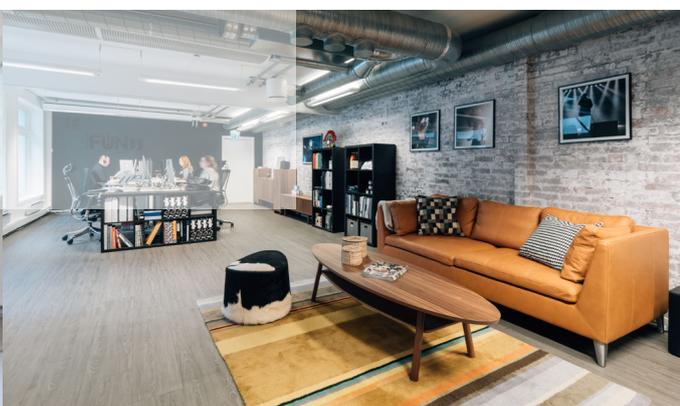


REPORT FOR Q4 AND  
PRELIMINARY YEAR-END  
RESULTS 2016

**OLAV THON**  
EIENDOMSSKAP ASA



## KEY FIGURES

Amounts in NOK million	Q4 2016	Q4 2016	31.12.16	31.12.15
Net rental income	582	512	2 270	2 024
Fair value adjustments in investment properties and interest rate derivatives <sup>1)</sup>	1 619	746	2 952	3 026
Profit before taxes	2 011	1 099	4 478	4 407
Profit before tax and fair value adjustments <sup>1)</sup>	391	353	1 526	1 381
Equity per share (NOK)			197	165
Equity ratio			41 %	40 %
Non-current net asset value per share (NOK) (EPRA NNAV) <sup>2)</sup>			239	202
Net cash flow from operations	378	257	1 265	1 085
Cash reserves <sup>3)</sup>			4 951	3 525
Amortisation next 12 months			4 799	1 571
Interest-bearing debt <sup>4)</sup>			21 252	18 006
Interest rate as at 31.12			3,24 %	3,61 %
Loan to value ratio <sup>5)</sup>			44 %	44 %
Net investments <sup>6)</sup>	2 237	2 043	4 259	2 699
Investment properties			47 690	40 177
Annual rental income <sup>7)</sup>			2 850	2 500
Yield			5,32 %	5,50 %
Sales, owned shopping centres	16 301	14 819	50 475	47 737
Sales, managed shopping centres	3 878	3 556	12 442	11 650
Share price as at 31.12 (NOK)			160,0	142,0

Please note that as a result of rounding differences and reclassifications, figures and percentages will not always match the total sum.

1) Including value adjustments in joint ventures and associated companies.

2) EPRA, European Public Real Estate Association, is an organisation for listed property companies and investors in Europe, which prepares recommendations for financial reporting. This report uses EPRA NNAV, which indicates the net asset value (majority share of equity) per share. This is calculated as majority share of equity + deferred tax liabilities - fair value of debt (deferred tax 7 %).

3) Bank deposits etc. + Undrawn borrowing facilities

4) Unsecured part of interest-bearing debt NOK 3,460 million (31.12.2016) and NOK 2,296 million (31.12.2015), respectively.

5) (Interest bearing debt - Bank deposits etc) / Investment properties

6) Net supply of investment properties with addition for activated upgrades and maintenance.

7) Includes market rent for vacant premises.



# OLAV THON EIENDOMSSSELKAP ASA

## Report for Q4 and preliminary year-end results 2016

Olav Thon Eiendomsselskap reported a good result in the fourth quarter, marked by high fair value adjustments in the Group's investment properties and interest rate derivatives, as well as significant growth in rental income.

The highlights of the interim report are as follows:<sup>1)</sup>

- Rental income amounted to NOK 673 (585) million for the fourth quarter and NOK 2,590 (2,274) million for the full year 2016.
- Profit before tax was NOK 2,011 (1,099) million for the quarter and NOK 4,478 (4,407) million for the full year 2016.
- Profit before tax and fair value adjustments was NOK 391 (353) million for the fourth quarter and NOK 1,526 (1,381) million for 2016.
- Net cash flow from operations was NOK 378 (257) million for the quarter and NOK 1,265 (1,085) million for the full year 2016.
- The Group's equity ratio ended the year at 41% (40%), and equity per share increased to NOK 197 (165) in the fourth quarter.
- The Group's cash reserves amounted to NOK 4,951 (3,525) million.
- Sales in the shopping centre portfolio owned by the Group were NOK 16.3 (14.8) billion for the fourth quarter and NOK 50.5 (47.7) billion for the full year 2016.
- The Board proposes a dividend payment of NOK 2.00 (1.80) per share for 2016.

<sup>1)</sup> The figures in parantheses concern the corresponding period/date last year.

Illustration: AMFI Kanebogen, Harstad



## Consolidated statement of financial position, 31 December 2016

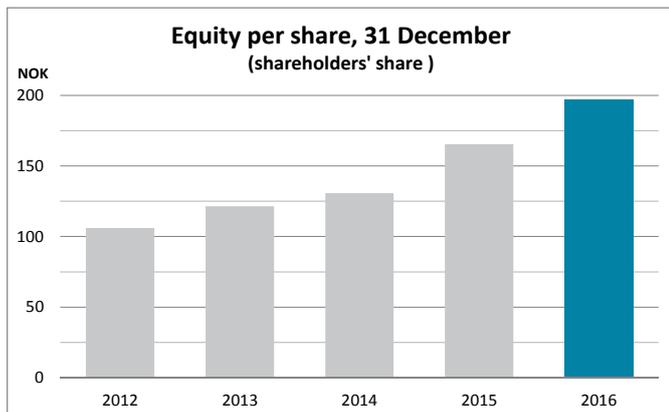
The Group's total assets were NOK 52,585 (44,789) million, of which investment properties account for NOK 47,690 (40,177) million.

The Group's share of the equity in joint ventures and associated companies was NOK 2,646 (2,712) million.

The Group's total equity was NOK 21,409 (18,026) million, while the equity ratio was 41% (40%).

Equity per share (majority share) was NOK 197 (165). The triple net asset value per share (EPRA NNAV<sup>2</sup>) was calculated at NOK 239 (202).

Interest-bearing debt was NOK 21,252 (18,006) million, with a loan to value ratio<sup>2</sup> of 44% (44%).



Equity per share increased by 86 % during the period.

## Summary of results for Q4

Profit before tax for the fourth quarter amounted to NOK 2,011 (1,099) million.

Total fair value adjustments in investment properties and interest rate derivatives amounted to NOK 1,619 (746) million.

Profit before tax and fair value adjustments therefore amounted to NOK 391 (353) million.

## Rental income and property-related expenses

Rental income amounted to NOK 673 (585) million. The increase from the corresponding period last year is explained by new properties and completed property projects.

Other property-related income amounted to NOK 241 (219) million and consisted mainly of payments from the Group's tenants to cover property service charges and the operation of shopping centre associations.

Property-related expenses amounted to NOK 332 (292) million, including the above mentioned service charges of NOK 227 (203) million. Net rental income amounted to NOK 582 (512) million.

## Fair value adjustments, investment properties

The fair value of the Group's investment properties increased by NOK 999 (782) million.

The increase in fair value is the result of a lower average yield in the property portfolio and higher rental income.

## Share of results from joint ventures and associated companies

The Group's share of the results from joint ventures and associated companies amounted to NOK 161 (-8) million.

A summary of the income statements and balance sheets for these companies is included in note 11 of this interim report.

## Other operating income and expenses

Other operating income amounted to NOK 46 (48) million and consisted mainly of income from property management for external owners and sales revenue from other activities.

Other operating and administrative expenses and depreciation amounted to NOK 86 (85) million.

## Financial income and expenses

Net financial expenses amounted to NOK 174 (159) million. The increase is explained by increased interest-bearing debt, although the increase was moderated by a lower average interest rate. The average interest rate for the fourth quarter was 3.26% (3.65%).

<sup>2</sup>) See page 2 for definition

## Fair value adjustments, interest rate derivatives

Long-term market interest rates rose significantly in both Norway and Sweden in the fourth quarter.

The 10-year swap rate increased by 0.47 percentage points to 1.95% in Norway and by 0.47 percentage points to 1.10% in Sweden.

The fair value of the Group's interest rate derivatives increased by NOK 482 (9) million in the fourth quarter due to interest rate movements.

## Preliminary 2016 results

Rental income amounted to NOK 2,590 (2,274) million. The increase from the previous year is explained by to new properties and completed property projects.

The value of the Group's investment properties increased by NOK 2,619 (2,806) million, due to both a lower average yield and higher rental income in the property portfolio.

Net financial expenses amounted to NOK 697 (645) million. The increase is entirely explained by higher interest-bearing debt, although the increase was moderated by a lower average interest rate.

The fair value of the Group's interest rate derivatives increased by NOK 119 (105) million.

Profit before tax was NOK 4,478 (4,407) million, while the Group's profit before tax and fair value adjustments was NOK 1,526 (1,381) million.



## Cash flow and liquidity

### Q4

Net cash flow from operations for the fourth quarter was NOK 378 (257) million. Changes in working capital amounted to NOK 488 (918) million, resulting in net cash flow from operating activities of NOK 867 (1,175) million.

Net cash flow from investing activities was NOK -2,247 (-1,272) million, while financing activities generated liquidity of NOK 1,464 (-3) million.

Consequently, the Group's cash increased by NOK 83 (-100) million.

### 2016

Net cash flow from operations was NOK 1,265 (1,085) million for the full year 2016.

Changes in working capital in the same period amounted to NOK 565 (-80) million, resulting in net cash flow from operating activities of NOK 1,830 (1,005) million.



Net cash flow from investing activities was NOK -3,450 (-1,826) million, while financing activities generated liquidity of NOK 1,752 (723) million.

Consequently, the Group's cash increased by NOK 131 (-99) million in 2016.

The Group's liquidity reserves ended the year at NOK 4,951 (3,525) million.

Cash consisted of short-term investments of NOK 325 (190) million and undrawn long-term credit facilities of NOK 4,625 (3,335) million.

## Investments

The Group's investments in the fourth quarter amounted to NOK 2,237 (2,043) million. Total investments in 2016 amounted to NOK 4,259 (2,699) million.

### Major property acquisitions

- **Åsane Storsenter, Bergen**  
In November, the Group bought Åsane Storsenter in the district of Åsane, north of Bergen city centre. The shopping centre, with retail space of approx. 46,000 sq. m., had retail sales of approx. NOK 1.4 billion in 2016 and annual rental income of approx. NOK 115 million.

### Major property projects<sup>3)</sup>

#### Under construction

- **Amfi Kanebogen, Harstad**  
The centre is being refurbished and expanded with a new building with approx. 10,000 sq. m. of retail space. The project will be completed in the second quarter of 2017.
- **Vitaminveien 11, Oslo**  
On a block next to Storo Storsenter in Oslo, a number of new buildings are being erected with a total area of approx. 60,000 sq. m., including the 9,000 sq. m. car park. The properties will house 150 residential units, a 325-room hotel, and Norway's largest cinema complex, as well as other office and retail space. The project is scheduled for completion in 2018/2019.
- **Amfi Moa, Ålesund**  
A new building is being constructed at Amfi Moa with 24,000 sq. m. of commercial space and

12,000 sq. m. for parking. The new building will connect Amfi Moa Øst and Amfi Moa Syd, and is scheduled for completion in the fourth quarter of 2018.

### Under construction in joint ventures and associated companies

- **Jessheim Storsenter, Ullensaker**  
In connection with the part of Jessheim Storsenter where the Group owns 34%, a new 18,000 sq. m. commercial building and a 32,000 sq. m. car park are being constructed. The project will be completed in the fourth quarter of 2017.

The project also includes the construction of 129 residential units in various phases, with the first phase scheduled for completion in the fourth quarter of 2017.

- **Lagunen Storsenter, Bergen (42% stake)**  
The centre is being expanded by approx. 40,000 sq. m. of rentable space, as well as approx. 10,000 sq. m. for parking. The project is expected to be completed in 2018 and 2019.

### Projects expected to commence in the first half of 2017

- **Amfi Steinkjer, Steinkjer**  
The centre is being refurbished and expanded with a new 5,200 sq. m. building. The net increase in total retail space will be approx. 3,400 sq. m. as an older section of the centre is being demolished. The project is scheduled to commence in the first half of 2017 with completion in 2018.
- **Oasen Storsenter, Haugesund**  
The centre is being refurbished and expanded by approx. 6,400 sq. m. of retail space and 3,000 sq. m. for parking. The project is expected to be completed in the second half of 2018.

For more information about the Group's property projects, please see the company's website: [www.olt.no](http://www.olt.no)

### Property portfolio, 31 December 2016

Investment properties are recognized at fair value. Information on the valuation model and the variables used in the valuation can be found on pages 25 and 45 to 47 of the Norwegian 2015 annual report.

<sup>3)</sup> Over 50 million

The property portfolio was valued at NOK 47,960 (40,177) million at the end of the year and the valuation was based on an average yield of 5.32% (5.50%).

The property segments were assessed using the following average yields:

Shopping centre property	5.34% (5.45%)
Other commercial property	5.23% (5.68%)

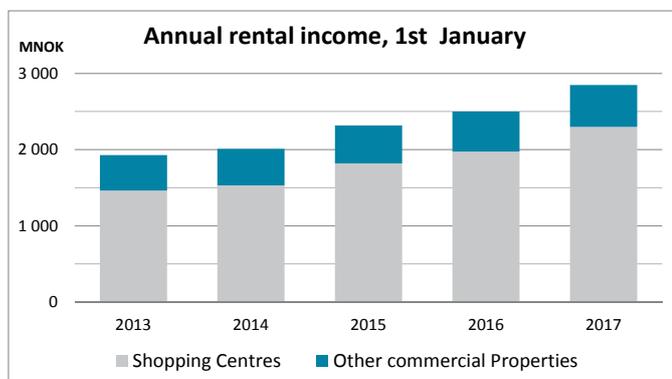
Annual rental income was NOK 2,850 (2,500) million, with the following segment distribution:

Shopping centre property	81% (79%)
Other commercial property	19% (21%)

The vacancy rate in the property portfolio was 3.6 % (3.1 %)

The increase in rental income compared with the previous year was due to new properties and completed property projects.

In addition, the Group's share of the rental income of joint ventures and associated companies was NOK 275 (345) million, while the value of the property portfolio was NOK 4,239 (4,955) million.



The rental income of the property portfolio increased by 48 % during the period.

## Shopping centres

At the end of the year, the shopping centre portfolio comprised 98 shopping centres, 29 of which are managed for external owners.

Olav Thon Eiendomsselskap is Norway's leading shopping centre actor and has a solid market position. The shopping centre portfolio includes Norway's largest shopping centre, Sandvika Storsenter in Bærum, and a total of five of the country's six largest shopping centres in 2016.

## Shopping centres owned by the Group

Retail sales in the shopping centre portfolio owned by the Group were NOK 16.3 (14.8) billion for the fourth quarter and NOK 50.5 (47.7) billion for the full year 2016. The organic growth from last year was estimated to be 3%.

### Norway

The Group's Norwegian shopping centres reported retail sales of NOK 15.3 (13.7) billion for the fourth quarter and NOK 46.7 (43.9) billion for the full year 2016.

### Sweden

Retail sales for the Group's Swedish shopping centres were SEK 1.1 (1.1) billion for the fourth quarter and SEK 3.9 (4.0) billion for the full year 2016.

## Shopping centres managed for other owners

Retail sales in this part of the portfolio were NOK 3.9 (3.6) billion for the fourth quarter and NOK 12.4 (11.7) billion for the full year 2016.

## Risk factors

The main risk factors for Olav Thon Eiendomsselskap are considered to be market and financial risks associated with the property and financial markets.

### The property market

Trends in the property market in Norway and Sweden are affected by both macroeconomic factors and demand for commercial property as an investment object.

Changes in yield and market rents directly affect the value of the property portfolio. Calculations of the effects can be found on page 47 of the Norwegian 2015 annual report and on the company's website: [www.olt.no](http://www.olt.no).

The valuation at 31 December 2016 was based on an average net yield of 5.32%. The yield has varied between 5.32% and 6.10% over the last 3 years.

### The financial market

The most significant financial risk for Olav Thon Eiendomsselskap is considered to be the Group's access to financing in the banking and capital markets.

The Group's financing is described in more detail in the next section, and further information about financial risk management can be found on page 26 of the Norwegian 2015 annual report and the company's website: [www.olt.no](http://www.olt.no).

The Group's interest rate derivatives (interest rate swaps) are recognised at fair value.

Interest rate swaps are mainly used to hedge the Group's long-term fixed interest rates and ensure predictable cash flow.

At the end of the year, the portfolio of interest rate swaps entered into for this purpose was NOK 11,091 (11,187) million and had a fair value of NOK -1,930 (-2,049) million.

Fair value is affected by changes in long-term interest rates and volatility in the financial markets in Norway and Sweden. It is estimated that a change of 1 percentage point in interest rates would change the fair value of the portfolio by approx. NOK 750-850 million.

It is estimated that a change of 1 percentage point in the short-term interest rate would change the Group's average interest rate by less than 0.50 percentage points. Net annual interest expenses would then change by slightly less than NOK 100 million.

## Financing

The Group's debt portfolio consists of long-term credit facilities with Nordic banks and direct borrowing in the capital markets in Norway and Sweden.

Access to financing is still considered very good and credit spreads in the capital markets were stable in the fourth quarter.

Long-term bonds totalling NOK 1,900 million and short-term commercial paper debt of NOK 850 million were issued in the Norwegian capital market in the fourth quarter. Short-term commercial paper debt totalling SEK 1,400 million was issued in Sweden.

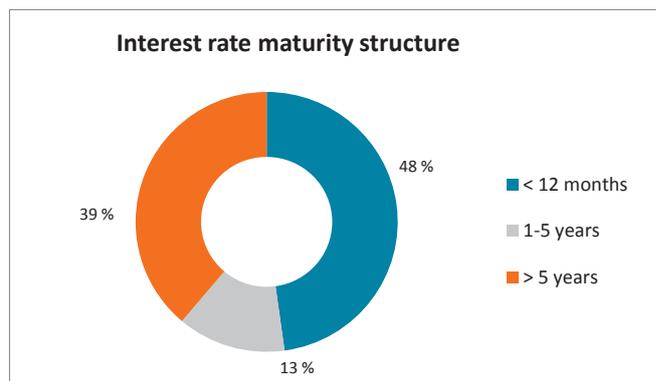
Total credit facilities were NOK 25,877 (21,341) million at the end of the year and NOK 4,625 (3,335) million of this amount was undrawn.

The outstanding commercial paper debt and bonds amounted to NOK 9,913 (6,523) million, distributed between Norway and Sweden as follows:

Norway:	NOK 7,630 (5,580) million
Sweden:	SEK 2,400 (900) million

The debt has an average remaining term of 2.7 (2.9) years. 22% (9%) of the debt falls due for repayment within 1 year.

At the end of the year, the Group had a fixed-rate ratio of 52% (62%), with an average fixed-rate period of 4.1 (5.1) years.

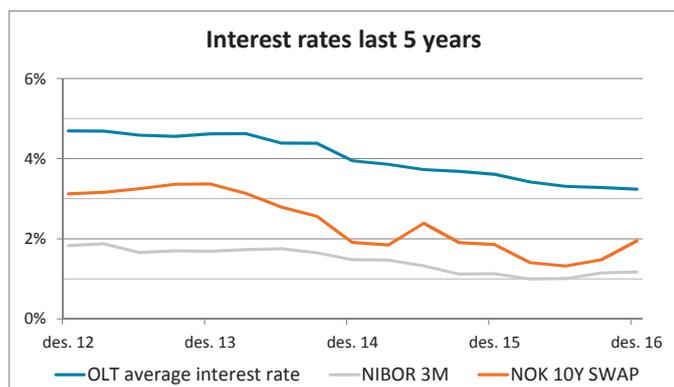


*52 % of interest-bearing debt has an fixed-interest period of over five years, and the average fixed-interest period is 4,1 years.*



The Group's average interest rate was 3.24% (3.61%), divided into the following currencies:

Currencies	Share of debt	Average interest rate
NOK	84 %	3,70 %
SEK	16 %	0,86 %



At 31 December 2016, the Group's average interest rate <sup>4)</sup> 3.24 %.

## Shares and shareholders

The price of the Olav Thon Eiendomsselskap share was NOK 160 at the end of the fourth quarter, compared to NOK 165 at the beginning of the quarter.

In 2016, the shares in Olav Thon Eiendomsselskap generated a total return of 14% (including dividend), while the main index of the Oslo Stock Exchange rose by 12%.

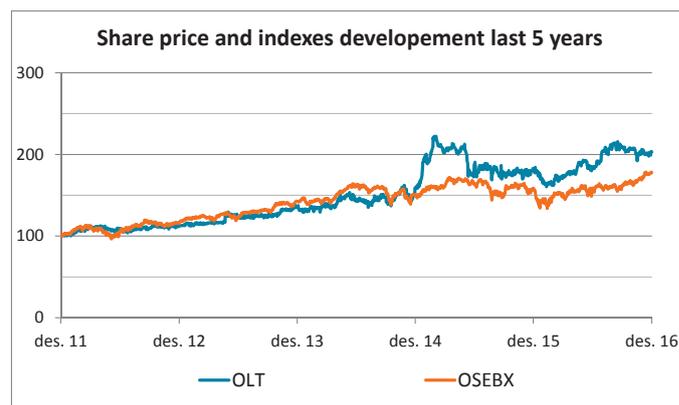
6.6 (6.4) million shares were traded in 2016 with 10,126 (9,955) trades in the share on the Oslo Stock Exchange.

The highest and lowest prices in 2016 were NOK 170 and NOK 124, respectively.

The company had a market capitalisation of NOK 17.0 billion at the end of the year, making Olav Thon Eiendomsselskap Norway's largest listed property company.

At the same time, the company's largest shareholders were:

Olav Thon Gruppen AS and subsidiaries	71.9%
Folketrygdfondet	5.1%
MP Pensjon	1.8%
Otto Olsen Invest AS	1.5%
VPF Nordea Norge	1.4%
<b>Other shareholders</b>	<b>18.3%</b>
<b>TOTAL</b>	<b>100.0%</b>



Over the past five years, the price of Olav Thon Eiendomsselskap share has increased by 103 %.

<sup>4)</sup> From Q3 2014 loans in NOK and SEK.

Åsane Storsenter, Bergen



## Outlook

Growth in the Norwegian economy remains low, but higher growth is expected in 2017. The fall in oil prices is contributing to relatively weak growth prospects for the next few years and Norges Bank is indicating that interest rates will be kept low for a long time.

The demand for commercial property in Norway remains high. Given the prospect of low interest rates, this is expected going forward as well.

With growth in private consumption expected to rise moderately, the framework conditions for the Group's shopping centres are considered positive.

The vacancy rate in the Oslo area office market is showing a slight downwards trend and rental prices are developing positively in most areas of the city. A low level of new construction and good demand for office premises are expected to contribute to a continued positive office market.

The Group's solid market position and financial position is expected to contribute to a satisfactory financial performance in the period ahead.

Oslo, 15 February 2017

The Board of Directors, Olav Thon  
Eiendomsselskap ASA

Every effort has been made to ensure that this translation of the Norwegian text and the report for the Q4 and preliminary year-end results is true translation. However, in case of any discrepancy, the Norwegian version takes place.



Illustration: Lagunen Storsenter, Bergen



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Rental income	5, 8	673	585	2 590	2 274
Other property-related income	8	241	219	837	822
Property-related expenses	8	-332	-292	-1 158	-1 072
<b>Net rental income</b>		<b>582</b>	<b>512</b>	<b>2 270</b>	<b>2 024</b>
Fair value adjustments, investment property	9	999	782	2 619	2 806
Results from joint ventures and associates	11	161	-8	315	238
Other operating income	8	46	48	153	170
Other operating expenses	8	-39	-46	-130	-149
Administrative expenses	5, 8	-36	-34	-141	-126
Depreciation		-11	-5	-29	-15
<b>Operating profit</b>		<b>1 702</b>	<b>1 248</b>	<b>5 057</b>	<b>4 947</b>
Financial income		4	4	8	10
Fair value adjustments, interest rate derivatives		482	9	119	105
Financial expenses		-177	-163	-705	-655
<b>Profit before tax</b>		<b>2 011</b>	<b>1 099</b>	<b>4 478</b>	<b>4 407</b>
Income taxes		-271	137	-837	-722
<b>Profit for the period</b>		<b>1 740</b>	<b>1 237</b>	<b>3 641</b>	<b>3 685</b>
<b>Other Comprehensive income</b>					
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>					
Exchange differences, from foreign operations		12	5	-60	32
<b>Total comprehensive income</b>		<b>1 752</b>	<b>1 242</b>	<b>3 581</b>	<b>3 717</b>
<b>Profit for the periode attributable to:</b>					
Shareholders of the parent		1 724	1 229	3 608	3 666
Non-controlling interests		17	8	33	19
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent		1 735	1 234	3 548	3 698
Non-controlling interests		17	8	33	19
Earnings per share, basic and diluted (NOK)		16	12	33	35

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	31.12.2016	31.12.2015
<b>ASSETS</b>			
Deferred tax asset		583	583
Investment properties	3, 9	47 690	40 177
Other fixed assets		98	94
Investments in joint ventures and associates	11	2 646	2 712
Other non-current assets		222	183
<b>Total non-current assets</b>		<b>51 239</b>	<b>43 750</b>
Trade and other current receivables		1 021	849
Bank deposits and cash		325	190
<b>Total current assets</b>		<b>1 346</b>	<b>1 040</b>
<b>Total assets</b>		<b>52 585</b>	<b>44 789</b>
<b>EQUITY AND LIABILITIES</b>			
Majority share of equity		20 963	17 610
Non-controlling interests		446	416
<b>Total equity</b>		<b>21 409</b>	<b>18 026</b>
Deferred tax liabilities		6 353	5 606
Non-current liabilities	6	18 539	18 510
Current liabilities	7	6 284	2 647
<b>Total liabilities</b>		<b>31 176</b>	<b>26 763</b>
<b>Total equity and liabilities</b>		<b>52 585</b>	<b>44 789</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	Share capital	Share premium reserve	Retained earnings	Non-controlling interests	Total
<b>Equity 31.12.2014</b>	<b>106</b>	<b>318</b>	<b>13 495</b>	<b>115</b>	<b>14 035</b>
Total comprehensive income			3 698	19	3 717
Changes in non-controlling interests			164	281	445
Dividends paid			-170		-170
<b>Equity 31.12.2015</b>	<b>106</b>	<b>318</b>	<b>17 187</b>	<b>415</b>	<b>18 026</b>
Total comprehensive income			3 548	33	3 581
Acquisitions of other companies			8	-3	5
Acquisitions of own shares			-13		-13
Dividends paid			-190		-190
<b>Equity 31.12.2016</b>	<b>106</b>	<b>318</b>	<b>20 539</b>	<b>446</b>	<b>21 409</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	Q4-2016	Q4-2015	31.12.2016	31.12.2015
Net cash flow from operations	378	257	1 265	1 085
Change in working capital	488	918	565	-80
<b>Net cash flow from operating activities</b>	<b>867</b>	<b>1 175</b>	<b>1 830</b>	<b>1 005</b>
Acquisition of investment properties	-215	9	-982	-459
Other investments	-2 032	-1 281	-2 468	-1 367
<b>Net cash flow from investing activities</b>	<b>-2 247</b>	<b>-1 272</b>	<b>-3 450</b>	<b>-1 826</b>
Proceeds from interest-bearing liabilities	4 809	1 231	11 549	6 908
Repayment of interest-bearing liabilities	-3 343	-1 233	-9 603	-6 016
Dividends paid	-2	-0	-194	-170
<b>Net cash flow from financing activities</b>	<b>1 464</b>	<b>-3</b>	<b>1 752</b>	<b>723</b>
<b>Net change in cash</b>	<b>83</b>	<b>-100</b>	<b>132</b>	<b>-99</b>
Cash at beginning of period	236	283	190	283
Currency effects	6	7	3	6
Cash at end of period	325	190	325	190

## NOTES TO THE ACCOUNTS 31. DECEMBER 2016

(NOK million)

**Note 1 GENERAL INFORMATION**

Olav Thon Eiendomsselskap ASA is based in Norway and is listed on Oslo Stock Exchange. The head office is situated in Oslo.

The Group's consolidated financial statements encompass Olav Thon Eiendomsselskap ASA and subsidiaries, as well as the Group's interests in joint ventures and associated companies.

The Group has activities in Norway and Sweden.

**Note 2 ACCOUNTING PRINCIPLES**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB and as adopted by EU. The consolidated accounts have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial report represents an update on new circumstances arising after the most recent annual report was presented and is therefore intended to be read in connection with the 2015 annual report.

The interim financial statements were adopted by the Board February 15th 2017.

There has been a limited audit of the interim financial information performed by the entity's auditor.

**Note 3 CHANGES IN GROUP STRUCTURE**

Åsane Storsenter shopping mall in Bergen is during the quarter gained 100%. There are no other significant changes in the group structure during the quarter.

**Note 4 ESTIMATES**

Preparation of interim financial statements involves the use of judgements, estimates and assumptions that affect the application of accounting principles and amounts recognised for assets, liabilities, income and expenses.

In preparing these interim financial statements, management has used the same judgements regarding application of accounting principles that were used in the consolidated financial statements for 2015.

**Note 5 RELATED PARTY TRANSACTIONS**

Transactions	Counterparty	Counterparty associate of	31.12.2016	31.12.2015
Current leases	Companies in Olav Thon Gruppen AS	Olav Thon Foundation	53	53
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	87	82

**Note 6 NON-CURRENT LIABILITIES**

	31.12.2016	31.12.2015
Bonds	6 681	5 123
Other interest-bearing liabilities	9 903	11 312
Non-interest-bearing liabilities (fair value interest rate swaps)	1 930	2 049
Other liabilities	25	26
<b>Total</b>	<b>18 539</b>	<b>18 510</b>

## Note 7 CURRENT LIABILITIES

	31.12.2016	31.12.2015
Commercial paper debt	2 377	1 050
Bonds	855	350
Interest-bearing current liabilities	1 437	171
Trade payables	236	185
Accrued interest	44	49
Duties payable	151	132
Income tax payable	126	73
Other current liabilities	1 058	637
<b>Total</b>	<b>6 284</b>	<b>2 647</b>

## Note 8 BUSINESS SEGMENTS

At 31 December 2016, the Group has activities within two strategic operating segments.

The two operating segments are:

- \* Shopping centres
- \* Commercial property

The two geographical segments are:

- \* Norway
- \* Sweden

Segment reporting is based on internal management reporting.

### Driftssegmenter

	Operating segments				Geographical segments		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>4. quarter 2016</b>							
Rental income	526	147		673	627	46	673
Other property-related income	223	18		241	215	26	241
Property-related expenses	-270	-61		-332	-293	-39	-332
<b>Net rental income</b>	<b>478</b>	<b>104</b>		<b>582</b>	<b>549</b>	<b>33</b>	<b>582</b>
Fair value adjustments, investment property	594	405		999	992	8	999
Results from joint ventures and associates	161	0		161	161		161
Other operating income	22		24	46	46		46
Other operating expenses	-17		-22	-39	-39		-39
Administrative expenses	-31	-5	0	-36	-30	-6	-36
Depreciation	-4	-6	0	-11	-11	0	-11
<b>Operating profit</b>	<b>1 203</b>	<b>498</b>	<b>2</b>	<b>1 702</b>	<b>1 667</b>	<b>35</b>	<b>1 702</b>
<b>4. quarter 2015</b>							
Rental income	443	142		585	532	53	585
Other property-related income	204	15		219	186	33	219
Property-related expenses	-234	-58		-292	-253	-39	-292
<b>Net rental income</b>	<b>413</b>	<b>99</b>		<b>512</b>	<b>465</b>	<b>46</b>	<b>512</b>
Fair value adjustments, investment property	538	244		782	654	127	782
Results from joint ventures and associates	-8	0		-8	-8		-8
Other operating income	23		25	48	48		48
Other operating expenses	-22		-24	-46	-46		-46
Administrative expenses	-13	-22	0	-34	-32	-3	-34
Depreciation	8	-13	0	-5	-7	2	-5
<b>Operating profit</b>	<b>939</b>	<b>308</b>	<b>1</b>	<b>1 248</b>	<b>1 075</b>	<b>173</b>	<b>1 248</b>

31.12.2016	Operating segments			Geographical segments			
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	2 012	578		2 590	2 387	204	2 590
Other property-related income	758	79		837	741	96	837
Property-related expenses	-933	-224		-1 158	-1 014	-144	-1 158
<b>Net rental income</b>	<b>1 837</b>	<b>433</b>		<b>2 270</b>	<b>2 114</b>	<b>156</b>	<b>2 270</b>
Fair value adjustments, investment property	1 593	1 025		2 619	2 471	148	2 619
Results from joint ventures and associates	315			315	315		315
Other operating income	77		76	153	153		153
Other operating expenses	-57		-73	-130	-130		-130
Administrative expenses	-119	-22		-141	-126	-15	-141
Depreciation	-21	-8		-29	-29		-29
<b>Operating profit</b>	<b>3 624</b>	<b>1 429</b>	<b>3</b>	<b>5 057</b>	<b>4 768</b>	<b>289</b>	<b>5 057</b>
<b>31.12.2015</b>							
Rental income	1 737	537		2 274	2 068	206	2 274
Other property-related income	753	69		822	714	108	822
Property-related expenses	-862	-210		-1 072	-937	-135	-1 072
<b>Net rental income</b>	<b>1 628</b>	<b>396</b>		<b>2 024</b>	<b>1 846</b>	<b>178</b>	<b>2 024</b>
Fair value adjustments, investment property	1 975	831		2 806	2 625	181	2 806
Results from joint ventures and associates	238	0		238	238		238
Other operating income	91		79	170	170		170
Other operating expenses	-81		-69	-149	-149		-149
Administrative expenses	-107	-20	0	-126	-113	-13	-126
Depreciation	-7	-8	0	-15	-15	0	-15
<b>Operating profit</b>	<b>3 737</b>	<b>1 200</b>	<b>10</b>	<b>4 947</b>	<b>4 601</b>	<b>346</b>	<b>4 947</b>

#### Note 9 INVESTMENT PROPERTY

	31.12.2016	31.12.2015
<b>Opening balance</b>	<b>40 177</b>	<b>34 661</b>
Acquisitions/expenditure on properties	4 897	2 699
Change in fair value recognised in the period	2 619	2 806
Other changes	-3	11
<b>Closing balance</b>	<b>47 690</b>	<b>40 177</b>

#### Note 10 SUBSEQUENT EVENTS

No events of significance to the assessment of the Group's position and results have occurred after the reporting date.

## Note 11 JOINT VENTURES AND ASSOCIATED COMPANIES

The table below shows underlying figures in the income statement and financial position for joint ventures and associated companies.

<b>Joint ventures</b>	<b>Q4 2016</b>	<b>Q4 2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Net rental income	94	100	345	382
Fair value adjustments, investment property	124	-58	179	89
Fair value adjustments, interest rate derivatives	17	0	12	4
Expenses	-81	-71	-262	-274
<b>Profit</b>	<b>153</b>	<b>-29</b>	<b>274</b>	<b>201</b>
Investment properties			3 376	4 225
Other assets			212	214
<b>Total assets</b>			<b>3 588</b>	<b>4 439</b>
Equity			2 155	2 282
Non-current liabilities			1 315	2 042
Current liabilities			118	115
<b>Total equity and liabilities</b>			<b>3 588</b>	<b>4 439</b>
<b>Associated companies</b>	<b>Q4 2016</b>	<b>Q4 2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Net rental income	15	12	53	45
Fair value adjustments, investment property	-2	14	24	22
Expenses	-5	-5	-36	-30
<b>Profit</b>	<b>8</b>	<b>21</b>	<b>41</b>	<b>37</b>
Investment properties			863	730
Other assets			83	52
<b>Total assets</b>			<b>946</b>	<b>782</b>
Equity			491	431
Non-current liabilities			353	230
Current liabilities			102	121
<b>Total equity and liabilities</b>			<b>946</b>	<b>782</b>

## ALTERNATIVE PERFORMANCE MEASURES

Amounts in NOK million

Olav Thon Eiendomsselskap ASA prepares financial information in accordance with the International Financial Reporting Standards (IFRS). The company also wishes to present alternative performance measures (APM) in order to provide readers with a better understanding of the company's underlying financial results.

## Fair value adjustments in investment properties and interest rate derivatives

Fair value adjustments in investment properties and interest rate derivatives affect the company's profit before tax, both in the Group's accounts and in joint ventures and associated companies. These income statement items are considered to be more exogenously determined than the other income statement items.

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Fair value adjustments, investment property from profit and loss	999	782	2 619	2 806
Fair value adjustments, investment property - Joint ventures	124	-58	179	89
Fair value adjustments, investment property - Associated companies	-2	14	24	22
Fair value adjustments, interest rate derivatives from profit and loss	482	9	119	105
Fair value adjustments, interest rate derivatives - Joint ventures	17	0	12	4
<b>Fair value adjustments in investment property and interest rate derivatives</b>	<b>1 619</b>	<b>746</b>	<b>2 952</b>	<b>3 026</b>

## Profit before tax and fair value adjustments

Profit before fair value adjustments in investment properties and interest rate derivatives is intended to give readers a better understanding of the Group's operating business development. Fair value adjustments in investment properties and interest rate derivatives affect the company's profit before tax, both in the Group's accounts and in joint ventures and associated companies.

	Q4 2016	Q4 2015	31.12.2016	31.12.2015
Profit before tax	2 011	1 099	4 478	4 407
Adjusted for fair value adjustments in investment property and interest rate derivatives	-1 619	-746	-2 952	-3 026
<b>Profit before tax and fair value adjustments</b>	<b>391</b>	<b>353</b>	<b>1 526</b>	<b>1 381</b>

## Non-current net asset value per share

EPRA, the European Public Real Estate Association, is an organisation for listed property companies and investors in Europe, which prepares recommendations for financial reporting. EPRA NNAV states the normalised net asset value per share after taking into account a fair value assessment of the deferred tax liabilities.

	31.12.2016	31.12.2015
Majority share of equity	20 963	17 610
Deferred tax liabilities	6 340	5 599
Fair value of debt - deferred tax liabilities - 8%	-1 849	-1 659
<b>Non-current net asset value</b>	<b>25 454</b>	<b>21 550</b>
Number of shares	106 345 320	106 445 320
<b>Non-current net asset value per share in NOK</b>	<b>239</b>	<b>202</b>

## Interest-bearing debt

Splitting the Group's total debt into interest-bearing debt and non-interest-bearing debt is intended to give readers a better understanding of the Group's debt situation and the Group's financial position. Net interest-bearing debt is arrived at by deducting the Group's bank deposits and cash from its interest-bearing debt. Net interest-bearing debt is used in, among other things, the calculation of the Group's loan to value ratio.

	31.12.2016	31.12.2015
Bonds, non-current	6 681	5 123
Bonds, current	855	350
Commercial paper debt, current	2 377	1 050
Other interest-bearing liabilities, non-current	9 903	11 312
Other interest-bearing liabilities, current	1 437	171
<b>Interest-bearing debt</b>	<b>21 252</b>	<b>18 006</b>
Bank deposits and cash	-325	-190
<b>Net interest-bearing debt</b>	<b>20 927</b>	<b>17 816</b>

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