



NORWEGIAN PROPERTY

REPORT FOR THE
FIRST QUARTER - 2007



HIGHLIGHTS FOR THE QUARTER

- Rental income was NOK 248.6 million and profit before tax was NOK 345.4 million in the first quarter 2007.
- The company benefits from a very strong rental market for offices and a positive development in the valuation of commercial properties.
- Norwegian Property completed the acquisition of the 13 IFN-properties in January, and the portfolio has been included for the full quarter. Further acquisition targets and structural transactions are currently being evaluated.
- Norwegian Property continue the work on refinancing of the interest bearing debt, average margins were reduced from 76 basis points at the beginning of the quarter to 60 basis points at the end of the quarter.
- Norwegian Property raised NOK 500 million in new equity to prepare for further growth.

THE COMMERCIAL PROPERTY MARKET - OFFICES

The Norwegian economy continues to be strong, partly fuelled by high oil prices. Unemployment is low and decreasing. Demand for labour is partly met by imported workforce. There are some inflationary tendencies, partly due to raising salaries, but low imported inflation and falling electricity prices keeps CPI at low levels.

In the Oslo area construction is still low, and is forecasted to remain low at least until 2009. Demand for office space continues to be high. Akershus Eiendom (The Norwegian Commercial Property Market Spring 2007) estimated vacancy to be 6.5% at the beginning of 2007, and in the parts of the city like Central Business district, vacancy is literally not present (below 2.5%). Based on forecasted demand and supply Akershus Eiendom estimates overall vacancy in Oslo to drop to 3% to 3.5% in 2009 and 2010.

Significant increase in rental levels is the consequence of the rapidly decreasing vacancy. The market is however still differentiating rental price development based on quality. High quality premises in CBD has seen the maximum quoted price increase from NOK 2 700 at Tjuvholmen in September 2006 to NOK 3 500 in the Index building in January 2007 and NOK 4 200 in the Vika area in April 2007. Based on preliminary market analysis it is fair to conclude that the rent levels have continued to increase in the first quarter.

The vacancy ratio in Stavanger is also very low and in line with CBD Oslo. As a consequence the rental prices in Stavanger are increasing.

ACCOUNTING PRINCIPLES

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

KEY NUMBERS

		1st Quarter 01.01 - 31.03 2007	4th Quarter 01.10 - 31.12 2006	Year 09.06 - 31.12 2006
Profit and loss				
Gross rent	NOK million	248,6	202,5	414,8
Operating profit	NOK million	446,0	563,8	745,0
Operat. prof. ex. fair value adj.	NOK million	218,5	170,6	351,7
Profit before tax	NOK million	345,4	522,4	539,5
Net profit	NOK million	248,7	378,6	390,9
Balance sheet				
Market value of investment portfolio	NOK million	16 359,9	13 919,6	13 919,6
Equity	NOK million	6 115,2	5 373,2	5 373,2
Interest bearing debt	NOK million	12 751,4	10 977,6	10 977,6
- of which hedged	NOK million	10 189,0	9 936,0	9 936,0
Equity %	%	31,3 %	31,8 %	31,8 %
Pre tax return on equity (annualised)	%	24,0 %	47,0 %	35,8 %
Cash flow				
Operational cash flow	NOK million	273,3	150,1	576,3
Cash position	NOK million	865,1	1 252,5	1 252,5
Key numbers, shares				
No. of shares issued	Million	105,5	98,5	98,5
Average number of shares YTD	Million	98,7	85,4	75,7
Pre tax profit per share	NOK	3,50	6,12	7,12
Basic earnings per share (EPS) 1)	NOK	2,52	4,43	5,14
Operating cash flow per share	NOK	2,77	1,76	7,61
Book value per share	NOK	57,54	54,09	54,09
Interest bearing debt per share	NOK	120,89	111,43	111,43
Property portfolio				
Market value property portfolio 2)	NOK million	18 257	18 074	18 074
Annual gross rental income 2)	NOK million	1 068	1 064	1 064
Annual net rental income	NOK million	1 007	1 003	1 003
Average remaining lease term	Years	7,3	7,3	7,3
Vacancy	%	0,9 %	0,8 %	0,8 %
Average CPI adjustment	%	94 %	96 %	96 %

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

2) Including development property and the IFN-portfolio.

RESULT

The report for the first quarter 2007 includes the operation of 54 commercial properties (investment properties) and includes the IFN-portfolio that was acquired in January 2007 for the full quarter. In addition Norwegian Property has one development property, Aker Hus at Fornebu. Gross rental income for the first quarter was NOK 248.6 million (NOK 202.5 for the fourth quarter 2006). Gross rental income includes compensations for termination of lease contracts of NOK 4.6 million. In addition Norwegian Property has received rental payments for Aker Hus and payments under rental guarantees of NOK 22.6 million.

Maintenance and property related expenses for the quarter were NOK 14.1 million (NOK 11.0 million) corresponding to 5.7% of gross rental income (5.3% if including the lease substitute on Aker Hus). Group expenses were NOK 16.0 million (NOK 20.9 million) and still reflects expenses related to the build up of the group. Operating profit before value adjustment was NOK 218.5 million (NOK 170.6 million).

Based on the same methods and principles as in the fourth quarter, DTZ Realkapital has performed an external and independent valuation of the Groups investment properties. Significant increases in the market rents have contributed to an increase in values, whereas an increase in the long term interest rates has had a negative effect on the valuations. DTZ's overall conclusion is that the total portfolio has had a significant value increase during the fourth quarter.

The company has carried out independent assessments of the parameters which affect the value of the group's properties, including development in interest rates, market rents, occupancy and yield requirements on similar transactions. Based on these considerations the Company has applied DTZ's valuation. Total value of the Group's portfolio of investment properties after adjustment for deferred tax was thus NOK 16,360 million as of 31 March 2007 (NOK 13,919 as of 31 December 2006). NOK 227.4 million (NOK 393.2 million) in gain from fair value adjustment of investment properties has thus been realised in the first quarter. The development property Aker Hus is measured at cost until completion and has a carry value of NOK 1,243 million (NOK 1,151 million).

Net financial items were NOK 100.6 million (NOK 41.4) in the first quarter. Net financial items include positive changes in market value of financial derivatives that do not qualify for hedge accounting, of NOK 58.0 million (NOK 106.3 million). Net financial items include NOK 12.9 million relating to interest expenses on Aker Hus and expensing of previously accrued establishment fees in connection with refinancing of debt.

Profit before tax for the first quarter was NOK 345.4 million (NOK 522.4 million). The result has been charged with NOK 96.7 million in tax (NOK 143.8), primarily relating to deferred tax, which do not have cash flow impact. Ordinary profit for the period was thus NOK 248.7 million (NOK 378.6 million).

BALANCE SHEET

Cash and cash equivalents as of 31 March 2007 was NOK 865 million (NOK 1,252 million). Net proceeds of NOK 480 million from the equity issue in March was received April, and is consequently not included in the cash balance as of 31 March. Total equity was NOK 6 115 million (NOK 5 373 million), corresponding to an equity ratio of 31.3% (31.8%). After deduction of minority interests the Net Asset Value per share was NOK 57.54.

FINANCING

Total interest bearing debt as of 31 March 2007 was NOK 12 751 million (NOK 10 978 million). NOK 10 189 million (NOK 9 943 million) of the interest bearing debt has been hedged.

Interest bearing debt and hedging	30.09.2006	31.12.2006	31.03.2007
Total interest bearing debt (NOK million)	9 896	10 978	12 751
- Of which hedged (NOK million)	8 027	9 943	10 189
Hedging ratio (%)	81 %	91 %	80%
Qualifying for hedge accounting (NOK million)	5 000	5 750	5 386
Average duration, hedging contracts (years)	6.6	6.2	5.9
Average interest, interest bearing debt	5.14%	5.16%	5.04%
Average margin, interest bearing debt	0.80%	0.76%	0.60%
Average duration, hedging contracts (years)	6.6	6.2	5.9
Average duration, borrowing	6.7	7.0	6.1

During the first quarter Norwegian Property has refinanced NOK 1 511 million of the debt by issuing domestic bonds. In January the group renegotiated the syndicated loan facility, preparing for further refinancing of the interest bearing debt. A process to evaluate a possible securitisation was initiated. At the end of May the securitisation process has been put on hold, due to other processes being initiated. Additional facilities of NOK 4 700 million are available for further acquisitions until 30 June 2007, subject to approval of the acquisitions by the banks.

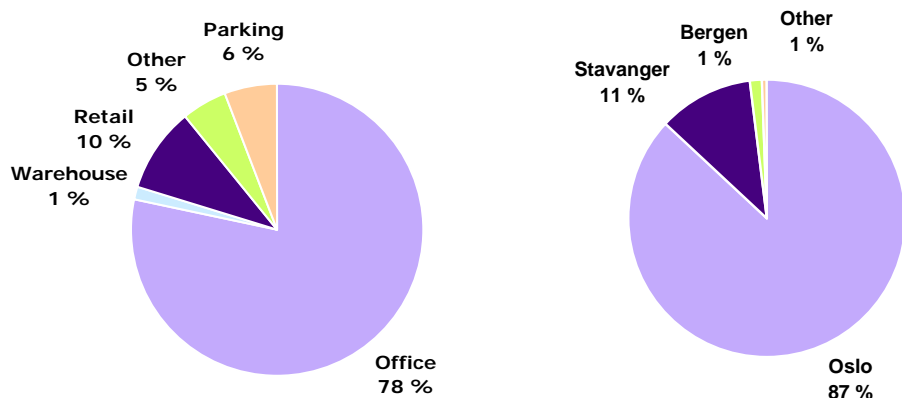
Norwegian Property's ambition is to have competitive terms on the financing. Average interest as of 31 March 2007 was 5.04%, which was a reduction from 5.16% at the end of last year. Both the short term and long term market interest rates in Norway have increased, which implies that the floating part of the loan has become more expensive. At the same time the average margin has been reduced.

Average interest rates 31.03.2007	Fixed	Floating
Share of total debt	80 %	20 %
Current basis interest	4.39 %	4.00 %
Average margin	0.60 %	0.60 %
Expenses	0.12 %	0.12 %
TOTAL	5.11 %	4.72 %
Average interest for the interest bearing debt	5.04 %	

PROPERTIES

As of 31 March 2007 Norwegian Property owned 55 properties, including the IFN-portfolio in Nydalen and Økern acquired in January 2007. Detailed information on each property is continually updated on the company's web page, www.norwegianproperty.no.

Norwegian Property's properties are mainly located in central parts of Oslo and Stavanger. The group has one property in Bergen. The company's properties mainly comprise office areas, warehouses, shopping areas and parking in connection with the office areas. On Aker Brygge the group also owns a shopping centre with outlets and restaurants.



Figures: Geographical location and portfolio mix (based on gross rental levels)

INVESTMENTS AND DISPOSALS

In the first quarter 2007 the company acquired thirteen properties (the IFN-portfolio) with a total consideration of NOK 2.2 billion after adjustment for tax effect. The group has not sold any properties during the first quarter.

THE RENTAL SITUATION

As of 31 March 2007 the total annual contracted rental income for the group was NOK 1 068 million, compared to NOK 923 million at the end of 2006 and NOK 1 064 at the end of January 2007. Average CPI-adjustment for the portfolio was 94%. The average vacancy in the portfolio was 0.9%. Average remaining duration of the rental contracts was 7.3 years (7.3 years at the end of the fourth quarter). Over the next three years an estimated volume of NOK 138 million are up for renewal.

SOLID AND ATTRACTIVE TENANTS

Norwegian Property has a tenant portfolio of attractive and solid organizations and companies. More than 65% of the rental income as of 31 March 2007 are derived from the 25 largest tenants. Average contract duration for these tenants is 8.4 years.

25 LARGEST TENANTS AS OF 31 MARCH 2007

	Tenant	Private/Public	Listed	2007 (NOKm)	%	Duration (years)
1	Aker ASA / Aker Kværner ASA	Pr	Yes	77,9	7,3 %	11,9
2	EDB Business Partner ASA	Pr	Yes	75,6	7,1 %	11,9
3	Nordea	Pr	Yes	43,8	4,1 %	6,8
4	SAS	Pr	Yes	40,3	3,8 %	9,7
5	If Skadeforsikring	Pr	Yes	38,5	3,6 %	5,6
6	Statoil	Publ/Pr	Yes	34,9	3,3 %	4,5
7	Total E&P	Pr	Yes	29,0	2,7 %	10,8
8	Telenor	Pr	Yes	26,2	2,5 %	8,5
9	Get AS	Pr		26,2	2,5 %	4,2
10	Leif Höegh & Co AS	Pr		25,3	2,4 %	13,0
11	Aker Kværner Offshore Partner	Pr	Yes	22,7	2,1 %	2,7
12	NetCom AS	Pr		22,6	2,1 %	5,5
13	Astrup Fearnley / Astrup Fearnley stiftelsen	Pr		22,4	2,1 %	10,5
14	Skanska Norge AS	Pr	Yes	21,1	2,0 %	8,1
15	Rikshospitalet	Pub		20,3	1,9 %	14,7
16	Fokus Bank	Pr	Yes	19,8	1,9 %	5,8
17	Hafslund ASA	Publ	Yes	18,1	1,7 %	12,2
18	GlaxoSmithKlein	Pr	Yes	17,8	1,7 %	9,7
19	Ementor Norge AS	Pr	Yes	17,7	1,7 %	4,2
20	Nera ASA	Pr	Yes	17,3	1,6 %	4,5
21	Oslo Sporveier	Publ		17,0	1,6 %	8,2
22	Simonsen Advokatfirma DA	Pr		16,9	1,6 %	5,7
23	Arbeidsdirektoratet	Publ		15,4	1,4 %	4,3
24	TDC Song AS	Pr		15,0	1,4 %	4,2
25	TietoEnator	Pr		12,5	1,2 %	5,4
TOTAL 25 LARGEST TENANTS				694,5	65,0 %	8,4
Other tenants				373,3	35,0 %	5,1
TOTAL ALL TENANTS				1 067,9	100,0 %	7,3

ORGANISATION

The build up of the organisation continues. As of 31 March 2007 the company had 10 employees. Management consulting and audit staff from PricewaterhouseCoopers and technical resources from Opak have been hired as an interim administration. Additional recruiting of key resources is ongoing, and fully staffed the organisation will comprise between 15 and 20 employees. Daily operation of the properties and facility management have for most of the properties been outsourced. A tender process is ongoing and will be implemented in 2007 to secure that the work of the facility management partners has sufficient quality and is cost efficient. It is expected that the number of partners will be reduced, and that the group will see significant cost reductions from the process.

DIVIDEND

The board of directors has proposed to the Ordinary General Assembly on 4 May 2007 that a dividend of NOK 2.50 is paid out. The dividend will be paid out on 31 May 2007 to shareholders registered as of 4 May 2007.

SHAREHOLDERS

Total number of shares as of 31 March 2007 was 105 481 570 including 6 968 641 shares issued subscribed in the directed equity issue at the end of March. The shares were issued at NOK 71.75, and the new shares were registered in Brønnøysund in the beginning of April. The largest shareholders including the new shares are listed below. At the end of March 2007 foreign shareholders controlled 61.8% (56.1% at the end of last year). The shareprice as of 31 March 2006 was NOK 72.00. The company had a total of 884 registered shareholders after the share issue.

Largest shareholders	Country	Number of shares	% stake
A Wilhelmsen Capital	NOR	12 165 000	11,53 %
State Street Bank (nom)	USA	8 654 342	8,20 %
Credit Suisse Securities (Europe)	GBR	6 347 400	6,02 %
Fram Realinvest AS	NOR	4 000 000	3,79 %
Fram Holding AS	NOR	4 000 000	3,79 %
Vital Forsikring ASA	NOR	3 578 700	3,39 %
Bank of New York, Alpine International	USA	3 560 295	3,38 %
Aweco Invest	NOR	2 870 282	2,72 %
Mellon Bank (nom)	USA	2 729 828	2,59 %
Bank of New York	GBR	2 694 171	2,55 %
Fortis Bank Luxembourg (nom)	LUX	2 509 042	2,38 %
Morgan Stanley (nom)	GBR	2 495 699	2,37 %
BNP Paribas, UK Residents (nom)	GBR	1 750 000	1,66 %
Opplysningsvesenets fond	NOR	1 662 731	1,58 %
LANI Development AS	NOR	1 497 900	1,42 %
Cater Allen International	GBR	1 496 000	1,42 %
Morgan Stanley & Co. (nom)	GBR	1 452 051	1,38 %
JPMorgan Chase Bank Clients Treaty (nom)	GBR	1 438 971	1,36 %
Mellon Bank (nom)	USA	1 358 076	1,29 %
Bank of New York, Natixis	GUM	1 232 000	1,17 %
Other shareholders		37 989 082	36,01 %
Total number of shares as of 31 March 2006		105 481 570	100,00 %

OUTLOOK

The prospect for the Norwegian economy is still good and will positively impact the rental market for commercial properties. The demand for office space is still high. Demand over the next two years is expected to be lower than supply. The construction prices are increasing significantly. Supply of new office space will be limited by construction capacity and prices, availability of land and lead time for development of new properties. The result is reduced vacancy and increasing rental prices. In particular central and attractive areas, where vacancy is very low, will see rising rental prices. Norwegian Property is well positioned with properties of high quality and good location.

Norwegian Property ASA
The board of directors, 3 May 2007

FINANCIAL CALENDAR
2nd Quarter 2007: 10 August 2007
For additional information on Norwegian Property, see www.npro.no

CONSOLIDATED INCOME STATEMENT

	1st Quarter 01.01 - 31.03 2007	4th Quarter 01.10 - 31.12 2006	Year 09.06 - 31.12 2006
<i>Figures in NOK 1.000</i>			
Rental income from properties	248 113	198 383	410 133
Other revenue	526	4 156	4 640
Gross rental income	248 639	202 539	414 773
Maintenance and property related costs	(14 111)	(11 028)	(20 216)
Other operating expenses	(16 007)	(20 929)	(42 846)
Total operating cost	(30 118)	(31 957)	(63 062)
Operating profit before fair value adj. of investment property	218 521	170 582	351 711
Gain from fair value adjustment of investment property	227 448	393 244	393 244
Operating profit	445 969	563 826	744 955
Financial income	14 631	9 914	13 521
Financial costs	(173 226)	(157 621)	(295 762)
Change in market value of financial derivative instruments	57 986	106 287	76 743
Net financial items	(100 609)	(41 421)	(205 498)
Profit before income tax	345 360	522 405	539 457
Income tax expense	(96 701)	(143 790)	(148 565)
Profit for the period	248 659	378 615	390 892
Minority interests	(776)	(1 078)	(1 256)
Profit after minority interest	247 883	377 537	389 636

CONSOLIDATED BALANCE SHEET

<i>Figures in NOK 1.000</i>	31.03.2007	31.12.2006
Financial assets		
Financial derivative instruments	114 814	105 102
Total financial assets	114 814	105 102
Tangible assets		
Investment property	16 359 874	13 919 570
Development property	1 242 926	1 150 801
Other tangible assets	3 137	9 443
Total tangible assets	17 605 937	15 079 814
Total non-current assets	17 720 751	15 184 916
Current assets		
Financial derivative instruments	240 873	187 233
Seller guarantee for future rent	68 782	91 370
Accounts receivable	143 246	78 303
Other current receivables	37 531	93 647
Unpaid subscribed capital, net of issue cost	480 000	-
Cash and cash equivalents	865 066	1 252 462
Total current assets	1 835 498	1 703 015
Total assets	19 556 249	16 887 931
EQUITY		
Shareholder's equity	6 069 572	5 328 393
Minority interests	45 610	44 834
Total equity	6 115 182	5 373 227
LIABILITIES		
Non-current liabilities		
Deferred tax liability	212 344	119 610
Financial derivative instruments	-	-
Interest bearing non-current liabilities	12 609 951	10 876 787
Other non-current liabilities	-	-
Total non-current liabilities	12 822 295	10 996 397
Current liabilities		
Financial derivative instruments	15 861	21 518
Current interest bearing liabilities	141 476	100 800
Accounts payable	94 365	109 197
VAT, social security contribution etc payable	-	-
Other current liabilities	367 070	286 792
Total current liabilities	618 772	518 307
Total liabilities	13 441 067	11 514 704
Total equity and liabilities	19 556 249	16 887 931

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Figures in NOK 1.000</i>	Share capital	Share premium	Other paid in equity	Financial derivatives accounted to	Retained earnings	Minority interests	Total Equity
Opening balance equity 09.06.2006	100						100
Write-down	(100)						(100)
Total share issues	2 462 823	2 550 323					5 013 146
Total cost related to share issues, net of tax		(150 152)					(150 152)
Capital reallocation		(1 500 000)	1 500 000				-
Financial derivatives accounted to equity				75 763			75 763
Profit for the period					389 636		389 636
Minority interests						44 834	44 834
Total equity 31.12.2006	2 462 823	900 171	1 500 000	75 763	389 636	44 834	5 373 227
Share issue - March 2007 1)	174 216	325 784					500 000
Total cost related to share issues, net of tax		(13 696)					(13 696)
Financial derivatives accounted to equity				6 992			6 992
Profit for the period					247 883		247 883
Minority interests						776	776
Total equity 31.03.2007	2 637 039	1 212 259	1 500 000	82 755	637 519	45 610	6 115 182

1) The new shares were issued on 29 March 2007. Payment and registration in the Register of Business Enterprises were carried out on 4 April 2007.

CONSOLIDATED CASH FLOW STATEMENT

<i>Figures in NOK 1.000</i>	1st Quarter 01.01 - 31.03 2007	4th Quarter 01.10 - 31.12 2006	Year 09.06 - 31.12 2006
Profit before income tax	345 360	522 405	539 457
+ Depreciation of tangible assets	197	310	560
-/+ Gain from fair value adjustment of investment property	(227 448)	(393 244)	(393 244)
-/+ Gain from fair value adjustment of financial derivative instruments	(57 986)	(106 287)	(76 743)
+/- Net financial items ex. market value adj. of financial derivative instruments	158 595	147 708	282 241
+/- Change in short-term items	54 626	(20 810)	224 040
= Net cash flow from operating activities	273 344	150 083	576 311
- Payments for purchase of tangible fixed assets	(2 275 985)	(3 043 306)	(14 703 875)
- Payments for purchase of financial and derivative instruments	-	(96 421)	(120 021)
= Net cash flow from investing activities	(2 275 985)	(3 139 727)	(14 823 896)
+ Net change in interest bearing debt	1 773 840	1 131 049	10 977 587
- Net financial items ex. market value adj. of financial derivative instruments	(158 595)	(147 708)	(282 241)
+ Capital increase	-	2 836 601	4 804 601
= Net cash flow from financial activities	1 615 245	3 819 942	15 499 947
= Net change in cash and cash equivalents	(387 396)	830 298	1 252 362
+ Cash and cash equivalents at the beginning of the period	1 252 462	422 164	100
Cash and cash equivalents at the end of the period	865 066	1 252 462	1 252 462