

**OLAV THON**  
EIENDOMSSKAP



**REPORT Q3 2019**

## KEY FIGURES

Amounts in NOK million	Q3 2019	Q3 2018	30.09.19	30.09.18	31.12.18
Net rental income	654	599	2 005	1 855	2 487
Fair value adjustments in investment properties and interest rate derivatives <sup>1)</sup>	278	314	-93	849	1 022
Profit before taxes	741	747	1 369	2 223	2 880
Profit before tax and fair value adjustments <sup>1)</sup>	463	433	1 462	1 374	1 857
Equity per share (NOK)			256	241	249
Equity ratio			45 %	45 %	46 %
Non-current net asset value per share (NOK) <sup>2)</sup>			306	290	297
Net cash flow from operations	423	398	1 344	1 259	1 665
Cash reserves <sup>3)</sup>			7 916	6 450	7 168
Amortisation next 12 months			5 457	6 640	6 137
Interest-bearing debt <sup>4)</sup>			21 879	21 394	21 597
Interest rate as at 30.09			3,08 %	3,06 %	3,04 %
Loan to value ratio <sup>5)</sup>			39 %	40 %	40 %
Net investments <sup>6) 9)</sup>	145	251	356	907	1 287
Market value properties <sup>7)</sup>			54 058	52 411	53 367
Annual rental income <sup>8)</sup>			3 170	2 980	3 100
Yield			5,13 %	5,16 %	5,10 %
Sales, owned shopping centres	12 229	11 701	34 828	33 881	51 669
Sales, managed shopping centres	2 262	1 836	6 434	6 660	9 603
Share price as at 30.09 (NOK)			144,4	149,4	140,0

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) (Majority share of equity + deferred tax liabilities - fair value of debt (deferred tax 6%)) / Number of shares

3) Bank deposits etc. + Undrawn borrowing facilities

4) Unsecured part of interest-bearing debt NOK 6,385 million (30.09.19), NOK 5,144 million (30.09.18) and 4,864 million (31.12.18), respectively

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

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

7) Includes market value of investment properties and owner-occupied properties. In addition, the Group owns through jointly controlled companies/associated companies with market value (Group's share) MNOK 4,428 (30.09.19), 4,739 (30.09.18) and 4,729 (31.12.18).

8) Includes market rent for vacant premises

9) The amount reported for Q3-19 is based on a corrected figure for accumulated investments as per 30.06.19. Net investments in Q2-19 was reported as mnok 270 for the quarter and mnok 531 accumulated. The correct figures should have been mnok -49 and mnok 211 respectively as per 30.06.19. The portfolio changes within the Amfi shopping centres, commented in the second quarter report, were not taken into account.

# Olav Thon Eiendomsselskap

## Report for Q3 2019

Olav Thon Eiendomsselskap achieved another good result in Q3<sup>1</sup>

### THE HIGHLIGHTS OF THE INTERIM REPORT ARE AS FOLLOWS:

- Rental income was NOK 751 (707) million
- Profit before tax and fair value adjustments rose by 7% to NOK 463 (433) million
- Profit before tax amounted to NOK 741 (747) million
- Net cash flow from operations was NOK 423 (398) million
- The Group's equity ratio at the end of Q3 was 45% (45%), and equity per share rose to NOK 256 (241)
- Cash reserves ended the quarter at NOK 7,916 (6,450) million
- Retail sales in the shopping centre portfolio owned by the Group were NOK 12,229 (11,701) million



<sup>1</sup> The figures in brackets are for the corresponding period/date last year

**FINANCIAL POSITION/BALANCE SHEET AS AT 30.09.19**

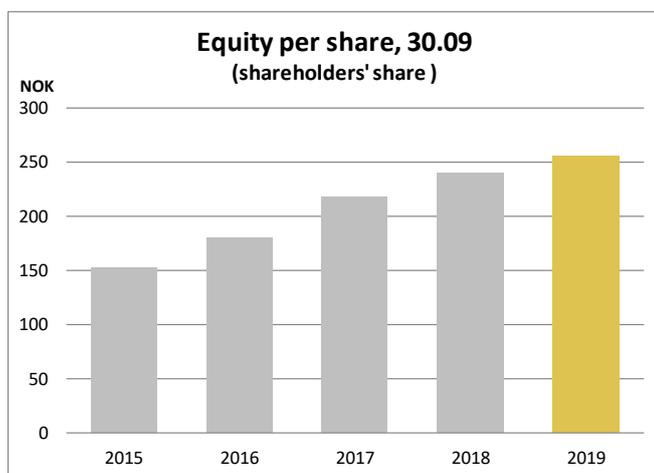
The Group's total assets were NOK 59,521 (57,829) million, with investment properties accounting for NOK 53,669 (52,411) million of that figure.

Total equity was NOK 27,010 (26,002) million and the equity ratio was 45% (45%).

Equity per share (majority share) was NOK 256 (241), while "the triple net asset value per share" was calculated as being NOK 306 (291).

Interest-bearing debt was NOK 21,879 (21,394) million, with a loan to value ratio<sup>2</sup> of 39% (40%).

The Group's share of the equity in joint ventures and associated companies was NOK 2,808 (2,885) million.



Equity per share increased by 68% during the period.

**SUMMARY OF THE RESULTS FOR Q3**

Profit before tax amounted to NOK 741 (747) million.

Fair value adjustments in investment properties and interest rate derivatives totalled NOK 278 (314) million.<sup>3</sup>

Profit before tax and fair value adjustments therefore amounted to NOK 463 (433) million.

**RENTAL INCOME AND PROPERTY-RELATED EXPENSES**

Rental income was NOK 751 (707) million.

Other property-related income amounted to NOK 194 (199) million and consisted mainly of payments from the Group's tenants to cover property service charges and operation of shopping centre associations.

Property-related expenses amounted to NOK 292 (307) million, including the above-mentioned service charges of NOK 194 (199) million.

Maintenance expenses for the property portfolio amounted to NOK 55 (38) million.

Net rental income was therefore NOK 654 (599) million.

**FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES**

The value of the Group's investment properties generally remained unchanged in Q3, although rises in rent for some properties helped increase the value of the properties by NOK 325 (171) million.

The Group's property portfolio consists of two different property segments:

- Shopping centre properties in Norway and Sweden.
- Commercial properties including rental housing, primarily in the Oslo area.

Value developed positively in both property segments in Q3.

The value of the Group's shopping centre properties increased by NOK 128 million, while the value of its commercial properties increased by NOK 197 million.

Reference is otherwise made to later sections and note 8 of the interim report.

**SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATED COMPANIES**

The Group's share of the results from joint ventures and associated companies amounted to NOK 25 (19) million.

A full overview of the income statements and balance sheets for these companies can be found in note 9 of this interim report.

**OTHER OPERATING INCOME AND EXPENSES**

Other operating income amounted to NOK 37 (38) million and consisted mainly of income from property management for external owners and sales revenue from other activities.

Other operating and administrative expenses amounted to NOK 82 (79) million, while scheduled depreciation amounted to NOK 6 (6) million.

**FINANCIAL INCOME AND EXPENSES**

Net financial expenses amounted to NOK 185 (160) million.

The increase in the Group's net financial expenses was attributable to both higher interest-bearing debt and a higher average interest rate.

Financial expenses also rose by NOK 5 million due to IFRS 16 (see note 2).

The Group's average interest rate for Q3 was 3.08% (3.06%).

<sup>2</sup> See page 2 for definitions

<sup>3</sup> Includes investments in joint ventures and associated companies

**FAIR VALUE ADJUSTMENTS, INTEREST RATE DERIVATIVES**

Long-term market interest rates fell in both Norway and Sweden in Q3.

In Norway, the 10-year swap rate fell by 0.15 of a percentage point to 1.69%, while the corresponding rate in Sweden fell by 0.29 of a percentage point to 0.258%.

The interest rate movements resulted in the fair value of the Group's interest rate derivatives falling by NOK 26 (163) million.

**CASH FLOW AND LIQUIDITY**

Net cash flow from operations in Q3 was NOK 423 (398) million.

Net cash flow from operating activities was NOK 640 (788) million, while investing activities reduced cash by NOK 161 (295) million.

Financing activities reduced cash by NOK 152 (188) million, and cash and cash equivalents thus increased by NOK 328 (306) million in Q3.

Cash reserves were NOK 7,916 (6,450) million at the end of the quarter and consisted of short-term investments of NOK 608 (560) million and undrawn long-term credit facilities of NOK 7,308 (5,890) million.

**INVESTMENTS**

The Group's net investments in Q3 were NOK 145 (251) million.

Total investments for the first three quarters of the year were NOK 356 (907) million.

**MAJOR PROPERTY ACQUISITIONS**Oscar Hanssens Veg 5-7, Molde

A retail and office property of around 3,000 square metres close to the Group's shopping centres in Molde was taken over in Q3 2019.

**MAJOR PROPERTY PROJECTS<sup>4</sup>****Under construction**Bernt Ankers Gate 6, Oslo

Construction of a new building in the centre of Oslo with a total space of 5,600 square metres with 46 flats for rent and four smaller commercial premises for rent. The project is scheduled for completion in 2021.

Amfi Florø

The centre is being refurbished and expanded with a new 3,000-square metre building, as well as upgrades to the existing shopping centre. The project will be completed in 2019.

Refurbishment of shopping centre portfolio

In addition to the major projects, smaller upgrade and refurbishments projects are taking place at several of the Group's shopping centres.

**Under construction in joint ventures and associated companies**Lagunen Storsenter, Bergen (42% stake)

Phase 3 of the extension, which includes a multiplex cinema with nine auditoriums, will be completed in Q4 2019.

**In planning phase**

Olav Thon Eiendomsselskap is developing a number of major property projects linked to the further development of its property portfolio. Whether these projects will be executed depends on factors such as official permits and market conditions.

For more information about our property projects, please see [www.olt.no](http://www.olt.no).

**PROPERTY PORTFOLIO AS AT 30.09.19**

Investment properties are carried at fair value. Information on the valuation model and parameters used in the valuation can be found in the Norwegian 2018 annual report.

The property portfolio was valued at NOK 53,669 (52,411) million, based on an average yield of 5.13% (5.16%).

Average yields by property segment were as follows:

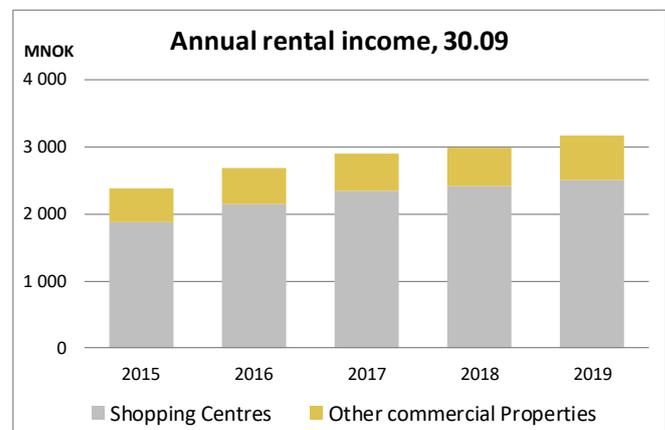
Shopping centre properties	5.36% (5.25%)
Other commercial properties	4.47% (4.80%)

Annual rental income was NOK 3,170 (2,980) million, with the following segment distribution:

Shopping centre properties	79% (80%)
Other commercial properties	21% (20%)

The vacancy rate in the property portfolio was 2.8% (2.7%).

The increase in rental income compared with the previous year was due to completed property projects and the growth in rental income in parts of the property portfolio.



The rental income of the property portfolio increased by 33 % during the period.

<sup>4</sup> Over NOK 50 million

## PROPERTY PORTFOLIO OWNED THROUGH JOINT VENTURES AND ASSOCIATED COMPANIES

In addition to the property portfolio, which is recognised on the Group's balance sheet, the Group's share of the rental income of joint ventures and associated companies was NOK 265 (290) million. The Group's share of the property values in these companies was NOK 4,428 (4,739) million.

## SHOPPING CENTRES

At the end of the quarter, the shopping centre portfolio comprised of 78 shopping centres, 16 of which are managed for external owners.

Olav Thon Eiendomsselskap is Norway's leading shopping centre player and has a solid market position. The shopping centre portfolio includes Norway's second largest shopping centre, Sandvika Storsenter in Bærum, and a total of seven of the country's nine largest shopping centres.

### Shopping centres owned by the Group

Retail sales in the shopping centre portfolio owned by the Group in Q3 amounted to NOK 12,229 (11,701) million, while retail sales in the first nine months of the year amounted to NOK 34,828 (33,881) billion.

The comparative figures for 2018 have been corrected for retail sales in the Norwegian shopping centres no longer owned by the Group.

Similarly, the figures for the Swedish shopping centres have been corrected to take account of one shopping centre that is closed for refurbishment.

### Norway

The Group's shopping centres in Norway reported retail sales of NOK 11,372 (10,893) million in Q3. At the end of Q3, sales for the year to date amounted to 32,375 (31,423) million.

### Sweden

Retail sales in the Group's shopping centres in Sweden amounted to SEK 890 (878) million in Q3 and SEK 2,653 (2,623) million in the first nine months of the year.

### Shopping centres managed for other owners

Retail sales in this part of the portfolio were NOK 2,262 (1,836) million in Q3 and NOK 6,434 (6,660) million in the first nine months of the year.

The decrease is related to the cancellation of a major management agreement in Q2.

## RISK FACTORS

The biggest risk factors to which Olav Thon Eiendomsselskap is exposed 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 have a direct effect on the value of the property portfolio. Calculations of these effects can be found in the Norwegian 2018 annual report and on the company's website: olt.no.

The valuation as at 30.09.19 was based on an average yield of 5.13%. The yield has varied between 5.10% and 5.32% over the last 3 years.

## THE FINANCIAL MARKETS

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 risk is mitigated by maintaining a low loan to value ratio, a balanced debt portfolio and significant cash reserves.

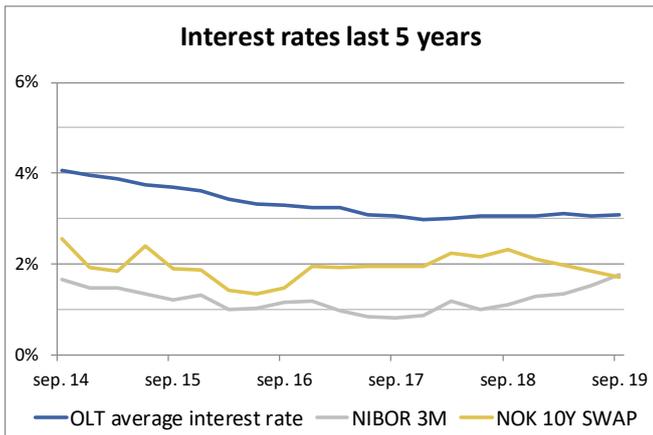
The Group's financing is described in more detail in the next section, and further information about financial risk management can be found in the Norwegian 2018 annual report and on the company's website: olt.no.

The Group's interest rate derivatives (interest rate swaps) are carried at fair value. Interest rate swaps are primarily used to secure the Group long-term fixed interest rates and thereby ensure more predictable cash flow.

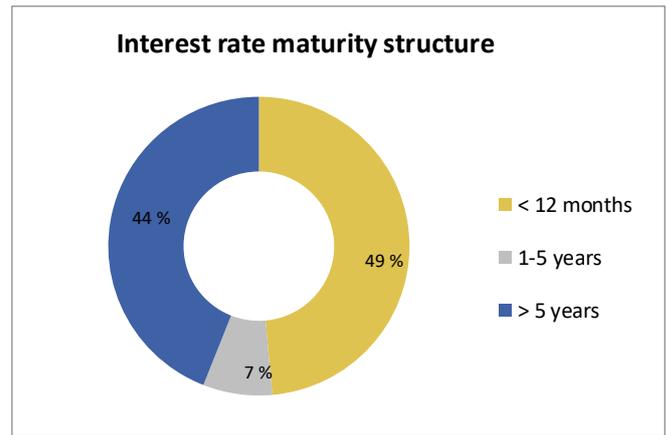
At the end of Q3, the portfolio of interest rate swaps entered into for this purpose was NOK 11,520 (11,049) million and had a fair value of NOK -1,614 (-1,341) million.

Fair value is affected by both changes in long-term interest rates and volatility in the financial markets in Norway and Sweden. It is estimated that a change of one percentage point in interest rates would change the fair value of the portfolio by 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 around 0.50 of a percentage point. Net annual interest expenses would be changed by NOK 100-110 million.



As at 30.09.19, the Group's average interest rate was 3,08%<sup>5</sup>.



51% of interest-bearing debt has a fixed-interest period of over 1 year. The average fixed-interest period is 3,6 years.

### 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 considered very good and the capital markets developed positively in Q3.

The Group's funding sources in Q3 were the capital markets in Norway and Sweden, in which new borrowing of NOK 1,500 million and SEK 2,200 million was raised.

At the end of Q3, outstanding certificate and bond debt amounted to NOK 12,633 (12,647) million, broken down as follows:

Norway: NOK 8,298 (10,685) million  
 Sweden: SEK 3,665 (3,550) million

Total credit facilities were NOK 29,187 (27,284) million, NOK 7,308 (5,890) million of which was undrawn.

For details of the Group's interest-bearing debt, see notes 11 and 12 and 'Alternative performance measures' in the half-year report.

The debt had an average remaining term of 2.2 (2.2) years. 25% (31%) of the debt falls due for repayment within 1 year.

At the end of Q3, the Group had a fixed-rate ratio of 51% (56%), with an average fixed-rate period of 3.6 (3.4) years.

The Group's average interest rate was 3.08% (3.06%), divided into the following currencies:

Currency	Proportion of debt	Average interest rate
NOK	81%	3.61%
SEK	19%	0.78%

### SHARES AND SHAREHOLDERS

The price of the Olav Thon Eiendomsselskap share was NOK 144.40 at the end of Q3, unchanged from the beginning of the quarter. The highest and lowest prices in the quarter were NOK 147 and NOK 139, respectively.

831,000 (1,100,000) shares were traded in Q3, with 3,846 (6,648) trades in the share on the Oslo Stock Exchange.

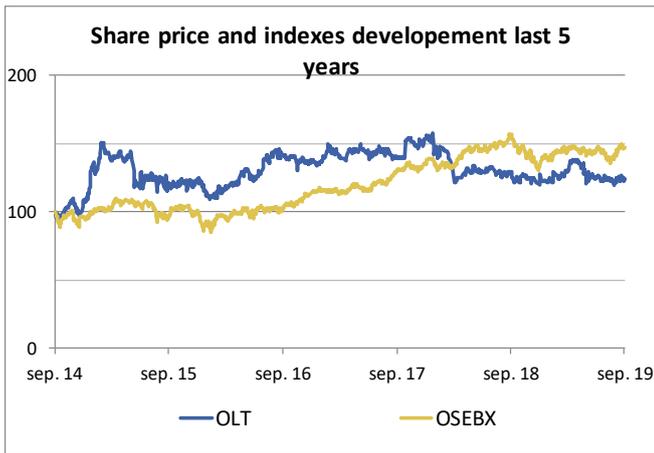
In the first nine months of the year seen as a whole, 5.8 (4.6) million shares were traded, with 12,836 (15,391) trades completed on the Oslo Stock Exchange.

The company's shares generated a total return of 6% (including dividend) in the first nine months of the year, while the main index of the Oslo Stock Exchange rose by 11%.

At the end of Q3, the company's market capitalisation was NOK 15.4 (15.9) billion. At the same time, the company's largest shareholders were:

Olav Thon Gruppen AS and subsidiaries	71.9%
VPF Nordea Avkastning	3.1%
Folketrygdfondet	2.7%
Olav Thon Eiendomsselskap ASA	2.7%
MP Pensjon	2.2%
Otto Olsen Invest AS	1.4%
Other owners	16.0%
<b>TOTAL</b>	<b>100%</b>

<sup>5</sup> Loans in NOK and SEK



Over the past five years, the price of the Olav Thon Eiendomsselskap share has increased by 24%, excl. dividends.

#### EXTRAORDINARY GENERAL MEETING

Shareholders have been invited to an Extraordinary General Meeting on 25 November 2019 in connection with a proposed reorganisation of the Group.

The agenda consists of a reorganisation of the Group that will entail transforming the parent company into a pure holding company. In the future, the Group's property portfolio would thus be owned directly via the subsidiaries. Such a structure would help give the Group greater financial flexibility.

As an element in the reorganisation, it has been proposed to delete the company's own shares (2,822,149) by reducing its share capital.

#### OUTLOOK

The Norwegian economy is developing well, and relatively high growth is expected going forward. Since September 2018, Norges Bank has increased the policy rate from 0.50% to 1.50% and is now indicating that the rate will be held at this level for some time.

Demand for commercial property is high in Norway, although investors' interest in shopping centre property remains moderate. The high level of demand is expected to persist going forward, including as a result of continued low interest rates.

Private consumption is expected to rise in the next few years and the retail trade is also expected to develop positively. The growth in online shopping is expected to outpace that of the physical retail trade, although online shopping still represents a small share of the overall retail trade.

The Group's shopping centres are gradually changing to adapt to consumer spending patterns and the digitalisation of the retail trade. This involves both further developing the range of products and services at the centres and using new technology.

The vacancy rate in the Oslo area office market is falling and rental prices are developing positively in most areas of the city. A low

level of new construction and high demand for office premises are expected to result in a continued positive office market.

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

Oslo, 13 November 2019

Board of Directors, Olav Thon Eiendomsselskap AS

*Every effort has been made to ensure that this translation of the Norwegian text and the report is true translation. However, in case of any discrepancy, the Norwegian version takes place.*

## OLAV THON EIENDOMSSSELSKAP ASA, CONSOLIDATED GROUP ACCOUNTS

**STATEMENT OF COMPREHENSIVE INCOME**

(NOK million)	Note	Q3 2019	Q3 2018	30.09.2019	30.09.2018	31.12.2018
Rental income	6, 7	751	707	2 239	2 105	2 828
Other property-related income	7	194	199	645	635	874
Property-related expenses	7	-292	-307	-879	-885	-1 215
<b>Net rental income</b>		<b>654</b>	<b>599</b>	<b>2 005</b>	<b>1 855</b>	<b>2 487</b>
Other operating income	7	37	38	119	128	179
Other operating expenses	7	-37	-35	-109	-114	-159
Administrative expenses	6, 7	-45	-44	-138	-134	-191
Depreciation		-6	-6	-17	-17	-20
<b>Net income from property management</b>		<b>603</b>	<b>552</b>	<b>1 859</b>	<b>1 718</b>	<b>2 296</b>
Fair value adjustments, investment property	8	325	171	62	429	867
Fair value adjustments, right-of-use investment property		-1	-	-4	-	-
Results from joint ventures and associates	9	25	19	100	128	96
<b>Operating profit</b>		<b>951</b>	<b>743</b>	<b>2 018</b>	<b>2 274</b>	<b>3 259</b>
Financial income	10	1	5	19	13	8
Financial expenses	2, 10	-185	-165	-546	-488	-659
Fair value adjustments, interest rate derivatives		-26	163	-122	424	273
<b>Net financial items</b>		<b>-210</b>	<b>4</b>	<b>-649</b>	<b>-51</b>	<b>-379</b>
<b>Profit before tax</b>		<b>741</b>	<b>747</b>	<b>1 369</b>	<b>2 223</b>	<b>2 880</b>
Income taxes		-175	-169	-338	-497	-364
<b>Profit for the period</b>		<b>566</b>	<b>578</b>	<b>1 031</b>	<b>1 726</b>	<b>2 516</b>
<b>Other Comprehensive income</b>						
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>						
Exchange differences from foreign operations		13	16	-78	-133	-43
Hedging of net investment		-11	-18	76	130	42
Income taxes on other comprehensive income		2	4	-17	-30	-9
<b>Total comprehensive income</b>		<b>571</b>	<b>580</b>	<b>1 012</b>	<b>1 693</b>	<b>2 505</b>
<b>Profit for the period attributable to:</b>						
Shareholders of the parent		592	572	1 052	1 704	2 516
Non-controlling interests		-26	6	-21	22	-1
<b>Total comprehensive income attributable to:</b>						
Shareholders of the parent		597	574	1 033	1 671	2 505
Non-controlling interests		-26	6	-21	22	-1
Earnings per share, basic and diluted (NOK)		6	5	10	16	24

The layout of the statement of comprehensive income has been changed from 2019, due to the intention of giving more relevant information. There are no material changes. Some records has been moved without any changes of content. There have been added two new lines for summation. Comparative figures have been made for previous periods.

## OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED GROUP ACCOUNTS

**STATEMENT OF FINANCIAL POSITION**

(NOK million)	Note	30.09.2019	30.09.2018	31.12.2018
<b>ASSETS</b>				
Deferred tax asset		327	412	328
Investment properties	3, 8	53 669	52 411	53 174
Right-of-use investment properties	2	359	-	-
Owner-occupied properties		192	-	193
Other fixed assets		73	88	82
Investments in joint ventures and associates	9	2 808	2 885	2 854
Other non-current assets		596	502	594
<b>Total non-current assets</b>		<b>58 026</b>	<b>56 296</b>	<b>57 225</b>
Trade and other current receivables		887	973	1 043
Bank deposits and cash		608	560	305
<b>Total current assets</b>		<b>1 495</b>	<b>1 533</b>	<b>1 349</b>
<b>Total assets</b>		<b>59 521</b>	<b>57 829</b>	<b>58 573</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		106	106	106
Share premium reserve		318	318	318
Other equity		26 143	25 073	25 906
Non-controlling interests		442	504	496
<b>Total equity</b>		<b>27 010</b>	<b>26 002</b>	<b>26 827</b>
Deferred tax liabilities		7 134	7 162	7 020
Lease liabilities	2	355	-	-
Non-current liabilities	11	18 109	16 146	16 844
<b>Long term liabilities</b>		<b>25 597</b>	<b>23 308</b>	<b>23 864</b>
Income tax payable	12	227	323	219
Interest-bearing current liabilities	12	5 457	6 641	6 138 *)
Trade payables and other current liabilities	12	1 229	1 555	1 525 *)
<b>Short term liabilities</b>		<b>6 914</b>	<b>8 519</b>	<b>7 882</b>
<b>Total liabilities</b>		<b>32 511</b>	<b>31 827</b>	<b>31 746</b>
<b>Total equity and liabilities</b>		<b>59 521</b>	<b>57 829</b>	<b>58 573</b>

\*) The classification of short term liabilities has been adjusted between interest-bearing and other liabilities for the figures of 2018.

## OLAV THON EIENDOMSELSKAP ASA, CONSOLIDATED GROUP ACCOUNTS

**CONDENSED CASH FLOW STATEMENT**

(NOK million)	Q3 2019	Q3 2018	30.09.2019	30.09.2018	31.12.2018
Net cash flow from operations	423	398	1 344	1 259	1 665
Expensed interest	179	157	527	466	633
Interest paid	-177	-160	-527	-468	-636
Income tax paid	4	-2	-219	-75	-116
Change in working capital	212	395	90	277	42
<b>Net cash flow from operating activities</b>	<b>640</b>	<b>788</b>	<b>1 215</b>	<b>1 459</b>	<b>1 586</b>
Payment on the sale of tangible fixed assets	-	-	-	17	17
Acquisition of investment properties	-193	-223	-652	-837	-1 161
Acquisition of subsidiaries	-18	-22	-55	-22	-22
Other investments	50	-49	143	-126	-220
<b>Net cash flow from investing activities</b>	<b>-161</b>	<b>-295</b>	<b>-564</b>	<b>-969</b>	<b>-1 386</b>
Proceeds from interest-bearing liabilities	3 338	6 226	13 671	14 845	18 617
Repayment of interest-bearing liabilities	-3 488	-6 364	-13 207	-14 859	-18 622
Payment on leasing liabilities	-1	-	-4	-	-
Dividends paid	-	-50	-472	-282	-256
Acquisition of own shares	-	-	-341	-	-
<b>Net cash flow from financing activities</b>	<b>-152</b>	<b>-188</b>	<b>-353</b>	<b>-297</b>	<b>-261</b>
<b>Net change in cash</b>	<b>328</b>	<b>306</b>	<b>298</b>	<b>193</b>	<b>-61</b>
Cash at beginning of period	281	256	305	366	366
Currency effects	-1	-1	4	1	-
Cash at end of period	608	560	608	560	305

## OLAV THON EIENDOMSELSKAP ASA, CONSOLIDATED GROUP ACCOUNTS

**STATEMENT OF CHANGES IN EQUITY**

(NOK million)	Share capital	Share premium reserve	Exchange differences from foreign operations	Other Equity	Hedging reserve	Shareholders of the parent	Non-controlling interests	Total
<b>Equity 31.12.2017</b>	<b>106</b>	<b>318</b>	<b>-43</b>	<b>23 655</b>	<b>26</b>	<b>24 062</b>	<b>518</b>	<b>24 580</b>
Profit for the period			-	1 704	-	1 704	22	1 726
Other comprehensive income			-133	-	100	-33	-	-33
Dividends paid			-	-233	-	-233	-24	-257
Other changes			-	-2	-	-2	-11	-13
<b>Equity 30.09.2018</b>	<b>106</b>	<b>318</b>	<b>-176</b>	<b>25 124</b>	<b>126</b>	<b>25 498</b>	<b>504</b>	<b>26 002</b>
Profit for the period			-	812	-	812	-22	790
Other comprehensive income			90	-	-67	22	-	22
Dividends paid			-	-	-	-	0	0
Other changes			-	-1	-	-1	14	12
<b>Equity 31.12.2018</b>	<b>106</b>	<b>318</b>	<b>-87</b>	<b>25 935</b>	<b>58</b>	<b>26 331</b>	<b>496</b>	<b>26 827</b>
Profit for the period			-	1 052	-	1 052	-21	1 031
Other comprehensive income			-78	-	59	-19	-	-19
Acquisitions of own shares			-	-341	-	-341	-	-341
Dividends paid			-	-456	-	-456	-18	-474
Other changes			-	-0	-	-0	-14	-15
<b>Equity 30.09.2019</b>	<b>106</b>	<b>318</b>	<b>-165</b>	<b>26 191</b>	<b>117</b>	<b>26 567</b>	<b>442</b>	<b>27 010</b>

## OLAV THON EIENDOMSSSELKAP ASA

**NOTES TO THE ACCOUNTS 30th SEPTEMBER 2019**

(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 new accounting standard, IFRS 16 - Leases, was implemented with effect from 1. January 2019. The discount rate for these lease agreements is set in the interval 4.8 % - 9.3 %. The lease agreements applicable under IFRS 16 are mainly long term leases of real estate.

With the exception of the implementation of the new standard, IFRS 16, the accounting principles that were used as a basis for the interim report are in accordance with the principles used when preparing the 2018 annual report and should be read together with this.

The interim financial statements were adopted by the Board on the 13th November 2019.

There has been no audit of the interim financial information.

**Note 3 CHANGES IN GROUP STRUCTURE**

There are no 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 2018.

**Note 5 SUBSEQUENT EVENTS**

The parent company is a party to an ongoing legal dispute concerning the final settlement in connection with a property purchase. Oslo District Court found in favour of Olav Thon Eiendomsselskap ASA in the judgment that was handed down on 19 March 2018. The opposing party's appeal has been rejected by Borgarting Court of Appeal on 22 October 2019. The judgement is not yet enforceable. No provisions have been made for the claim.

**Note 6 RELATED PARTY TRANSACTIONS**

<b>Transactions</b>	<b>Counterparty</b>	<b>Counterparty associate of</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
	Companies in				
Current leases	Olav Thon Gruppen AS	Olav Thon Foundation	95	71	66
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	91	85	122

**Note 7 BUSINESS SEGMENTS**

At 30.09.2019, the Group has activities within two strategic business segments and two geographical areas. The segment reporting is based on the internal management reporting.

The operating segments:

- \* Shopping centres
- \* Commercial property

The geographical areas:

- \* Norway
- \* Sweden

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>Q3 2019</b>							
Rental income	558	193	-	751	701	50	751
Other property-related income	178	16	-	194	180	15	194
Property-related expenses	-236	-56	-	-292	-266	-26	-292
<b>Net rental income</b>	<b>500</b>	<b>153</b>	<b>-</b>	<b>654</b>	<b>615</b>	<b>39</b>	<b>654</b>
Other operating income	18	-	19	37	37	-	37
Other operating expenses	-18	-	-19	-37	-37	-	-37
Administrative expenses	-37	-8	-	-45	-42	-3	-45
Depreciation	-3	-3	-	-6	-6	0	-6
<b>Net income from property management</b>	<b>461</b>	<b>142</b>	<b>-0</b>	<b>603</b>	<b>568</b>	<b>35</b>	<b>603</b>
Fair value adjustments, investment property	127	197	-	323	338	-14	323
Results from joint ventures and associates	25	-	-	25	25	-	25
<b>Operating profit</b>	<b>612</b>	<b>339</b>	<b>-0</b>	<b>951</b>	<b>930</b>	<b>21</b>	<b>951</b>

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>Q3 2018</b>							
Rental income	552	156	-	707	660	48	707
Other property-related income	182	16	-	199	183	16	199
Property-related expenses	-241	-65	-	-307	-279	-27	-307
<b>Net rental income</b>	<b>493</b>	<b>107</b>	<b>-</b>	<b>599</b>	<b>563</b>	<b>36</b>	<b>599</b>
Other operating income	20	-	18	38	38	-	38
Other operating expenses	-17	-	-18	-35	-35	-	-35
Administrative expenses	-35	-10	-	-44	-41	-3	-44
Depreciation	-4	-2	-	-6	-6	-0	-6
<b>Net income from property management</b>	<b>457</b>	<b>95</b>	<b>0</b>	<b>552</b>	<b>519</b>	<b>33</b>	<b>552</b>
Fair value adjustments, investment property	93	79	-	171	223	-51	171
Results from joint ventures and associates	19	-	-	19	19	-	19
<b>Operating profit</b>	<b>569</b>	<b>173</b>	<b>0</b>	<b>742</b>	<b>761</b>	<b>-19</b>	<b>742</b>

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>30.09.2019</b>							
Rental income	1 662	577	-	2 239	2 088	152	2 239
Other property-related income	589	56	-	645	595	50	645
Property-related expenses	-663	-216	-	-879	-798	-81	-879
<b>Net rental income</b>	<b>1 587</b>	<b>417</b>	<b>-</b>	<b>2 005</b>	<b>1 885</b>	<b>120</b>	<b>2 005</b>
Other operating income	60	-	59	119	119	-	119
Other operating expenses	-55	-	-54	-109	-109	-	-109
Administrative expenses	-115	-23	-	-138	-128	-10	-138
Depreciation	-8	-9	-	-17	-17	-0	-17
<b>Net income from property management</b>	<b>1 469</b>	<b>386</b>	<b>5</b>	<b>1 859</b>	<b>1 749</b>	<b>110</b>	<b>1 859</b>
Fair value adjustments, investment property	-571	629	-	58	134	-76	58
Results from joint ventures and associates	100	-	-	100	100	-	100
<b>Operating profit</b>	<b>999</b>	<b>1 014</b>	<b>5</b>	<b>2 018</b>	<b>1 984</b>	<b>34</b>	<b>2 018</b>

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>30.09.2018</b>							
Rental income	1 636	469	-	2 105	1 953	152	2 105
Other property-related income	584	51	-	635	582	53	635
Property-related expenses	-694	-192	-	-885	-800	-85	-885
<b>Net rental income</b>	<b>1 526</b>	<b>329</b>	<b>-</b>	<b>1 855</b>	<b>1 735</b>	<b>120</b>	<b>1 855</b>
Other operating income	67	-	60	128	128	-	128
Other operating expenses	-59	-	-55	-114	-114	-	-114
Administrative expenses	-113	-21	-	-134	-124	-10	-134
Depreciation	-10	-6	-	-17	-16	-0	-17
<b>Net income from property management</b>	<b>1 412</b>	<b>301</b>	<b>5</b>	<b>1 718</b>	<b>1 608</b>	<b>110</b>	<b>1 718</b>
Fair value adjustments, investment property	-30	459	-	429	389	39	429
Results from joint ventures and associates	128	-	-	128	128	-	128
<b>Operating profit</b>	<b>1 509</b>	<b>760</b>	<b>5</b>	<b>2 274</b>	<b>2 125</b>	<b>149</b>	<b>2 274</b>

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>31.12.2018</b>							
Rental income	2 152	676	-	2 828	2 625	202	2 828
Other property-related income	807	67	-	874	803	71	874
Property-related expenses	-947	-268	-	-1 215	-1 098	-117	-1 215
<b>Net rental income</b>	<b>2 011</b>	<b>475</b>	<b>-</b>	<b>2 487</b>	<b>2 331</b>	<b>156</b>	<b>2 487</b>
Other operating income	92	-	88	179	179	-	179
Other operating expenses	-79	-	-80	-159	-159	-	-159
Administrative expenses	-164	-27	-	-191	-178	-14	-191
Depreciation	-12	-9	-	-20	-20	-0	-20
<b>Net income from property management</b>	<b>1 848</b>	<b>440</b>	<b>8</b>	<b>2 296</b>	<b>2 153</b>	<b>142</b>	<b>2 296</b>
Fair value adjustments, investment property	-560	1 427	-	867	856	11	867
Results from joint ventures and associates	96	-	-	96	96	-	96
<b>Operating profit</b>	<b>1 384</b>	<b>1 867</b>	<b>8</b>	<b>3 259</b>	<b>3 105</b>	<b>154</b>	<b>3 259</b>

**Note 8 INVESTMENT PROPERTY**

	30.09.2019	30.09.2018	31.12.2018
<b>Opening balance</b>	<b>53 174</b>	<b>51 435</b>	<b>51 435</b>
Acquisitions/expenditure on properties	512	825	1 152
Investment property from companies bought in the period	100	-	22
Change in fair value recognised in the period	62	429	867
Effect of currency exchange differences in foreign operations	-172	-304	-110
Other changes	-7	27	-192
<b>Closing balance</b>	<b>53 669</b>	<b>52 411</b>	<b>53 174</b>

**Note 9 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>Q3 2019</b>	<b>Q3 2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
Net rental income	90	89	286	273	375
Fair value adjustments, investment property	-21	-27	-38	-25	-121
Fair value adjustments, interest rate derivatives	-0	5	-2	36	32
Expenses	-53	-66	-179	-189	-232
<b>Profit</b>	<b>16</b>	<b>-0</b>	<b>69</b>	<b>96</b>	<b>54</b>
Investment properties			3 557	3 888	3 848
Other assets			303	338	366
<b>Total assets</b>			<b>3 860</b>	<b>4 227</b>	<b>4 214</b>
Equity			2 274	2 376	2 346
Non-current liabilities			1 472	1 716	1 738
Current liabilities			114	135	129
<b>Total equity and liabilities</b>			<b>3 860</b>	<b>4 227</b>	<b>4 214</b>

<b>Associated companies</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
Net rental income	20	70	57	163	191
Fair value adjustments, investment property	1	2	10	-15	-29
Fair value adjustments, interest rate derivatives	-	-	-	-	-
Expenses	-12	-53	-36	-116	-121
<b>Profit</b>	<b>9</b>	<b>19</b>	<b>32</b>	<b>32</b>	<b>42</b>
Investment properties			871	851	882
Other assets			160	180	114
<b>Total assets</b>			<b>1 030</b>	<b>1 031</b>	<b>996</b>
Equity			534	510	507
Non-current liabilities			462	466	460
Current liabilities			34	55	28
<b>Total equity and liabilities</b>			<b>1 030</b>	<b>1 031</b>	<b>996</b>

**Note 10 FINANCIAL INCOME AND FINANCIAL EXPENSES**

	Q3 2019	Q3 2018	30.09.2019	30.09.2018	31.12.2018
Interest income	0	1	7	4	6
Other financial income	1	4	12	9	2
<b>Total financial income</b>	<b>1</b>	<b>5</b>	<b>18</b>	<b>13</b>	<b>8</b>
Interest expenses	-173	-157	-509	-466	-633
Interest expenses related to lease liabilities	-6	-	-18	-	-
Other financial expenses	-7	-8	-19	-23	-27
<b>Total financial expenses</b>	<b>-185</b>	<b>-165</b>	<b>-546</b>	<b>-488</b>	<b>-659</b>

**Note 11 NON-CURRENT LIABILITIES**

	30.09.2019	30.09.2018	31.12.2018
Bonds	7 207	6 107	5 771
Other interest-bearing liabilities	9 215	8 646	9 688
Non-interest-bearing liabilities (fair value interest rate swaps)	1 614	1 342	1 320
Other liabilities	73	52	65
<b>Total</b>	<b>18 109</b>	<b>16 146</b>	<b>16 844</b>

**Note 12 CURRENT LIABILITIES**

	30.09.2019	30.09.2018	31.12.2018
Commercial paper debt	3 557	3 491	3 118
Bonds	1 869	3 081	2 960
Interest-bearing current liabilities	32	69	60
Non-interest-bearing liabilities (fair value interest rate swaps)	-	-	172
Lease liabilities	5	-	-
Trade payables	101	143	152
Accrued interest	54	56	54
Duties payable	123	128	107
Income tax payable	227	323	219
Other current liabilities	946	1 228	1 040
<b>Total</b>	<b>6 914</b>	<b>8 519</b>	<b>7 882</b>

## OLAV THON EIENDOMSSSELKAP ASA, GROUP ACCOUNTS

**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.

	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
Fair value adjustments, investment property - Profit and loss	325	171	62	429	867
Fair value adjustments, right-of-use investment property - Profit and loss	-1	-	-4	-	-
Fair value adjustments, investment property - Joint ventures	-21	-27	-38	-25	-121
Fair value adjustments, investment property - Associated companies	1	2	10	-15	-29
Fair value adjustments, interest rate derivatives - Profit and loss	-26	163	-122	424	273
Fair value adjustments, interest rate derivatives - Joint ventures	-0	5	-2	36	32
<b>Fair value adjustments, investment property &amp; interest rate derivatives</b>	<b>278</b>	<b>314</b>	<b>-93</b>	<b>849</b>	<b>1 022</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.

	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
Profit before tax	741	747	1 369	2 223	2 880
Adjusted for fair value adjustments in investment property and interest rate derivatives	-278	-314	93	-849	-1 022
<b>Profit before tax and fair value adjustments</b>	<b>463</b>	<b>433</b>	<b>1 462</b>	<b>1 374</b>	<b>1 857</b>

**ALTERNATIVE PERFORMANCE MEASURES** (continued)**Non-current net asset value per share**

Normalised net asset value per share after taking into account a fair value assessment of the deferred tax liabilities.

	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
Majority share of equity	26 568	25 498	26 331
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 119	7 156	7 014
Fair value of debt - deferred tax liabilities - 6 %	-1 941	-1 952	-1 913
<b>Non-current net asset value</b>	<b>31 745</b>	<b>30 702</b>	<b>31 432</b>
Number of shares (own shares not included)	103 623 171	105 745 320	105 745 320
<b>Non-current net asset value per share in NOK</b>	<b>306</b>	<b>290</b>	<b>297</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.

	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
Bonds, non-current	7 207	6 107	5 771
Bonds, current	1 869	3 081	2 960
Commercial paper debt, current	3 557	3 491	3 118
Other interest-bearing liabilities, non-current	9 215	8 646	9 688
Other interest-bearing liabilities, current	32	69	60
<b>Interest-bearing debt</b>	<b>21 879</b>	<b>21 394</b>	<b>21 597</b>
Bank deposits and cash	-608	-560	-305
<b>Net interest-bearing debt</b>	<b>21 271</b>	<b>20 834</b>	<b>21 292</b>

