related parties were carried out in 2008, and no shares were issued as consideration to any seller. Pareto PE AS (syndicate) is part of the Pareto group, which received shares in Norwegian Property ASA as part of the consideration for property transactions when Norwegian Property was established in 2006. In 2008, Pareto PE AS acquired the properties Magnus Poulssonsvei 7 (from Norwegian Property Holding AS), Forskningsveien 2 (from Norwegian Property ASA) and Østre Akervei 20/22 (from Norwegian Property Nydalen AS) for a total of NOK 948 million. In connection with the takeover of Oslo Properties/Norgani Hotels in 2007 (see Note 25), the Anders Wilhelmsen group was one of the shareholders of Oslo Properties AS with a shareholding of 6.5 per cent. Norwegian Property acquired this share for NOK 141 million in 2008.		
Facility management agreements (property management agreements)		
In 2008, Norwegian Property ASA entered into an agreement with NEAS ASA regarding management		

INCOME STATEMENT 1 JAN – 31 DEC
BALANCE SHEET
AS OF 31 DECEMBER
BALANCE SHEET
AS OF 31 DECEMBER
STATEMENT OF CHANGES IN EQUITY
CASH FLOW STATEMENT
NOTES TO THE ANNUAL ACCOUNTS
Note 1 General information
Note 2 Summary of significant accounting policies
Note 3 Financial risk management
Note 4 Determination of fair value
Note 5 Critical accounting estimates and judgements
Note 6 Segment information
Note 7 Investment property
Note 8 Other tangible assets
Note 9 Goodwill
Note 10 Operating leases
Note 11 Financial instruments
Note 12 Derivatives
Note 13 Current receivables
Note 14 Share capital and shareholders
Note 15 Other current liabilities
Note 16 Interest-bearing debt
Note 17 Deferred tax
Note 18 Other operating expenses
Note 19 Payroll costs and remuneration of executive officers and auditors
Note 20 Net financial items
Note 21 Income tax expense
Note 22 Earnings per share
Note 23 Dividend per share and dividend policy
Note 24 Related-party disclosures
Note 25 Business combinations and acquisition of minorities
Note 26 Contingent liabilities
Note 27 Events after the balance sheet date
AUDITOR'S REPORT

ANNUAL ACCOUNTS – GROUP	
and operation of the majority of the portfolio of commercial properties. Under the agreement, NEAS has undertaken the responsibility for management and the day-to-day operation of the office properties from 1 April 2008. The agreement ensures that future ownership cost during the agreement period will be secured at a level of 10-12 per cent below the level at the time of the agreement, without a corresponding reduction in the magnitude or quality of work. In addition, the agreement allows for NEAS to offer more and better services for the tenants. The purpose of the agreement for Norwegian Property is to industrialise its facilities management by achieving economies of scale throughout the management chain and by enhancing the quality of the rental product. The agreement with NEAS has a duration of six years, with possibilities of further extensions. In 2009, NEAS received a compensation related to facility management services rendered of approximately NOK 45 million.	
Pareto Investor Service AS, part of the Pareto group, has provided commercial administration services and had as at 1 January 2009 become a party to the agreement with NEAS. No fees have therefore been charged to subsidiaries or Norwegian Property ASA.	
In 2006, a separate commercial and facility management arrangement for Aker Brygge, running for four years, was entered into with Linstow Eiendom AS, which is owned by the Anders Wilhelmsen group through two subsidiaries. Linstow received a compensation from subsidiaries of Norwegian Property ASA for services rendered of NOK 3.9 million in 2009.	
Leases	
Linstow Eiendom AS (Anders Wilhelmsen group) is a tenant at Aker Brygge and, as described above, also a shareholder of Norwegian Property ASA. Rent to subsidiaries of Norwegian Property ASA was NOK 4.2 million in 2009.	
Interest charges and management fees to subsidiaries	
Group subsidiaries are charged interest in accordance with their share of the group's total financial costs. In addition, group subsidiaries are charged a share of the administration expenses related to holding/group companies which are assumed not to be ownership costs.	
NOTE 25 BUSINESS COMBINATIONS AND ACQUISITION OF MINORITIES	
The acquisition of Oslo Properties AS/Norgani Hotels AS in 2007 was treated as a business combination pursuant to IFRS 3. All other acquisitions made by the group since the start-up in 2006 have been treated as aquisition of assets.	
At the end of 2007, Norwegian Property owned 17.5 per cent of the shares in Oslo Properties AS and had entered into put/call option agreements to acquire an additional 75.8 per cent of the shares. Oslo Properties AS owned all shares in the Norgani Hotels AS group at the end of 2007. For accounting purposes, it was assumed that Norwegian Property ASA controlled Oslo Properties AS. Oslo Properties AS/Norgani Hotels AS are consolidated as part of the Norwegian Property group from 24 September 2007.	
The discounted value of the put/call liability, including interest, to acquire shares in Oslo Properties AS is accounted for from the date of acquisition as a current liability in the group's balance sheet. In 2008, Norwegian Property ASA acquired all shares with put/call option agreements. The book value of the liability at the exercise date was NOK 1 661.9 million, and NOK 61.4 million was charged in 2008 as an expense under other financial expenses related to the liability. There were no financial expenses related to the liability in 2009.	
In 2008, Norwegian Property ASA also acquired the remaining 6.7 per cent of the shares in Oslo Properties AS without put/call option agreements (minorities in the group's balance sheet) for a total of NOK 146.4 million. The book value of minorities at the acquisition date was NOK 116.7 million, and the transaction led to a goodwill of NOK 29.8 million. Goodwill related to Oslo Properties AS/Norgani Hotels AS has increased by an additional NOK 11.8 million in 2008, related to the cost from acquisition of shares and subsequent changes of equity at the original date of takeover. See also Note 9 for a specification of changes in goodwill.	
NOTE 26 CONTINGENT LIABILITIES	
The group has a liability if it is committed to give up financial resources to another party at a future date. An uncertain liability is a liability of uncertain timing or amount. A contingent liability is a category of uncertain liabilities in which the possible obligation depends on whether some uncertain future events occur which the group can not fully influence.	
Contingent share purchase and guarantee committments	
Norgani Hotels AS has entered into a share purchase agreement with three single purpose entities established by Fearnley Finans Eiendom ASA (Fearnley) regarding the sale of the hotel properties Clarion Hotel Copenhagen (Clarion Hotel), Scandic Hotel Hvidovre, Scandic Hotel Kolding and Scandic Hotel Glostrup (Scandic Hotels).	
If Fearnley wishes to sell the hotels before 31 December 2009, Norgani Hotels has the right to present a purchase offer. If the offer is not accepted, Fearnley has the right to sell the hotels to a third party on conditions better than Norgani Hotels' offer. In the period from 1 April 2011 to 31 December 2012, Fearnley has the right to sell the Clarion Hotel and Scandic Hotels to Norgani Hotels for a price of DKK 299.2 million and DKK 272.2 million respectively (closing, including settlement of transaction purchase price, will take place within 30 days after Fearnley's written notice of execution of the options). In this period, Fearnley may also choose to sell the hotels at market value to third parties. Under given circumstances, Norgani Hotels may in this case have the right to part of a possible increase in the value of the hotels. None of the guarantees are expected to be released.	
Norgani Hotels has issued the following guarantees to Fearnley for the period until 31 December 2012:	
• That Clarion Hotel will generate a minimum yearly rent of DKK 18.2 million (2007 figures, to be indexed every year).	
• That the Scandic Hotels will generate a minimum yearly rent of DKK 24.4 million (2007 figures, to be indexed every year).	
• That no investment will be needed during the guarantee period in the hotels, except for DKK 10.0 million related to Scandic Hotels.	
• That operating expenses for Clarion Hotel during the guarantee period will not exceed five per cent of the above-mentioned guaranteed rent.	
• That operating expenses for the Scandic Hotels during the guarantee period will not exceed 18 per cent of the above-mentioned guaranteed rent.	
During the guarantee period, Norgani Hotels has undertaken through a separate management agreement to manage the hotels on behalf of Fearnley.	
As of 31 December 2009, Norgani Hotels has not recognised any liabilities related to the agreement with Fearnley, since the hotels are considered to have a higher value than the liability and there are no current circumstances indicating that Fearnley might exercise its right.	
Contingent investment obligations	
As part of the group's ordinary course of business, investments are made to optimise property values and the basis for income. In relation to a purchase agreement, Norgani Hotels is committed to invest up to SEK 30 million in the Scandic Alvik hotel and to pay SEK 20 million in addition to the purchase price if the operator decides by the end of 2010 to build a conference department in connection with the hotel.	
NOTE 27 EVENTS AFTER THE BALANCE SHEET DATE	
Events after the balance sheet date are events, favourable or unfavourable, which occur between the balance sheet date and the date when the financial statements are authorised for issue. Such events can be events which provide information of conditions which existed at the balance sheet date and result in adjustments to the financial statements, or events which do not require such adjustments.	
1 January 2010, Olav Line became the company's CEO and later the same month Svein Hov Skjelle became CFO.	
In January 2010, Norwegian Property issued a new bond loan in the amount of NOK 235 million to refinance the bond loan falling due in March 2010.	
On 3 February 2010, Norwegian Property held an extraordinary general meeting. This agreed to change paragraph 8 of the Article of association and to mandate the board to increase the share capital.	
In February, Norwegian Property announced the sale of Oksenøyveien 3 for a total of NOK 175 million. The sale is expected to be closed during the first quarter of 2010.	
After year-end, the board conducted a comprehensive strategic planning in cooperation with the company's management. Currently, the group's hotels and commercial properties operate largely as independent entities, and in the boards view, have limited synergies. Therefore, the board has initiated a process to separate the operations into two independent companies in 2010.	

[INCOME STATEMENT](#)
[1 JAN – 31 DEC](#)

[BALANCE SHEET](#)
[AS OF 31 DEC](#)

[BALANCE SHEET](#)
[AS OF 31 DEC](#)

[CASH FLOW STATEMENT](#)
[1 JAN – 31 DEC](#)

[NOTES TO THE ANNUAL](#)
[ACCOUNTS](#)

[Note 1](#) [General information](#)

[NOTE 2](#) [Summary of significant](#)
[accounting policies](#)

[NOTE 3](#) [Investments in](#)
[subsidiaries](#)

[NOTE 4](#) [Tangible assets](#)

[NOTE 5](#) [Cash and cash](#)
[equivalents](#)

[NOTE 6](#) [Equity](#)

[NOTE 7](#) [Interest-bearing debt](#)

[NOTE 8](#) [Remuneration and fees](#)

[NOTE 9](#) [Net financial items](#)

[NOTE 10](#) [Income tax](#)

[NOTE 11](#) [Related party disclosure](#)

[NOTE 12](#) [Contingent liabilities](#)

[AUDITOR'S REPORT](#)

INCOME STATEMENT 1 JAN – 31 DEC

Norwegian Property ASA

<i>(Amounts in NOK 1 000)</i>		<i>Note</i>	2009	2008
Management and service fee, group companies			28 107	20 247
Other operating revenue			11 466	-
Total operating revenue			39 573	20 247
Personnel costs		8	(53 129)	(30 081)
Depreciation		4	(1 367)	(2 141)
Other operating costs			(28 624)	(28 506)
Total operating costs			(83 120)	(60 728)
Operating profit			(43 547)	(40 481)
Financial income		9	144 106	421 055
Financial expenses		9	(1 771 533)	(2 254 884)
Net financial items			(1 627 427)	(1 833 829)
Profit before tax			(1 670 974)	(1 874 309)
Income tax expense		10	66 439	(8 136)
Profit for the year			(1 604 535)	(1 882 445)
Proposed allocations:				
Transferred from other paid-in equity			(1 604 535)	(765 010)
Transferred from share premium			-	(1 117 435)

[INCOME STATEMENT](#)
[1 JAN – 31 DEC](#)

[BALANCE SHEET](#)
[AS OF 31 DEC](#)

[BALANCE SHEET](#)
[AS OF 31 DEC](#)

[CASH FLOW STATEMENT](#)
[1 JAN – 31 DEC](#)

[NOTES TO THE ANNUAL](#)
[ACCOUNTS](#)

[Note 1](#) [General information](#)

[NOTE 2](#) [Summary of significant](#)
[accounting policies](#)

[NOTE 3](#) [Investments in](#)
[subsidiaries](#)

[NOTE 4](#) [Tangible assets](#)

[NOTE 5](#) [Cash and cash](#)
[equivalents](#)

[NOTE 6](#) [Equity](#)

[NOTE 7](#) [Interest-bearing debt](#)

[NOTE 8](#) [Remuneration and fees](#)

[NOTE 9](#) [Net financial items](#)

[NOTE 10](#) [Income tax](#)

[NOTE 11](#) [Related party disclosure](#)

[NOTE 12](#) [Contingent liabilities](#)

[AUDITOR'S REPORT](#)

BALANCE SHEET AS OF 31 DEC

Norwegian Property ASA

<i>(Amounts in NOK 1 000)</i>		<i>Note</i>	2009	2008
ASSETS				
Non-current assets				
Deferred tax assets		10	171 540	152 422
Tangible assets		4	3 086	3 362
Investments in subsidiaries		3	5 569 784	7 166 499
Intercompany balances			2 810 383	1 401 999
Total non-current assets			8 554 793	8 724 282
Current assets				
Intercompany balances			49 950	376 053
Other receivables			2 765	87 101
Cash and cash equivalents		5	108 076	140 183
Total current assets			160 791	603 337
TOTAL ASSETS			8 715 584	9 327 618

[INCOME STATEMENT](#)
[1 JAN – 31 DEC](#)

[BALANCE SHEET](#)
[AS OF 31 DEC](#)

[BALANCE SHEET](#)
[AS OF 31 DEC](#)

[CASH FLOW STATEMENT](#)
[1 JAN – 31 DEC](#)

[NOTES TO THE ANNUAL](#)
[ACCOUNTS](#)

[Note 1](#) [General information](#)

[NOTE 2](#) [Summary of significant](#)
[accounting policies](#)

[NOTE 3](#) [Investments in](#)
[subsidiaries](#)

[NOTE 4](#) [Tangible assets](#)

[NOTE 5](#) [Cash and cash](#)
[equivalents](#)

[NOTE 6](#) [Equity](#)

[NOTE 7](#) [Interest-bearing debt](#)

[NOTE 8](#) [Remuneration and fees](#)

[NOTE 9](#) [Net financial items](#)

[NOTE 10](#) [Income tax](#)

[NOTE 11](#) [Related party disclosure](#)

[NOTE 12](#) [Contingent liabilities](#)

[AUDITOR'S REPORT](#)

BALANCE SHEET AS OF 31 DEC

Norwegian Property ASA

(Amounts in NOK 1 000)		Note	2009	2008
EQUITY AND LIABILITIES				
Equity				
Share capital			226 635	5 040 885
Share premium			1 422 217	78 831
Other paid-in equity			3 335 533	-
Total equity	6		4 984 385	5 119 716
Non-current liabilities				
Interest-bearing debt	7		1 208 587	1 510 120
Intercompany balances			1 833 713	2 323 975
Total non-current liabilities			3 042 300	3 834 095
Current liabilities				
Interest-bearing debt	7		301 863	-
Intercompany balances			5 690	12 022
Trade payables			1 424	3 093
Provision hedge contracts			253 966	330 828
Other current liabilities			125 956	27 864
Total current liabilities			688 899	373 807
Total liabilities			3 731 199	4 207 902
TOTAL EQUITY AND LIABILITIES			8 715 584	9 327 618

Oslo, 24 March 2010
The board of directors of Norwegian Property ASA


Tormod Hermansen
Chair


Harald Grimsrud
Director


Gry Mølleskog
Director


Nils K Selte
Director


Synne Syrrist
Director


Olav Line
President and CEO

[INCOME STATEMENT](#)

[1 JAN – 31 DEC](#)

[BALANCE SHEET](#)

[AS OF 31 DEC](#)

[BALANCE SHEET](#)

[AS OF 31 DEC](#)

[CASH FLOW STATEMENT](#)

[1 JAN – 31 DEC](#)

[NOTES TO THE ANNUAL](#)

[ACCOUNTS](#)

[Note 1](#)

[General information](#)

[NOTE 2](#)

[Summary of significant](#)

[accounting policies](#)

[NOTE 3](#)

[Investments in](#)

[subsidiaries](#)

[NOTE 4](#)

[Tangible assets](#)

[NOTE 5](#)

[Cash and cash](#)

[equivalents](#)

[NOTE 6](#)

[Equity](#)

[NOTE 7](#)

[Interest-bearing debt](#)

[NOTE 8](#)

[Remuneration and fees](#)

[NOTE 9](#)

[Net financial items](#)

[NOTE 10](#)

[Income tax](#)

[NOTE 11](#)

[Related party disclosure](#)

[NOTE 12](#)

[Contingent liabilities](#)

[AUDITOR'S REPORT](#)

CASH FLOW STATEMENT 1 JAN – 31 DEC

Norwegian Property ASA

(Amounts in NOK 1 000)	2009	2008
Ordinary loss before tax	(1 670 974)	(1 874 309)
Depreciation tangible assets	1 367	2 141
Gain/loss from sale of subsidiaries	(2 751)	-
Net financial items	1 627 427	1 833 829
Changes in current items	9 387	75 741
Net cash flow from operating activities	(35 544)	37 401
Purchase of tangible assets	(1 090)	(2 538)
Investments in subsidiaries	(2 574)	(1 807 149)
Sale of subsidiaries	3 751	150 424
Payments regarding loans to subsidiaries	(1 353 473)	984 763
Net cash flow from investment activities	(1 353 386)	(674 500)
Changes in borrowings	-	(1 750 000)
Net financial items	(96 588)	(83 869)
Capital increase	1 453 412	2 345 879
Dividend	-	(263 704)
Net cash flow from financing activities	1 356 824	248 306
Net change in cash and cash equivalents	(32 107)	(388 793)
Cash and cash equivalents 1 January	140 183	528 976
Cash and cash equivalents 31 December	108 076	140 183

INCOME STATEMENT	
1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
CASH FLOW STATEMENT	
1 JAN – 31 DEC	
NOTES TO THE ANNUAL ACCOUNTS	
Note 1	General information
NOTE 2	Summary of significant accounting policies
NOTE 3	Investments in subsidiaries
NOTE 4	Tangible assets
NOTE 5	Cash and cash equivalents
NOTE 6	Equity
NOTE 7	Interest-bearing debt
NOTE 8	Remuneration and fees
NOTE 9	Net financial items
NOTE 10	Income tax
NOTE 11	Related party disclosure
NOTE 12	Contingent liabilities
AUDITOR'S REPORT	

NOTES TO THE ANNUAL ACCOUNTS

Note 1 GENERAL INFORMATION

The Norwegian Property ASA Group is a real estate investment company established in 2006 which invests in large, centrally located commercial properties in Norway. In addition, the company owns the Norgani Hotels group which owns hotel properties in Sweden, Norway, Finland and Denmark.

The properties are organised as separate subsidiaries. Norwegian Property ASA is a holding company which includes group management and group functions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Subsidiaries/associates

Subsidiaries and associated companies are accounted for using the cost method. The investments are recorded at the acquisition price of the shares unless impairment is required. Impairment is implemented at fair value when a fall in value is due to reasons which cannot be assumed to be transient and is deemed necessary according to generally accepted accounting principles. Write-downs are reversed when there is no longer a basis for depreciation.

Dividends and other distributions are recognised in the year for which they are proposed by the subsidiary. When dividend/group contribution significantly exceeds the part of the retained earnings for the group from subsidiaries after the acquisition, the excess part is considered to be a repayment of invested capital and deducted from the value of the investment in the balance sheet.

Tangible assets

All tangible assets are stated at historical cost, less depreciation. Historical cost includes expenditure directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Trade receivables

Trade receivables and other receivables are recognised initially at face value, less provision for impairment. Provision for impairment of trade receivables is based on individual assessments of each receivable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown under borrowings in current liabilities in the balance sheet.

Share capital and share premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any differences between the proceeds (net of transaction costs) and the redemption value are recognised in the income statement over the duration of the borrowings.

Revenue recognition

Revenue includes service and management fees from subsidiaries. Revenue is recognised as it is earned.

Interest expense

Interest expenses on borrowings are recognised under financial costs in the income statement using the effective interest rate method. The effective interest rate method is used to allocate amortised cost on financial assets and financial liabilities and for correct accrual of interest income and interest expense. The effective interest rate allocates the future cash flows throughout the duration of the loan and indicates the real net value of the financial asset or liability.

When calculating the effective interest rate, the group estimates all contractual cash flows related to the financial instrument (e.g terms of payment) but does not take future loss into account. When calculating the effective interest rate, all fees are included and distributed over the relevant period (term to maturity).

Interest hedging agreements

The group is exposed to interest rate risk related to floating rate loans. The company uses forward rate agreements to reduce interest rate risk. Unrealised losses related to these contracts are recognised in the income statement.

Foreign currency translation

Monetary items in foreign currency are translated at the closing rate at the balance sheet date.

Pensions

Norwegian Property ASA operates a defined contribution plan for all employees. The former CEO and former CFO of Norwegian Property had in addition a defined benefit pension plan.

A defined contribution pension scheme is an arrangement whereby the group pays fixed (defined) amounts to a privately administrated scheme. The group has no legal or other obligations to pay further amounts in the event that the pension scheme itself has insufficient assets to pay contributions to employees relating to rights earned in current or previous periods. Contributions are recognised as employee benefit expense when they fall due. Prepaid contributions are recognised as an asset to the extent that the cash refunds or reductions in future payments are available.

A defined benefit plan is a pension plan which defines an amount of pension benefit which an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the straight-line earnings method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, in excess of the greater of 10 per cent of the value of plan assets or 10 per cent of the defined benefit obligation, are charged or credited to income over the employees' expected average remaining working lives. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Deferred income tax

Tax in the income statement consist of tax payable and changes in deferred tax. Deferred income tax is calculated at 28% basis of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and tax loss carried forward at 31 December. Tax increasing or reducing temporary differences which are reversed or can be reversed in the same period are offset. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

INCOME STATEMENT	
1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
CASH FLOW STATEMENT	
1 JAN – 31 DEC	
NOTES TO THE ANNUAL ACCOUNTS	
NOTE 1	General information
NOTE 2	Summary of significant accounting policies
NOTE 3	Investments in subsidiaries
NOTE 4	Tangible assets
NOTE 5	Cash and cash equivalents
NOTE 6	Equity
NOTE 7	Interest-bearing debt
NOTE 8	Remuneration and fees
NOTE 9	Net financial items
NOTE 10	Income tax
NOTE 11	Related party disclosure
NOTE 12	Contingent liabilities
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – PARENT COMPANY

Classifications

Assets held for sale or for use in the ordinary business cycle, or owned mainly for the purpose of trade, or expected to be realised within 12 months or cash and cash equivalents are classified as current assets.

All other assets are classified as non-current assets. Liabilities expected to be settled within the ordinary course of business, mainly held for trade or are expected to be settled within 12 months, are classified as current liabilities. All other liabilities are classified as non-current liabilities.

NOTE 3 INVESTMENTS IN SUBSIDIARIES

The balance sheet item concerning investments in subsidiaries is specified in the table below as at 31 December 2009. A number of these companies own shares in other companies, which are described in their respective annual accounts.

(Amounts in NOK 1 000)	Acquired/ established	Commercial properties	Share	Voting share	Net book value
Sub-holding companies:					
Norwegian Property Holding AS ¹		Oslo	100.0%	100.0%	
Norwegian Property Holding	17 January 2007				3 839 426
Oslo Properties AS ²		Oslo	100.0%	100.0%	
Oslo Properties	17 September 2007				566 260
Properties (single purpose entities):					
Skøyen Bygg AS		Oslo	100.0%	100.0%	
Skøyen Bygg	9 June 2006				214 985
Middelthunsgate 17 AS		Oslo	100.0%	100.0%	
Middelthunsgate AS		Oslo	100.0%	100.0%	
Middelthunsgate 17	9 June 2006				296 551
Telebygget AS		Stavanger	100.0%	100.0%	
Telebygget KS		Stavanger	100.0%	100.0%	
Telebygget	9 June 2006				77 952
Drammensveien 134-1 AS		Oslo	100.0%	100.0%	
Drammensveien 134 AS		Oslo	100.0%	100.0%	
Drammensveien 134	9 June 2006				145 236
Finnestadveien 44 ANS		Stavanger	100.0%	100.0%	
Finnestadveien 44	22 June 2006				124 857
Gardermoen Næringseiendom AS		Oslo	100.0%	100.0%	
Gardermoen Næringseiendom KS		Oslo	100.0%	100.0%	
Gardermoen Næringseiendom	8 September 2006				113 527
Maridalsveien 323 Eiendom AS		Oslo	100.0%	100.0%	
Maridalsveien 323	21 March 2007				190 990
Total shares in subsidiaries					5 569 784

¹ The company owns the group's premises ('single purpose' entities) that are not owned directly by Norwegian Property ASA.

² Oslo Properties AS owns all shares in Norgani Hotels AS, which are the owner of the group's hotel properties.

INCOME STATEMENT	
1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
CASH FLOW STATEMENT	
1 JAN – 31 DEC	
NOTES TO THE ANNUAL ACCOUNTS	
NOTE 1	General information
NOTE 2	Summary of significant accounting policies
NOTE 3	Investments in subsidiaries
NOTE 4	Tangible assets
NOTE 5	Cash and cash equivalents
NOTE 6	Equity
NOTE 7	Interest-bearing debt
NOTE 8	Remuneration and fees
NOTE 9	Net financial items
NOTE 10	Income tax
NOTE 11	Related party disclosure
NOTE 12	Contingent liabilities
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – PARENT COMPANY

Changes in book value for the year are as follows:

<i>(Amounts in NOK 1 000)</i>	2009	2008
Book value as of 1 January	7 166 499	6 401 623
Net additions book value of shares in subsidiaries	1 574	2 242 175
Depreciation of shares in subsidiaries ¹	(1 436 000)	(1 527 371)
Group contribution recognised against shares in subsidiaries	(162 289)	50 072
Book value as of 31 December	5 569 784	7 166 499

¹ See note 9.

NOTE 4 TANGIBLE ASSETS

Changes in tangible assets are specified in the table below:

Acquisition cost

<i>(Amounts in NOK 1 000)</i>	Intangible assets	Fixtures and equipment	Total
As of 31 December 2007	210	3 581	3 791
Additions	-	2 562	2 562
Disposals	(20)	(46)	(66)
As of 31 December 2008	190	6 097	6 287
Additions	-	1 090	1 090
Disposals	-	-	-
As of 31 December 2009	190	7 187	7 377

Accumulated depreciations

<i>(Amounts in NOK 1 000)</i>	Intangible assets	Fixtures and equipment	Total
As of 31 December 2007	38	788	826
Depreciation	38	2 103	2 141
Impairment	-	(42)	(42)
As of 31 December 2008	76	2 849	2 925
Depreciation	56	1 311	1 367
Impairment	-	-	-
As of 31 December 2009	132	4 160	4 292
Book value as of 31 December 2007	172	2 793	2 965
Book value as of 31 December 2008	114	3 248	3 362
Book value as of 31 December 2009	58	3 027	3 086

The company uses straight-line depreciation and the useful life of assets are as follows: four years for IT equipment, five years for licences, cars and equipment, and ten years for fixtures.

NOTE 5 CASH AND CASH EQUIVALENTS

<i>(Amounts in NOK 1 000)</i>	2009	2008
Cash and bank deposits	-	-
The company's net balance in the group accounts	(481 558)	(509 389)
Intercompany net balance in the group accounts ¹	589 620	649 566
Restricted bank deposits	7	6
Cash and cash equivalents as of 31 December	108 069	140 183

¹ Subsidiaries' deposits in the parent company's group accounts are included as liquid assets in Norwegian Property ASA.

At the end of 2009, the company had unutilised overdraft facilities of NOK 310 million.

NOTE 6 EQUITY

<i>(Amounts in NOK 1 000)</i>	Share capital	Share premium	Other paid in equity	Total equity
Equity 31 December 2007	2 637 039	1 211 081	765 010	4 613 130
Capital increase, June 2008	2 403 846	96 154	-	2 500 000
Equity issue cost, net after tax	-	(110 969)	-	(110 969)
Profit/loss for the year	-	(1 117 435)	(765 010)	(1 882 445)
Transactions with shareholders	2 403 846	(1 132 250)	(765 010)	506 586
Equity 31 December 2008	5 040 885	78 831	-	5 119 716
Capital decrease, June 2009	(4 940 068)	-	4 940 068	-
Capital increase, August 2009	100 818	1 108 995	-	1 209 813
Capital increase, September 2009	25 000	275 000	-	300 000
Equity issue cost, net after tax	-	(40 609)	-	(40 609)
Profit for the year	-	-	(1 604 535)	(1 604 535)
Transactions with shareholders	(4 814 250)	1 343 386	3 335 533	(135 331)
Equity 31 December 2009	226 635	1 422 217	3 335 533	4 984 385

As of 31 December 2009, the company had a share capital amounting to NOK 226 635 000 consisting of 453 270 832 shares with a face value of NOK 0.50. For further information about changes in share capital since the incorporation of the company, average number of shares for the past two years, the group's largest shareholders and shares owned by members of the board and management as of 31 December 2009, see Note 14 to the consolidated financial statements. For information about the group's dividend policy, see Note 23 to the consolidated financial statements.

INCOME STATEMENT	
1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
CASH FLOW STATEMENT	
1 JAN – 31 DEC	
NOTES TO THE ANNUAL ACCOUNTS	
NOTE 1	General information
NOTE 2	Summary of significant accounting policies
NOTE 3	Investments in subsidiaries
NOTE 4	Tangible assets
NOTE 5	Cash and cash equivalents
NOTE 6	Equity
NOTE 7	Interest-bearing debt
NOTE 8	Remuneration and fees
NOTE 9	Net financial items
NOTE 10	Income tax
NOTE 11	Related party disclosure
NOTE 12	Contingent liabilities
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – PARENT COMPANY

NOTE 7 INTEREST-BEARING DEBT

The company's interest-bearing non-current and current debt as of 31 December is specified in the table below.

(Amounts in NOK 1 000)	Currency	2009			2008		
		Non-current	Current	Total	Non-current	Current	Total
Revolving credit facility	NOK	-	-	-	-	-	-
Current credit facility	NOK	-	-	-	-	-	-
Bond loan	NOK	1 209 000	302 000	1 511 000	1 511 000		1 511 000
Total interest-bearing debt	NOK	1 209 000	302 000	1 511 000	1 511 000	-	1 511 000
Capitalised borrowing costs	NOK	(413)	(137)	(550)	(880)	-	(880)
Total interest-bearing loan in the balance sheet	NOK	1 208 587	301 863	1 510 450	1 510 120	-	1 510 120

The debt consists of three tranches of bonds in the Norwegian capital market totalling NOK 1 511 million. One of the trenches, of NOK 302 million, falls due in Q1 2012. The other two trenches fall due in Q1 2013. The bond loans are secured by pledges of four properties. For further details about the structure, interest rates, covenants and pledges regarding non-current debt, see note 16 to the consolidated financial statements. No significant bank guarantees have been issued on behalf of the parent company.

The maturity of the group's non-current interest-bearing debt as of 31 December is specified in the table below (current interest-bearing debt falls due within one year from the balance sheet date).

(Amounts in NOK 1 000)	2009	2008
Between 1-2 years (2010 and 2011/2009 and 2010)	302 000	302 000
Between 3-5 years (2012, 2013 and 2014/2011, 2012 and 2013)	1 209 000	1 209 000
More than 5 years (after 2014/after 2013)	-	-
Total	1 511 000	1 511 000

Book value of assets pledged as security for debt as of 31 December is as follows:

(Amounts in NOK 1 000)	2009	2008
Shares and interests in subsidiaries	5 569 784	7 166 499
Non-current receivables, intercompany	2 810 383	1 401 999
Current receivables, intercompany	49 950	376 053
Total	8 430 117	8 944 551
Liabilities secured	1 511 000	1 511 000

Below is a specification of notional principal for the company's interest rate derivatives in the balance sheet as of 31 December:

(Amounts in NOK 1 000)	Currency	2009 Principal	2008 Principal
Interest swap contracts	NOK	(386 000)	(386 000)
Interest swap contracts	NOK	14 906 600	11 237 809
Total interest swap contracts	NOK	14 520 600	10 851 809

The majority of Norwegian Property's floating rate loans are hedged by interest rate hedge contracts. Norwegian Property has a policy to hedge a minimum of 70 per cent of the interest-bearing debt outstanding. Hedging of the interest rate risk is conducted by the parent company, Norwegian Property ASA, for both the parent company and the subsidiaries. Thus, part of the interest rate hedged are allocated to the subsidiaries. Despite the hedging positions, the company's financial assets and cash flow will be exposed to fluctuations in the current interest rate. As a result of these fluctuations, the interest rate cost will vary. For further information regarding financial risk management, see Note 3 to the consolidated financial statements. Floating interest rate is three-month NIBOR for all contracts. By the end of 2009, the fair value of the total interest rate hedging contracts, as stated above, was negative at NOK 240.8 million. (2008: negative at NOK 330.8 million). For 2009, a provision has been made for the negative amount (see Note 9).

INCOME STATEMENT	
1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
CASH FLOW STATEMENT	
1 JAN – 31 DEC	
NOTES TO THE ANNUAL	
ACCOUNTS	
Note 1	General information
NOTE 2	Summary of significant accounting policies
NOTE 3	Investments in subsidiaries
NOTE 4	Tangible assets
NOTE 5	Cash and cash equivalents
NOTE 6	Equity
NOTE 7	Interest-bearing debt
NOTE 8	Remuneration and fees
NOTE 9	Net financial items
NOTE 10	Income tax
NOTE 11	Related party disclosure
NOTE 12	Contingent liabilities
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – PARENT COMPANY

NOTE 8 REMUNERATION AND FEES

Personnel costs

Personnel expenses for the year are specified as follows:

<i>(Amounts in NOK 1 000)</i>	2009	2008
Pay and remuneration	41 883	24 062
Social security costs	7 123	2 705
Pension costs	3 716	3 081
Other employee expenses	407	233
Total personnel expenses	53 129	30 081
Number of employees 31 December	14	19
Number of full-time equivalent positions 31 December	14	19
Average number of employees	16	17

Pension costs and pension obligations

According to the Act on mandatory pension schemes, Norwegian Property ASA and Norgani Hotels AS must operate certain pension schemes. The companies have schemes which satisfy these requirements. Norwegian Property ASA operates a defined contribution plan for all employees. The former CEO and former CFO of Norwegian Property ASA had in addition a defined benefit pension plan. The service cost for these employees ended at the termination of the contract and was included in the final settlement.

Pension costs for the year are specified as follows:

<i>(Amounts in NOK 1 000)</i>	2009	2008
The period's pension earnings (service cost)	2 571	2 262
Interest cost of pension obligation	270	237
Pension cost, benefit plans	2 841	2 499
Pension cost, contribution plans	875	582
Total pension cost	3 716	3 081

Pension obligation for benefit plans is specified as follows as of 31 December:

<i>(Amounts in NOK 1 000)</i>	2009	2008
Present value of pension obligations	7 281	9 285
Net pension obligation	7 281	9 285
Benefits paid	(7 281)	-
Unrecognised actuarial gains/losses	-	(2 005)
Pension obligation as of 31 December	-	7 281

Changes in the defined benefit obligation are as follows:

<i>(Amounts in NOK 1 000)</i>	2009	2008
As of 1 January	7 281	4 782
Total cost, see above	2 841	2 499
Benefits paid	(10 122)	-
As of 31 December	-	7 281

Financial assumptions for benefit plans are as follows:

	2009	2008
Discount rate (per cent)	4.40	4.30
Expected return on plan assets (per cent)	5.60	6.30
Annual wage increase (per cent)	4.25	4.50
Adjustment of statutory base amount (per cent)	4.00	4.25
Pension increase (per cent)	2.50	2.00

Remuneration of executive officers for 2009

For details about the remuneration of directors and key management personnel, including the declaration of management benefits, see note 19 to the consolidated financial statements. No loans or guarantees have been granted to employees or directors or their related parties.

Audit fees 2009

	Remuneration
Statutory audit	516
Other certification services	-
Tax/VAT advisory fee	-
Other services	124
Total	640

Deloitte is the company's auditor. The auditor's fee is net of VAT.

INCOME STATEMENT

1 JAN – 31 DEC

BALANCE SHEET

AS OF 31 DEC

BALANCE SHEET

AS OF 31 DEC

CASH FLOW STATEMENT

1 JAN – 31 DEC

NOTES TO THE ANNUAL

ACCOUNTS

NOTE 1 General information

NOTE 2 Summary of significant
accounting policies

NOTE 3 Investments in
subsidiaries

NOTE 4 Tangible assets

NOTE 5 Cash and cash
equivalents

NOTE 6 Equity

NOTE 7 Interest-bearing debt

NOTE 8 Remuneration and fees

NOTE 9 Net financial items

NOTE 10 Income tax

NOTE 11 Related party disclosure

NOTE 12 Contingent liabilities

AUDITOR'S REPORT

ANNUAL ACCOUNTS – PARENT COMPANY

NOTE 9 NET FINANCIAL ITEMS

<i>(Amounts in NOK 1 000)</i>	2009	2008
Financial income		
Income investment subsidiaries ¹	-	183 547
Interest income from group companies	62 255	197 763
Changes in value of hedging contracts	76 862	-
Other interest income	-	-
Other financial income	2 238	-
Gain from sale of shares in subsidiaries ²	2 751	39 745
Total financial income	144 106	421 055
Financial expenses		
Interest costs to group companies	(59 914)	(117 825)
Interest costs loans	(274 636)	(159 605)
Depreciation of shares in subsidiaries ³	(1 436 000)	(1 527 371)
Loss from sale of shares in subsidiaries	-	(115 053)
Provision hedging contracts ⁴	-	(330 828)
Other financial expenses	(983)	(4 203)
Total financial expenses	(1 771 533)	(2 254 885)
Net financial items	(1 627 427)	(1 833 829)

¹ Income from investments in subsidiaries relates to recognised group contribution and other distributions from subsidiaries.

² Gain from sale relates to the sale of Drammensveien 144 in 2009.

³ Subsidiaries are valued using the cost method, with depreciation to fair value when this is considered to be lower than the acquisition price for the parent company.

⁴ See Note 7

NOTE 10 INCOME TAX

<i>(Amounts in NOK 1 000)</i>	2009	2008
The major components of the income tax expense for the year		
Tax payable	-	-
Changes in deferred tax	(66 439)	8 136
Income tax expense	(66 439)	8 136
Calculation of the tax base for the year		
Profit before tax	(1 670 974)	(1 874 309)
Permanent differences	1 377 290	1 596 300
Group contribution with tax effects	225 402	178 127
Changes in temporary differences	7 148	(29 939)
Tax base for the year	(61 133)	(129 821)
Temporary differences		
Tangible assets	(763)	(316)
Limited liability partnerships	(35 516)	(28 815)
Tax loss carried forward	(576 369)	(515 236)
Total temporary differences	(612 648)	(544 367)
Deferred tax 28 per cent	(19 119)	(61 030)
whereof recognised against equity	15 792	43 154
Tax on group contribution	(63 113)	26 012
Changes in deferred tax in the income statement	(66 439)	8 136
Deferred tax in the balance sheet	(171 541)	(152 422)
Reconciliation of tax expense and calculated effective tax rate		
Calculated tax expense on profit before tax, 28 per cent	(467 873)	(524 807)
Permanent differences, 28 per cent	401 434	539 994
Changes from previous years	-	(7 051)
Income tax expense	(66 439)	8 136
Effective tax rate (per cent)	4.0	(0.4)

INCOME STATEMENT	
1 JAN – 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
BALANCE SHEET	
AS OF 31 DEC	
CASH FLOW STATEMENT	
1 JAN – 31 DEC	
NOTES TO THE ANNUAL	
ACCOUNTS	
NOTE 1	General information
NOTE 2	Summary of significant accounting policies
NOTE 3	Investments in subsidiaries
NOTE 4	Tangible assets
NOTE 5	Cash and cash equivalents
NOTE 6	Equity
NOTE 7	Interest-bearing debt
NOTE 8	Remuneration and fees
NOTE 9	Net financial items
NOTE 10	Income tax
NOTE 11	Related party disclosure
NOTE 12	Contingent liabilities
AUDITOR'S REPORT	

ANNUAL ACCOUNTS – PARENT COMPANY

NOTE 11 RELATED PARTY DISCLOSURE

Financial relationships related to the board and management are described in Note 8 to the parent company and note 19 to the consolidated financial statements. After Norwegian Property was established, there are three main categories of transactional relationships with related parties:

- Property transactions where Norwegian Property ASA shares are used as full or partial consideration to seller
- Facility management agreements
- Group transactions.

Property transactions and facility management agreements are described in Note 24 to the consolidated financial statements.

Group subsidiaries are charged for interest expenses in accordance with their share of the group's total financial costs. In addition, group subsidiaries are charged for a share of the administration expenses in Norwegian Property ASA which are assumed not to be ownership costs.

During 2008 and 2009, the group undertook legal restructuring activities through the transfer of properties (single purpose entities). Intercompany transactions are generally based on market conditions. In relation to the refinancing of the portfolio of commercial properties in 2007, a sub-holding company (Norwegian Property Holding AS) was established by transferring single purpose entities from Norwegian Property ASA as contributions in kind to ensure group continuity.

NOTE 12 CONTINGENT LIABILITIES

Norwegian Property ASA guarantees the syndicated credit facility in Norwegian Property Holding AS in the original amount of NOK 11 billion, and for the fulfilment of the loan agreement between Nykredit and the subsidiaries Skøyen Bygg ANS, Skøyen Bygg AS, Skøyen Bygg 2 AS, Skøyen Bygg 3 AS, Skøyen Bygg 4 AS and Skøyen Bygg 5 AS in the amount of NOK 949.2 million.

Norwegian Property ASA guarantees the acquisition financing of NOK 718.9 million in Oslo Properties AS and for two syndicated credit facilities and one bilateral loan in Norgani Hotels AS (see Note 16 to the consolidated financial statements).

Norwegian Property ASA has no contingent liabilities through guarantees or other circumstances related to the ordinary course of business.

INCOME STATEMENT

1 JAN – 31 DEC

BALANCE SHEET

AS OF 31 DEC

BALANCE SHEET

AS OF 31 DEC

CASH FLOW STATEMENT

1 JAN – 31 DEC

NOTES TO THE ANNUAL ACCOUNTS

Note 1 General information

NOTE 2 Summary of significant accounting policies

NOTE 3 Investments in subsidiaries

NOTE 4 Tangible assets

NOTE 5 Cash and cash equivalents

NOTE 6 Equity

NOTE 7 Interest-bearing debt

NOTE 8 Remuneration and fees

NOTE 9 Net financial items

NOTE 10 Income tax

NOTE 11 Related party disclosure

NOTE 12 Contingent liabilities

AUDITOR'S REPORT

AUDITOR'S REPORT

Deloitte.

Deloitte AS
Karenslyst alle 20
Postboks 347 Skøyen
N-0213 Oslo
Norway

Tlf: +47 23 27 90 00
Faks: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Norwegian Property ASA

AUDITOR'S REPORT FOR 2009

We have audited the annual financial statements of Norwegian Property ASA as of 31 December 2009, showing a loss of TNOK 1.604.535 for the parent company and a loss of TNOK 1.168.942 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the parent company's financial statements. The group accounts comprise the statement of income, the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the parent company's financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2009, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the group accounts are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2009, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss, is consistent with the financial statements and complies with law and regulations.

Oslo, 24 March 2010
Deloitte AS

Bernhard Lyngstad
State Authorised Public Accountant (Norway)

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/norway for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

Member of Deloitte Touche Tohmatsu

Medlemmer av Den Norske Revisorforening
org nr: 980 211 292

62