NORWEGIAN PROPERTY

INTERIM REPORT FOR THE THIRD QUARTER OF 2009

3RD QUARTER 2009 – POSITIVE RESTULTS AND STRENGTHENED FINANCIAL PLATFORM

Norwegian Property ASA achieved a profit before tax of NOK 251 million for the third quarter 2009, compared with NOK -1 372 million in the corresponding period last year. Gross rental income amounted to NOK 445 million, which adjusted for sale of properties, corresponds to an increase of 1.4 per cent from third quarter 2008. Operating profit before fair value adjustments was NOK 363 million, compared with NOK 388 million in the same period last year. Total value adjustments for the property portfolio came to minus 0.1 per cent in the quarter, corresponding to NOK -31.6 million, of which commercial properties had a positive value adjustment of 0.1 per cent and the hotel portfolio was adjusted downwards by 0.5 per cent.

In the third quarter Norwegian Property strengthened the company's financial platform through a private placement of NOK 1 200 million and a subsequent repair offering of NOK 300 million. The aggregate proceeds were used for debt repayment.

The Board of Directors of Norwegian Property announced on the 21 September that Olav Line has been appointed as new CEO of the company, effective from 1 January 2010. Until then, CFO Mari Thjømøe will serve as acting CEO.

KEY FIGURES

Amounts in NOK million		3rd Quarter 2009	3rd Quarter 2008	Year to date 2009	Year to date 2008	Last year 2008
Profit and loss						
Gross rent		445.1	454.6	1 337.6	1 400.8	1 866.8
Operating profit		319.2	(615.2)	(338.6)	(1 583.0)	(2 591.0)
Operat. prof. ex. fair value adj.		363.1	387.6	1 112.5	1 193.8	1 583.1
Profit before tax and fair value adj,		80.4	69.4	219.9	140.3	312.2
Profit before tax		250.7	(1 371.9)	(1 122.7)	(2 610.7)	(5 118.9)
Net profit		192.8	(990.6)	(1 000.8)	(1 881.9)	(4 190.7)
Balance sheet						
Market value of investment portfolio		24 290.1	27 379.7			27 312.6
Equity		5 290.3	6 973.0			5 001.2
Interest bearing debt		18 667.4	21 325.1			21 840.6
Equity ratio		20.8 %	23.6 %			17.3 %
Pre tax return on equity (annualised)		22.4 %	73.1 %	-29.1 %	50.4 %	-86.5 %
Cash flow						
Cash flow from operating activities		308.2	305.5	984.5	1 065.2	1 715.7
Cash position		190.5	68.6			174.2
Key numbers, shares (NOK)						
No. of shares issued		453 270 832	201 635 416			201 635 416
Average number of shares in period		291 388 020	201 635 416	231 771 327	112 349 693	157 236 500
Pre tax profit per share		0.86	(6.80)	(4.84)	(23.24)	(32.56)
Basic earnings per share (EPS)	1)	0.66	(4.91)	(4.32)	(16.75)	(26.65)
Operating cash flow per share		1.06	1.52	4.25	9.48	10.91
Interest bearing debt per share		41.18	105.76			108.32
Book value per share		11.67	34.58			24.80
Deferred property tax per share		2.71	7.70			7.47
Goodwill per share		(1.53)	(5.46)			(4.39)
Financial derivative instr. per share		0.75	(2.11)			2.25
Net asset value per share (EPRA)	2)	13.61	34.71			30.14

1) Diluted earnings per share are the same as the basic earnings per share.
2) Ordinary book value of equity (excl. minority interests) per share adjusted for deferred property tax-, goodwill- and financial derivative instr. per share. Deferred property tax per share include both ordinary deferred tax related to properties and tax compensation at purchase (accounted for as a reduction of investment properties). Goodwill per share is calculated from the single item in the balance sheet, while financial derivative instr. per share is calculated based on the asset and liability items (market values of interest-/exchange rate swap contracts and similar) in the balance sheet after tax.

HIGHLIGHTS THIRD QUARTER

- Satisfactory operations and stable revenues
- No significant adjustment of property values, a small positive adjustment for the office portfolio and a limited negative value adjustment of the hotel portfolio
- Positive development for the group portfolio of interest rate hedging instruments
- Refinancing completed
- Debt repaid by NOK 1 524.9 million, equity strengthened by NOK 1 643.1 million from previous quarter
- Renegotiated 21 new office rental agreements with an aggregate increase in rent level of 22 per cent
- Olav Line appointed as new CEO, effective from 1 January 2010

FINANCIAL RESULTS

RESULTS FOR THE THIRD QUARTER

Adjusted for sale of properties, Norwegian Property achieved an increase in gross rental income of NOK 6.6 million compared with the third quarter last year. Total gross rental income for the third quarter 2009 was NOK 445.1 million, compared with NOK 454.6 million in the same period in 2008. Adjusted for sold properties, third quarter income increased by NOK 10.0 million for office properties, and for the hotel portfolio income was reduced by NOK 3.4 million compared with 2008.

Maintenance and property-related expenses were NOK 37.5 million in the quarter (NOK 38.8 million[3]). Group expenses increased to NOK 44.5 million (NOK 28.2 million). The increase is attributable to one-off costs, primarily personnel related costs of NOK 13.5 million. Operating profit before fair value adjustments of investment properties was NOK 363.1 million (NOK 387.6 million).

Fair value adjustments to properties were NOK -31.6 million (NOK -1 002.8 million). A goodwill impairment of NOK 12.3 million, related to value adjustments of the hotel portfolio, was recognised in the third quarter.

Net financial expenses were significantly reduced to NOK 68.5 million (NOK 756.8 million) in the third quarter. Financial costs amounted to NOK 282.5 million in the quarter, a reduction of NOK 43.9 million compared with the same period last year owing to reduced debt and a lower average interest rate. The income element related to financial derivatives showed a positive change in value corresponding to NOK 212.8 million (NOK -435.7 million). The gain is primarily related to an increase in market interest rates during the third quarter.

Profit before tax for the third quarter was NOK 250.7 million, compared with a pre-tax loss of NOK 1 371.9 million in the third quarter last year. Calculated tax expenses in the quarter were NOK 57.9 million (NOK -381.4 million), related to an increase in deferred tax with no cash flow effect. The net profit for the period was NOK 192.8 million (NOK -990.6 million).

RESULTS FOR THE FIRST NINE MONTHS

Gross rental income for the first nine months was NOK 1 337.6 million, compared with NOK 1 400.8 million in the same period last year. Adjusted for sale of properties in the period, this corresponds to an increase in gross rental income of NOK 12.4 million.

Maintenance and property-related expenses were NOK 108.4 million in the period, down NOK 4.5 million compared with NOK 112.8 million in the corresponding period of 2008. Group expenses increased to NOK 116.7 million (NOK 94.1 million), and were among other factors affected by one-off charges related to the financial restructuring during the period. Operating profit before fair value adjustments to investment properties was NOK 1 112.5 million (NOK 1 193.8 million).

Fair value adjustments to properties were NOK -1 236.6 million (NOK -2 812.2 million) for the first nine months of the year. Total goodwill impairments of NOK 224.5 million for the period, related to value adjustments of the hotel portfolio, were recognised during this year's first three quarters.
The reduction in net financial items to NOK -784.1 million (NOK -1 027.7 million) in the first nine months reflects a lower debt level and

[3] Figures in brackets refer to the same period last year

reduced interest rate costs. The income element related to financial derivatives showed a positive change in value corresponding to NOK 3.8 million, compared with a negative change in value of NOK 35.0 million in the same period last year. The gain is primarily related to an increase in market interest rates.

Loss before tax for the first nine months of the year was NOK 1 122.7 million (NOK 2 610.7 million). Calculated tax was positive by NOK 121.9 million (NOK 728.8 million), and is related to reductions in deferred tax with no cash flow effect. The net loss for the period was thereby NOK 1 000.8 million (NOK 1 881.9 million).

VALUATION OF PROPERTIES

Two independent external valuators have valued each of the properties in the Group's office and hotel portfolio. The valuation is based on the same methods and principles as in previous periods.

Due to somewhat improved macroeconomic prospects value changes of the commercial property portfolio in the third quarter turned from a negative value adjustment of 1.3 per cent in the second quarter, to a slightly positive development of 0.1 per cent in the third quarter. As per 30 September 2009, the Group's portfolio of commercial properties was valued at NOK 14 780.4 million. A value adjustment of NOK 12.7 million was recognised for the commercial portfolio in the income statement for the third quarter.

For the hotel portfolio (Norgani Hotels AS) value adjustments are moving in a less negative direction. The portfolio had a negative value adjustment of 0.5 per cent in the third quarter, compared with minus 3.3 per cent in the second quarter 2009. As per 30 September 2009, the Group's portfolio of hotel properties was valued at NOK 9 509.7 million, and NOK -44.4 million was recognised in the income statement for the third quarter. As a consequence of the Norwegian krone being strengthened against the Euro and the Danish krone during the period, the value of the hotel properties in the balance sheet was adjusted somewhat further down. Correspondingly, Norgani's debt converted into Norwegian currency has been reduced due to the currency development.

In aggregate, the value of the properties was reduced by 0.1 per cent, and the trend observed in the recent quarters of gradually less negative adjustments was thus continued. In total, the property values for the company's portfolio were negatively adjusted by NOK 31.6 million to NOK 24 290.1 million during the quarter. In the third quarter last year aggregate value adjustments were negative by NOK 1 002.8 million.

CASH FLOW

Net cash flow from operating activities before net financial items was NOK 308.2 million (NOK 305.5 million) in the third quarter. Net negative cash flow from investing activities for the quarter was NOK -5.3 million (NOK 209.7 million). Investment-related spending during the third quarter of 2009 primarily reflected ordinary capital expenditure on the Group's properties, while net cash flow from investing activities in the third quarter 2008 was affected by the acquisition of Norgani which was concluded in the period. Net negative cash flow from financing activities was NOK 341.3 million (NOK 351.2 million), which reflected financial expenses and debt repayment. The net change in cash and cash equivalents during the third quarter was NOK -38.4 million (NOK -255.4 million).

BALANCE SHEET

Cash and cash equivalents at 30 September 2009 amounted to NOK 190.5 million (NOK 68.6 million). The Group also had NOK 336.0 million in undrawn credit facilities. Total equity was NOK 5 290.3 million (NOK 6 973.0 million), corresponding to an equity ratio of 20.8 per cent (23.6 per cent). Carried net asset value per share was NOK 11.67 (NOK 34.58). Net asset value per share pursuant to the EPRA standard was NOK 13.61 (NOK 34.71). Number of shares as per the end of the third quarter was 453 270 832 (201 635 416).

FINANCING

Total consolidated interest-bearing debt after capitalised costs at 30 September 2009 was NOK 18 667.4 million (NOK 21 325.1 million). NOK 1 524.9 million in interest-bearing debt was repaid in the third quarter. As a consequence of exchange rate changes Norgani's foreign currency debt translated into NOK was reduced by NOK 62.6 million during the quarter.

Interest bearing debt and hedging (NOK million)	30.09.2009	30.09.2008	31.12.2008
Net external debt	18 712	21 368	21 879
Hedging ratio	105,1 %	76,0 %	84,0 %
Unused committed credit facilities	336	426	521
Average time to maturity, hedging (years)	3,3	4,7	4,5
Average interest rate (incl. margin)	5,2 %	5,6 %	5,8 %
Average margin	1,0 %	0,8 %	0,8 %
Average remaining duration, borrowing (years)	3,2	4,1	3,9
Property value (gross of deferred tax at acquisition)	24 502	27 380	27 574
Interest bearing debt relative to property value	76,4 %	78,0 %	79,3 %

During the second half of 2008, Norwegian Property reduced its exposure to floating interest rates to a great extent. As a consequence of this, combined with repaid debt in 2009, the Group has a certain over-hedging of interest rate exposure in the period September this year to January 2010. Average interest rate is expected to be somewhat lower in 2009 compared with the year before.

FINANCIAL RESTRUCTURING COMPLETED AS PLANNED

During the third quarter, Norwegian Property succeeded in strengthening the company's financial platform through the completion of a private placement and a subsequent repair offering of a total of NOK 1 500 million at a subscription price of NOK 6.00 per share. The proceeds from the issues were used to repay debt. Simultaneously, the company's achieved waivers of loan covenants, refinancing, minor adjustments to margins and extensions to the maturities of certain loan facilities.

	Prior to the private placement and the repair offering	Subsequent to both issues
Number of shares	201 635 416	453 270 832
Share capital	5 040 885 400	226 635 416
Par value per share	NOK 25	NOK 0,50

In connection with the two share issues, the nominal value per share in Norwegian Property was reduced from NOK 25.00 to NOK 0.50. New par value was registered in the Norwegian Register of Business Enterprises in august, and the amount of this reduction was transferred to other equity.

MARKET CONDITIONS

OFFICE RENTAL MARKET

Underlying macroeconomic factors such as GDP development and unemployment showed positive tendencies in the third quarter. Despite negative GDP growth in Norway in 2009, it appears that the development is moving in a positive direction. Outlook regarding future economic growth and unemployment has been adjusted in a positive direction during the quarter. The economic recovery is however expected to be relatively weak, and unemployment is anticipated to continue to rise somewhat going forward. According to analyses by Akershus Eiendom, office space vacancy in the Oslo area is expected to increase from approximately 6.0 per cent in the third quarter, towards a level around 8.5 per cent by the end of 2010, before it is anticipated to fall back to between 6.0 and 7.0 per cent in 2011. Market rent levels within certain segments are expected to fall further into 2010, before they flatten and gradually start to increase again. Expectations related to future rent levels and the degree of recovery are however associated with significant uncertainty. Nevertheless, the largest drop in market rent levels seems to be behind us.

Reduced availability of financing and uncertainty in connection with future demand has contributed to a situation where new building projects are postponed or cancelled. Due to projects already started up, capacity this year and next year will still increase more than what has been observed during recent years.

As a consequence of workforce reductions and expected rise in vacancy, an increase in the subletting market has been anticipated. The subletting market has however had a stable development in 2009. Of total vacancy, subletting still only accounts for 6.0 per cent, which is at par with last year. The large volumes have failed to appear, and with that the extent of subletting has proven to be far more limited than during the previous downturn period in 2002-2003. An increasing tendency of subletting could influence market rent levels in a negative direction, but this seems less likely than before.

Norwegian Property is well positioned in the market for commercial property, with low vacancy in the portfolio, long contracts and with an underlying potential for uplift in rent levels. Only a moderate share of the company's contract portfolio falls due in 2009 and 2010. Somewhat more lease contracts fall due in 2011 and 2012, which in light of the market situation also represent an opportunity of rent uplift.

During the third quarter, new lease contracts to a total value of NOK 15.2 million have been entered into, which represent rent levels 22 per cent above the level of expired contracts during the period. In the second quarter, the corresponding increase in renegotiated contracts was 15 per cent, with a total value of renegotiated contracts of NOK 88.8 million.

HOTEL MARKET

There is a correlation between the hotel market and the general macroeconomic development. After several prosperous years in the hotel market, with a historic peak year in 2008, the development in 2009 has been characterized by the economic downturn worldwide with declining RevPAR[4] and reduced occupancy rates all over the Nordic region. Negative GDP growth is anticipated to continue to influence RevPAR negatively for the remainder of the year. At the same time are improved macroeconomic prospects giving rise to expectations that the negative development is about to level out.

Market conditions for hotels are expected to remain challenging for the remainder of 2009 and in 2010, with the Finnish market likely to recover somewhat later than the other markets. Occupancy rates and prices per room are expected to decrease in most markets. For Norwegian Property this will however have limited effect on revenues as Norgani through minimum rent agreements and seller guarantees have secured future revenues to a significant extent. The supply side will also expand towards 2011, particularly in and around the capital cities of Norway, Sweden and Denmark. This could result in continued challenging market conditions if demand does not increase. At the same time are improved macroeconomic indicators contributing to a somewhat more positive market outlook than previously expected.

PROPERTY PORTFOLIOS

THE COMMERCIAL PORTFOLIO

At the end of the quarter, Norwegian Property owned 48 office and retail properties. These are primarily located in central and attractive areas of Oslo and Bærum (83.4 per cent of gross rental income), Gardermoen (2.4 per cent of gross rental income) and Stavanger (14.2 per cent of gross rental income). The Group's properties consist mainly of office premises with associated warehousing and parking, and retail and restaurant space.

Total gross contractual rental income for the office portfolio was NOK 1 045.9 million. The average CPI adjustment factor for the portfolio is 97.1 per cent. Total vacancy in the portfolio is 1.8 per cent, up from 0.8 per cent in the second quarter, and far below the Oslo area market level of 6.0 to 6.5 per cent. Norwegian Property has relatively few lease contracts that are up for renewal the next 15 months. The average remaining lease duration is 5.1 years. Valuations of the property portfolio assume an uplift potential of approximately 6.4 per cent if rents were adjusted to the average market level.

HOTEL PORTFOLIO

Norgani's portfolio comprises 73 hotels and one congress centre with a total of 12 884 rooms. Its total area is 671 480 square metres.

The lease contracts for all but one of Norgani's hotels are turnover-based, with rates differentiated between accommodation income and other revenues. Most leases specify minimum rents, which are adjusted annually pursuant to the consumer price index, and to reflect any major property upgrades. Some of the hotels have seller guarantees, whereby the seller has agreed to

[4] RevPAR: Revenue per available room

compensate Norgani for any shortfall between guaranteed and actual turnover-based rents. In total, seller guarantees and minimum rents account for about 80 per cent of gross rents paid in 2008. The average remaining duration of the lease contracts is 9.8 years.

SHAREHOLDER INFORMATION

At the end of the third quarter the company had a total of 3 221 registered shareholders, corresponding to a 31.3 per cent increase compared with the end of the previous quarter, and an increase of 163.6 per cent relative to the end of third quarter 2008. Non-Norwegian shareholding has to a large extent come back, and accounted for 34.4 per cent of the share capital at the end of the quarter, compared with 24.9 per cent in the previous quarter. The liquidity in the share has increased considerably, with an average turnover in the third quarter of about 4.3 million shares per day. As a consequence of the capital increase, total number of issued shares was doubled during the third quarter. Total share capital in the company as per 30.09.2009 was NOK 226 635 416 divided among 453 270 082 shares with a par value per share of NOK 0.50.

The largest shareholders registered with the Norwegian Central Securities Depository (VPS) as per 30 September 2009 are presented below:

Name	Percentage (%)	Share	Account type	Nationality
CANICA AS	5,2	23 374 467		NOR
A WILHELMSEN CAPITAL OMLØP	5,1	23 254 334		NOR
FOLKETRYGDFONDET JP MORGAN CHASE BANK	4,3	19 264 000		NOR
SKAGEN VEKST	3,5	15 778 000		NOR
BGL BNP PARIBAS S/A OPCVM	3,0	13 649 072	NOM	LUX
STATE STREET BANK AN A/C CLIENT OMNIBUS F	1,9	8 742 277	NOM	USA
STATE STREET BANK & A/C CLIENT FUND NUMB	1,8	8 228 863	NOM	USA
Hustadlitt A/S	1,6	7 358 280		NOR
A WILHELMSEN CAPITAL	1,5	6 934 000		NOR
STATE STREET BANK AN A/C CLIENT OMNIBUS I	1,5	6 824 500	NOM	USA
TRONDHEIM KOMMUNALE	1,4	6 099 700		NOR
VITAL FORSIKRING ASA OMLØPSMIDLER	1,3	6 089 907		NOR
BANK OF NEW YORK MEL S/A ALPINE GLOBAL PR	1,3	6 006 031		USA
REKA AS	1,3	6 000 000		NOR
SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT	1,3	5 721 686	NOM	SWE
BANK OF NEW YORK MEL S/A MELLON NOMINEE 1	1,3	5 667 467	NOM	USA
FGCS NV RE TREATY FORTIS GLOBAL CUSTOD	1,2	5 626 096	NOM	NLD
FRAM HOLDING AS	1,2	5 500 000		NOR
A WECO INVEST AS	1,2	5 486 765		NOR
ARCTIC SECURITIES AS MEGLERKONTO	1,2	5 344 500	MEG	NOR
	42,1	**190 949 945**		

ORGANISATION

In September it was announced that Olav Line has been appointed as new Chief Executive Officer (CEO) of Norwegian Property, effective from 1 January 2010. Until then, Mari Thjømøe will serve as acting CEO. Further, Director Transactions of the company, Sigmund Sletvold, holds the role as acting Chief Investment Officer (CIO). The 1 October Elise Heidenreich took up the position as Director Investor Relations for the company.

EVENTS AFTER THE REPORTING PERIOD

After the end of the third quarter, Norgani has entered into a new rental agreement for Hotel Europa in Copenhagen with Finnish Omenahotelli Oy. The contract, which has 15 years' duration, replaces the existing agreement which expires in 2010. The rental agreement is considered to be attractive and is based on fixed rent with annual CPI adjustment. In addition, Norgani will receive a share of turnover when occupancy exceeds a given level. Norgani Hotels will upgrade the hotel in cooperation with Omenahotelli, and has received satisfactory bank guarantees from a solid new tenant. Omenahotelli's concept is based on a highly automated procedure, and customers receive a cost effective service. Through its establishment in Copenhagen Omena introduce their concept to a new geographical area.

OUTLOOK

The underlying macroeconomic development, measured by changes in GDP, moved in a positive direction during the third quarter 2009. A further economic recovery is however expected to be weak, and for commercial properties some reduction in market rent levels and increasing vacancy is still expected for a period going forward. With a market leading portfolio of attractive properties, Norwegian Property is well positioned within this market, with low vacancy, long contracts and an underlying potential of rent uplifts.

It is expected that the development in the fourth quarter 2009 still will be characterized by the ongoing economic downturn worldwide, which also affects the Nordic hotel market negatively. This will however have limited effect for the company as Norgani Hotels through its contract structures has secured future revenues to a significant extent.

Norwegian Property has good routines for maintenance, operations and cost control, and is focused on maintaining the close follow-up of each property. Further, customer contact and renegotiating contracts of the office portfolio at improved rent levels is a prioritized area. The company has through a period with significant market insecurity had a portfolio almost without vacancy. During the last quarter vacancy has increased marginally, and it is expected that the office vacancy level will remain well below the average market vacancy. Within the hotel portfolio, the main focus will be on operations and maintenance of properties in cooperation with the hotel operators in order to together maximize revenues.

The financial restructuring was completed in the third quarter, and improved equity levels and renegotiated loan agreement have strengthened the Group’s balance sheet and secured the financial position of the company. Improved economic prospects combined with a strengthened financial platform makes the company well positioned for further development. Going forward, the main focus will be on good operations and development of the company’s property portfolio. With the leading hotel and office portfolio in the market, Norwegian Property has a good foundation for being a key player in the property market.

Norwegian Property ASA
Board of directors, 2 November 2009

For further information about Norwegian Property, including presentational material accompanying this quarterly report as well as the group’s financial calendar, please see www.npro.no.

FINANCIAL INFORMATION

ACCOUNTING PRINCIPLES AND CONSOLIDATED ENTITIES

The interim report has been prepared in accordance with IAS 34 on interim financial reporting. Interim results have been prepared in accordance with the current IFRS standards and interpretations. The accounting policies applied in the preparation of the interim financial statements are consistent with the principles applied in the annual financial statements for 2008. Properties sold are included in the accounts until the closing of the transaction[5]. The report has not been audited.

CONSOLIDATED INCOME STATEMENT

	3rd Quarter		Year to date		Last year
Figures in NOK 1 000	**2009**	**2008**	**2009**	**2008**	**2008**
Rental income from properties	445 071	454 602	1 337 575	1 400 795	1 866 774
Gross rental income	**445 071**	**454 602**	**1 337 575**	**1 400 795**	**1 866 774**
Maintenance and property related costs	(37 489)	(38 832)	(108 376)	(112 845)	(152 151)
Other operating expenses	(44 518)	(28 171)	(116 655)	(94 136)	(131 562)
Total operating cost	**(82 007)**	**(67 003)**	**(225 031)**	**(206 981)**	**(283 713)**
Operating profit before fair value adjustments and gains	**363 064**	**387 599**	**1 112 544**	**1 193 814**	**1 583 062**
Gain from fair value adjustment of investment property	(31 639)	(1 002 799)	(1 236 563)	(2 812 179)	(3 987 503)
Gain from sales of investment property	-	29	9 954	35 352	34 362
Impairment of goodwill	(12 253)	-	(224 498)	-	(220 968)
Operating profit	**319 172**	**(615 171)**	**(338 563)**	**(1 583 014)**	**(2 591 047)**
Financial income	1 179	5 409	31 783	21 432	26 627
Financial costs	(282 513)	(326 441)	(819 747)	(1 014 071)	(1 353 046)
Change in market value of financial derivative instruments	212 827	(435 735)	3 840	(35 029)	(1 201 439)
Net financial items	**(68 507)**	**(756 767)**	**(784 124)**	**(1 027 668)**	**(2 527 858)**
Profit before income tax	**250 666**	**(1 371 939)**	**(1 122 687)**	**(2 610 682)**	**(5 118 905)**
Income tax expense	(57 911)	381 369	121 930	728 771	928 194
Profit after income tax	**192 755**	**(990 569)**	**(1 000 757)**	**(1 881 911)**	**(4 190 711)**
Comprehensive income					
Financial derivatives	(11 991)	(7 343)	105 165	(22 038)	(81 118)
Tax expense related to comprehensive income	3 357	2 056	(29 446)	6 171	22 713
Currency translation differences	(9 924)	(27 718)	(254 774)	3 675	442 295
Total comprehensive income	**(18 558)**	**(33 005)**	**(179 055)**	**(12 192)**	**383 890**
Total profit after tax	**174 197**	**(1 023 574)**	**(1 179 812)**	**(1 894 103)**	**(3 806 822)**
Whereof minority interests	-	(85 578)	-	(132 322)	(132 322)

[5] The sale of the Grev Wedels plass 9 property was agreed in September 2008 and the transaction was closed on 15 January. The sale of the Drammensveien 144 property was agreed in February, with the closing of the transaction on 9 March 2009. Disposal of the obligation to acquire the Park Inn hotel property (under development) was completed on 11 February.

FINANCIAL RESULTS BY BUSINESS SEGMENT

	3rd Quarter		Year to date		Last year
Figures in NOK 1 000	2009	2008	2009	2008	2008
Commercial properties	257 970	264 057	782 002	815 050	1 079 420
Hotel properties	187 101	190 545	555 573	585 745	787 354
Gross rental income	**445 071**	**454 602**	**1 337 575**	**1 400 795**	**1 866 774**
Commercial properties	(17 932)	(19 241)	(50 485)	(56 419)	(70 985)
Hotel properties	(19 557)	(19 592)	(57 891)	(56 426)	(81 165)
Maintenance and property related costs	**(37 489)**	**(38 833)**	**(108 376)**	**(112 845)**	**(152 151)**
Commercial properties	(31 493)	(15 758)	(68 522)	(46 688)	(60 728)
Hotel properties	(13 025)	(12 413)	(48 009)	(47 030)	(69 766)
Oslo Properties	(0)	-	(124)	(418)	(1 067)
Other operating cost	**(44 518)**	**(28 171)**	**(116 655)**	**(94 136)**	**(131 562)**
Commercial properties	**208 544**	**229 058**	**662 995**	**711 943**	**947 707**
Hotel properties	**154 520**	**158 540**	**449 673**	**482 289**	**636 423**
Oslo Properties	**(0)**	**-**	**(124)**	**(418)**	**(1 067)**
Operating profit before fair value adjustments and gains	**363 064**	**387 598**	**1 112 544**	**1 193 814**	**1 583 062**
Gain from fair value adjustment of commercial properties	12 720	(619 449)	(502 224)	(2 154 259)	(2 905 192)
Gain from fair value adjustment of hotel properties	(44 359)	(383 350)	(734 339)	(657 920)	(1 082 311)
Gain from sales of commercial properties	-	-	9 954	7 174	7 174
Gain from sales of hotel properties	-	29	-	28 178	27 188
Impairment of goodwill	(12 253)	-	(224 498)	-	(220 968)
Commercial properties	**221 264**	**(390 391)**	**170 725**	**(1 435 142)**	**(1 950 312)**
Hotel properties	**97 908**	**(224 781)**	**(509 164)**	**(147 453)**	**(639 668)**
Oslo Properties	**(0)**	**-**	**(124)**	**(418)**	**(1 067)**
Operating profit after fair value adjustments and gains	**319 172**	**(615 172)**	**(338 563)**	**(1 583 013)**	**(2 591 048)**
Net financial items for commercial properties	(174 763)	(188 250)	(461 336)	(569 705)	(767 453)
Net financial items for hotel properties	(79 961)	(86 535)	(252 171)	(257 248)	(351 595)
Net financial items for Oslo Properties/acquisition financing	(26 609)	(46 248)	(74 457)	(165 686)	(207 370)
Financial derivative instruments for commercial properties	194 983	(275 404)	57 667	27 162	(763 635)
Financial derivative instruments for hotel properties	17 844	(160 331)	(53 827)	(62 192)	(437 804)
Net financial items	**(68 506)**	**(756 768)**	**(784 124)**	**(1 027 669)**	**(2 527 858)**
Commercial properties	**241 484**	**(854 045)**	**(232 944)**	**(1 977 685)**	**(3 481 400)**
Hotel properties	**35 790**	**(471 647)**	**(815 162)**	**(466 893)**	**(1 429 068)**
Oslo Properties/acquisition financing	**(26 609)**	**(46 248)**	**(74 581)**	**(166 104)**	**(208 437)**
Profit before income tax	**250 666**	**(1 371 940)**	**(1 122 687)**	**(2 610 682)**	**(5 118 905)**
Income tax expense	(57 911)	381 369	121 930	728 771	928 194
Profit after income tax	**192 755**	**(990 571)**	**(1 000 757)**	**(1 881 911)**	**(4 190 711)**

CONSOLIDATED BALANCE SHEET

Figures in NOK 1 000	30.09.2009	30.09.2008	31.12.2008
ASSETS			
Non-current assets			
Financial derivative instruments	12 619	1 965	37 333
Goodwill	691 734	1 099 934	885 642
Investment property	24 290 081	27 379 692	27 312 567
Fixtures and equipment	7 914	10 306	9 858
Shares and interests	1 741	1 697	2 014
Receivables	9 716	9 501	11 192
Total non-current assets	**25 013 806**	**28 503 095**	**28 258 607**
Current assets			
Financial derivative instruments	49 218	652 160	127 475
Seller guarantee for future rent	-	1 727	-
Accounts receivable	178 656	220 858	172 125
Other receivables	26 773	145 246	193 896
Unpaid capital, net of issue cost	-	-	-
Cash and cash equivalents	190 540	68 627	174 220
Total current assets	**445 187**	**1 088 618**	**667 716**
Total assets	**25 458 993**	**29 591 711**	**28 926 323**
EQUITY			
Paid in equity	9 206 069	7 733 861	7 738 094
Other reserves	212 653	57 713	390 766
Retained earnings	(4 128 458)	(818 620)	(3 127 701)
Minority interests	-	-	-
- Liability to acquire shares in subsidiaries	-	-	-
Total equity	**5 290 264**	**6 972 955**	**5 001 160**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	442 241	763 130	565 496
Financial derivative instruments	-		106 272
Interest bearing liabilities	17 987 239	20 580 100	21 021 975
Total non-current liabilities	**18 429 480**	**21 343 230**	**21 693 743**
Current liabilities			
Financial derivative instruments	534 901	62 444	689 854
Interest bearing liabilities	680 202	745 008	818 611
Liability to acquire shares in subsidiaries	-	-	-
Accounts payable	9 373	26 161	29 432
Other liabilities	514 772	441 912	693 523
Total current liabilities	**1 739 248**	**1 275 526**	**2 231 420**
Total liabilities	**20 168 729**	**22 618 756**	**23 925 163**
Total equity and liabilities	**25 458 993**	**29 591 711**	**28 926 323**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in NOK 1 000	30.09.2009	30.09.2008	31.12.2008
Total equity including minority interests, beginning of year	**5 001 160**	**6 830 904**	**6 830 904**
Total profit after tax according to the comprehensive income statement	(1 179 812)	(1 894 103)	(3 806 822)
Share issue, net of cost and after tax	1 468 916	2 384 800	2 389 033
Dividend payments		(263 704)	(263 704)
Changes of minority interests			(148 251)
Total equity including minority interests, end of period	**5 290 264**	**7 057 897**	**5 001 160**

	Equity attributable to shareholders of the company						
Figures in NOK 1 000	Share capital	Share premium	Other paid in equity	Other reserves	Retained earnings	Minority interests	Total Equity
Total equity 31.12.2007	**2 637 039**	**1 211 081**	**1 500 000**	**7 818**	**1 310 962**	**164 003**	**6 830 904**
Share issue, June 2008	2 403 846	96 154					2 500 000
Total cost related to share issues, net of tax		(110 967)					(110 967)
Financial derivatives accounted to equity				(58 405)			(58 405)
Dividend payments					(263 704)		(263 704)
Currency translation differences				442 295			442 295
Profit after income tax					(4 058 389)	(132 322)	(4 190 711)
Changes of minority interests					(116 570)	(31 681)	(148 251)
Total equity 31.12.2008	**5 040 885**	**1 196 268**	**1 500 000**	**391 708**	**(3 127 701)**	**-**	**5 001 160**
Equity decrease	(4 940 068)		4 940 068				-
Equity increase	125 818	1 383 995					1 509 813
Total cost related to share issues, net of tax		(40 897)					(40 897)
Financial derivatives accounted to equity				75 719			75 719
Currency translation differences				(254 774)			(254 774)
Profit for the period					(1 000 757)		(1 000 757)
Total equity 30.09.2009	**226 635**	**2 539 366**	**6 440 068**	**212 653**	**(4 128 458)**	**-**	**5 290 264**

CONSOLIDATED CASH FLOW STATEMENT

	3rd Quarter		Year to date		Last year
Figures in NOK 1 000	2009	2008	2009	2008	2008
Profit before income tax	250 651	(1 371 939)	(1 122 687)	(2 610 682)	(5 118 905)
Paid taxes in the period	4	-	(355)	-	(8 894)
Depreciation of tangible assets	731	403	2 239	1 533	2 141
Gain from sale of investment property	-	(29)	(9 954)	(35 352)	(34 362)
Gain from fair value adjustment of investment property	31 302	1 002 799	1 236 563	2 812 179	3 987 504
Gain from fair value adjustment of financial derivative instruments	(212 827)	435 735	(42 129)	35 030	1 201 439
Impairment of goodwill	12 253		224 498		220 968
Net financial items ex. market value adj. of financial derivative instruments	281 343	321 033	787 938	992 639	1 326 419
Change in short-term items	(55 217)	(82 519)	(91 609)	(130 140)	139 368
Net cash flow from operating activities	**308 240**	**305 483**	**984 504**	**1 065 207**	**1 715 677**
Received cash from sale of tangible fixed assets and single purpose entities	-	-	1 052 387	1 308 465	1 311 029
Payments for purchase of tangible fixed assets and single purpose entities	(5 318)	(60 831)	(60 587)	(187 877)	(308 302)
Payments for purchase of subsidiaries	0	(148 843)	0	(148 843)	(155 521)
Net cash flow from investing activities	**(5 318)**	**(209 673)**	**991 800**	**971 745**	**847 206**
Net change in interest bearing debt	(1 524 896)	(2 370 148)	(2 584 320)	(3 687 622)	(3 843 536)
Net financial items ex. market value adj. and currency gain/loss	(258 432)	(321 033)	(787 964)	(992 639)	(1 270 799)
Capital increase	1 450 638	2 340 000	1 450 638	2 340 000	2 345 879
Dividend payments	-	-	-	(263 704)	(263 704)
Payments related to other financing activities	(8 612)		(28 612)	-	-
Net cash flow from financial activities	**(341 302)**	**(351 181)**	**(1 950 258)**	**(2 603 965)**	**(3 032 159)**
Net change in cash and cash equivalents	**(38 380)**	**(255 371)**	**26 046**	**(567 013)**	**(469 276)**
Cash and cash equivalents at the beginning of the period	231 197	323 915	174 220	635 476	635 476
Exchange rates	(2 276)	82	(9 726)	164	8 020
Cash and cash equivalents at the end of the period	**190 540**	**68 627**	**190 540**	**68 627**	**174 220**

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