DEMERGER AND GROUP MERGER PLAN

for

Olav Thon Eiendomsselskap ASA, org.nr. 914 594 685,

OTE Transit 1 AS, org.nr. 923 454 136

and

OTE Eiendom AS, org.nr. 923 454 209

21 October 2019

UNOFFICIAL OFFICE TRANSLATION

CONTENT

APPENDICES

Appendix 1	Distribution of Olav Thon Eiendomsselskap ASA's assets, rights and liabilities ("demerger and group merger balance sheet")
Appendix 2	Articles of assocation for Olav Thon Eiendomsselskap ASA prior to demerger
Appendix 3	Articles of assocation for Olav Thon Eiendomsselskap ASA post redemption of own shares
Appendix 4	Articles of assocation for Olav Thon Eiendomsselskap ASA post demerger
Appendix 5	Articles of assocation for OTE Transit 1 AS prior to demerger
Appendix 6	Articles of assocation for OTE Transit 1 AS post demerger
Appendix 7	Articles of assocation for OTE Eiendom AS prior to and post group merger
Appendix 8	Articles of assocation for Olav Thon Eiendomsselskap ASA post group merger
Appendix 9	Olav Thon Eiendomsselskap ASA's financial statements for the last three years, and Q2 report for 2019
Appendix 10	Memorandum of Incorporation for OTE Transit 1 AS
Appendix 11	Memorandum of Incorporation for OTE Eiendom AS
Appendix 12	Board report for Olav Thon Eiendomsselskap ASA for the demerger
Appendix 13	Board report for OTE Transit 1 AS for the demerger and group merger
Appendix 14	Board report for OTE Eiendom AS for the group merger
Appendix 15	Expert statement for Olav Thon Eiendomsselskap ASA for the demerger
Appendix 16	Expert statement for Olav Thon Eiendomsselskap ASA for the group merger
Appendix 17	Expert statement for OTE Transit 1 AS for the demerger
Appendix 18	Expert statement for OTE Transit 1 AS for the contribution in the demerger
Appendix 19	Expert statement for OTE Eiendom AS for the contribution in the group merger

DEMERGER AND GROUP MERGER PLAN

1. Parties

This demerger and group merger plan is prepared on 21 October 2019 by the Board of Directors of:

Olav Thon Eiendomsselskap ASA

Organizational number 914 594 685:

Place of business: Oslo

Address: Stenersgata 2A, 0284 Oslo

OTE Transit 1 AS

Organizational number: 923 454 136

Place of business: Oslo

Address: Stenersgata 2A, 0284 Oslo

OTE Eiendom AS

Organizational number: 923 454 209

Place of business: Oslo

Address: Stenersgata 2A, 0284 Oslo

2. Reason for the demerger and group merger

When Olav Thon Eiendomsselskap ASA ("OTE") was listed on the Oslo Stock Exchange in 1983, the company was structured as a real estate company, where the real estate was owned directly by OTE. In more recent years, OTE has increasingly acquired real estate through share deals, acquiring shares in real estate companies.

As of today, approx. 1/3 of the real estate portfolio is owned directly by the parent company, while the remaining 2/3 of the portfolio is owned indirectly through subsidiaries.

In order to streamline OTE as a holding company, the Board of Directors now proposes to restructure the group so that the remaining 1/3 of the real estate portfolio will be owned indirectly through subsidiaries as well.

For real estate companies, it has become customary to establish a streamlined group structure in which the parent company is a holding company and the real estate portfolio is owned indirectly through subsidiaries. This structure contributes to an increased financial flexibility for the group.

The restructuring is proposed to be carried out by way of a demerger (the "Demerger"), with a subsequent group merger (the "Group Merger"), in accordance with this demerger and group merger plan (the "Demerger Plan")

The Board of Directors of Olav Thon Eiendomsselskap ASA, OTE Transit 1 AS («OTE Transit») and OTE Eiendom AS («OTE Eiendom») have jointly prepared this Demerger plan.

This is an office translation. The official language of this document is Norwegian. In the event of any discrepancy between the Norwegian and English text, the Norwegian text shall take precedence.

3. Process of Demerger and Group Merger

3.1 Corporate law procedure and regulation

The Demerger and Group Merger will be implemented in accordance with the provisions of the Norwegian Public Limited Liability Companies Act chapter 13 and 14.

The Demerger is implemented by a transfer of assets, rights and liabilities as described in Appendix 1 to this Demerger Plan (i.e. the Business) from OTE to OTE Transit, while OTE's other assets, rights and liabilities remain in OTE. For the main part this means that all properties and pertaining assets and debts will transfer to OTE Transit, whereas shares and longterm debts remain in OTE. The share capital of OTE is reduced in the Demerger by reducing the nominal value of the shares. The shareholders in OTE receives shares in OTE Transit as consideration.

Immediately prior to the Demerger, the share capital of OTE Transit is reduced from NOK 30,000 to NOK 0, by redemption of all shares in OTE Transit. Simultaneously with the share capital reduction, the share capital of OTE Transit is increased, as part of the Demerger.

Simultaneously with the Demerger, OTE Transit is merged with OTE's wholly owned subsidiary, OTE Eiendom. This entails that OTE Transit's assets, rights and obligations in its entirety are transferred from OTE Transit to OTE Eiendom. OTE Transit is dissolved in the Group Merger. Through the Group Merger, the shareholders of OTE Transit receive consideration in the form of an increased nominal value of the shares in OTE, equal to the share capital reduction in the Demerger.

As the capital increase is made in the parent company, OTE, who settles the merger consideration on behalf of OTE Eiendom, a receivable is created between OTE (as creditor) and OTE Eiendom (as debtor). The nominal value of the receivable will be equal to the net book value of the assets, rights and obligations that are provided to OTE Eiendom in the Group Merger (i.e. the book value of the Business). The tax value of the receivable is equal to the tax value of the assets, rights and obligations transferred. The receivable has priority behind other creditors.

The implementation of the Demerger and the Group Merger will be mutually dependent and shall be implemented simultaneously. The ownership ratio between the shareholders in OTE will be unaffected by the Demerger and Group Merger.

3.2 Exchange ratio and considerations

In the Demerger, the share capital of OTE is allocated in the same ratio as OTE's net values are divided in the Demerger. The determination of the fair market value of OTE and the assets, rights and obligations transferred in the Demerger is based on a valuation prepared on 21 October 2019 by the group management and independent appraisers. The valuation is based on well-known valuation principles. Expected future earnings has been the main principle applied in the valuation.

The value of the demerged assets, rights and obligations constitutes approx. 46,5 % of the total fair market value of OTE. This ratio is used for the capital reduction of OTE, cf. the Norwegian Tax Act section 11-8 first paragraph.

Through the Group Merger, the share capital of OTE will be increased with the same amount.

3.3 The capital reduction and increase in the Demerger

Today, the share capital of OTE is NOK 106,445,320 divided by 106,445,320 shares, each with a nominal value of NOK 1. Prior to the Demerger, there will be a redemption of shares, resulting in the share capital of OTE being reduced to NOK 103,623,171, divided by 103,623,171 shares, each with a nominal value of NOK 1. As part of the Demerger, the share capital in OTE will be further reduced with NOK 48,169,160 from NOK 103,623,171 to NOK 55,454,011, by way of reducing the nominal value of the shares with NOK 0.46484931 from NOK 1 to NOK 0.53515069 per share.

As part of the Demerger, there will be a capital increase in OTE Transit. The shareholders of OTE will receive 1 share in OTE Transit with a nominal value of NOK 0.46484931 for each share they own in OTE, i.e. 103,623,171 shares each with a nominal value of NOK 0.46484931. In total, this amounts to a share capital in OTE Transit of NOK 48,169,160, which corresponds with the share capital reduction in OTE.

3.4 Dissolution and capital increase in the Group Merger

As part of the Group Merger of OTE Transit with OTE Eiendom, OTE Transit will be dissolved. The consideration to the shareholders is settled by an increase of the nominal value of the shares in OTE with NOK 0.46484931 from NOK 0.53515069 to NOK 1 per share. The capital increase equals a total of NOK 48,169,160 from NOK 55,454,011 to NOK 103,623,171, i.e. that the share capital increase is equal to the share capital reduction in the Demerger. Consequently, the share capital in OTE following the Group Merger will be equal to the share capital as it was prior to the Demerger (after the redemption of shares). As the ownership ratio between the shareholders of OTE Transit and OTE is the same before and after the Group Merger, and the capital increase in OTE is carried out by way of an increase of the nominal value of the shares, no separate exchange ratio is calculated in the Group Merger.

The individual shareholder's position in OTE will not be affected by the Demerger and Group Merger. As the implementation of the Demerger and Group Merger will take place outside the opening hours of the Oslo Stock Exchange, no trades will be registered in the period between implementing the Demerger and the Group Merger.

4. Timing

4.1 Effective date for company law purposes

The effective date of the Demerger and the Group Merger will be when the six-week creditor notice period has expired, and the Group Merger is registered with the Norwegian Register of Business Enterprises, cf. the Norwegian Public Limited Liability Companies Act section 14-8, cf. section 13-17. Such registration is scheduled to take place within Q1 2020.

At the time of implementation of the Demerger the following effects will occur:

(i) The share capital of OTE is reduced by way of reduction of nominal value of the shares;

(ii) The share capital of OTE Transit is reduced to NOK 0 by redemption of all shares;

(iii) The share capital of OTE Transit is increased through issuance of consideration shares in the ratio 1:1 against the number of shares in OTE;

(iv) Assets, rights and liabilities are transferred from OTE to OTE Transit in accordance with the provisions of the Demerger Plan;

(v) The articles of association in OTE and OTE Transit are amended in accordance with the proposal set out in this Demerger Plan; and

(vi) Other effects that in accordance with the Demerger Plan shall take effect from the time the Demerger enters into force.

At the time of implementation of the Group Merger the following effects will occur:

(i) OTE Transit 1 AS is dissolved;

(ii) The share capital of OTE is increased through an increase of the nominal value equal to the capital reduction in the Demerger;

(iii) OTE Transit's assets, rights and obligations are transferred to OTE Eiendom in accordance with the provisions of this Demerger Plan;

(iv) The shareholders of OTE have received consideration through an increase of the nominal value on the shares in OTE;

(v) The receivable between OTE and OTE Eiendom is established, as a basis for the capital increase in OTE.

(vi) The articles of association in OTE are amended in accordance with the proposal in this Demerger Plan; and

(vii) Other effects that in accordance with the Demerger Plan shall take effect from the time the Group Merger enters into force.

4.2 Effective date and implications for accounting purposes

For accounting purposes, both the Demerger and the Group Merger is implemented with effect as of 1 January 2020. As of the same date, all transactions, costs and revenues associated with the assets, rights and obligations which OTE Eiendom shall acquire, will be ascribed to OTE Eiendom. Both the Demerger and the Group Merger is carried out with continuity for accounting purposes.

4.3 Effective date and implications for tax purposes

For tax purposes, the Demerger and the Group Merger are implemented from the effective date of the Demerger and Group Merger, cf. section 4.1 above and the Norwegian Tax Act section 11-10 third paragraph.

The Demerger and Group Merger is carried out with continuity for tax purposes in accordance with the rules for tax exempt demergers and mergers in the Norwegian Tax Act chapter 11. In accordance with the Norwegian Tax act section 11-8 first paragraph, the nominal and the paid in share capital shall be distributed in the same ratio as OTE's net assets are distributed. Thus, OTE Transit and then OTE Eiendom will assume all tax positions related to the transferred assets, rights and obligations from OTE. All other tax positions in OTE shall be allocated through the Demerger and Group Merger in accordance with the provisions of the Norwegian Tax Act. To ensure continuity for tax purposes on the receivable that is established between OTE and OTE Eiendom in the Group Merger, the temporary differences on the assets, rights and obligations which are transferred to OTE Eiendom in the Group Merger, will be applied to the receivable.

As the Demerger and Group Merger is carried out with continuity for tax purposes, the Demerger and Group Merger will not will not result in any immediate tax consequences. A subsequent realization of the receivable will result in a profit for OTE and a loss for OTE Eiendom, which may be offset by applying the rules on group contributions.

The Demerger and the Group Merger will under the current tax legislation not result in any tax consequences for OTE's shareholders who are resident in Norway for tax purposes, who retain their tax input values on the shares. For shareholders resident outside Norway, the tax treatment of the shareholder will have to be assessed in accordance with the domestic rules of the country in question. The shareholders are in all circumstances responsible for their own tax consequences resulting from the Demerger and Group Merger.

4.4 Effective date and implications for VAT purposes

For VAT purposes, the Demerger and Group Merger are implemented from the time the Demerger and Group Merger are registered as completed in the Norwegian Registry of Business Enterprises.

OTE and OTE Eiendom will be jointly registered upon the time of completion of the Demerger and the Group Merger. OTE has obtained a preliminary binding ruling from the Norwegian Tax Authorities which ensures that no adverse VAT effects should arise following the Demerger and Group Merger.

5. Distribution of assets, rights and obligations

5.1 Distribution of known assets, rights and obligations

Assets, rights and obligations are transferred to the acquiring company as specified in Appendix 1. Even though not necessarily quantified in the balance sheet, all assets, rights and liabilities that naturally belong to the properties or the business related to the properties, will transfer to OTE Transit together with the properties. This comprises inter alia customer contracts, vendor contracts, rental guarantees and employees, cf section 7.

5.2 Unknown/omitted assets, rights and obligations

If OTE, as of the effective date of the Demerger and Group Merger, had assets, rights or liabilities which are not included in Appendix 1, and have not been considered when drafting the appendix, these obligations/liabilities and assets/rights shall be transferred to OTE Transit and then to OTE Eiendom, if related to the transferred Business, including assets, rights and obligations as listed in Appendix 1. Assets, rights and obligations/liabilities which are not related to the transferred Business shall be allocated to OTE.

5.3 Non-feasible distributions

If the distribution specified in Appendix 1 cannot be carried out in full, compensation shall be paid between the companies in cash, provided the non-distribution has a financial value.

If an asset, right or liability may not transfer to OTE Transit due to a required consent from a third party or authority not being reasonably possible to obtain, the Parties shall – to the extent possible – enter into agreements between themselves to leave the Parties as if the asset, right or liability had been transferred to OTE Transit.

5.4 Tax positions and the result in the year of the Demerger and Group Merger

Tax positions related to the transferred assets, rights and obligations from OTE to OTE Transit and then OTE Eiendom by the Demerger and Group Merger, shall continue unchanged in the respective companies, in accordance with the Norwegian Tax Act section 11-7 first paragraph. Tax positions which are not related to the specific assets, rights and obligations, shall be distributed in accordance with the Norwegian Tax Act section 11-8 third and fourth paragraph.

The taxable result in the year of the Demerger, related to the assets, rights and obligations transferred in the Demerger and Group Merger, shall be allocated between the companies with effect from 1 January 2020. Thus, the taxable result in OTE and OTE Eiendom respectively *"will be approximately correct proportionate to the business or the part of the business that is continued by the companies"* [office translation] cf. the description in Skatte-ABC (the Norwegian Tax Authorities' handbook) in the chapter regarding domestic demergers, sections 7.1.2 and 7.1.3.

6. Handling of external claims or lawsuits between the Parties of the Demerger

In the event that OTE receives notice of a possible claim and lawsuit in which the true interest directly or indirectly pursuant to the provisions of the Demerger Plan, lies with OTE Eiendom, OTE shall notify OTE Eiendom without undue delay. If OTE Eiendom in writing assumes responsibility for the assets, rights and obligations connected to the possible claim or lawsuit, the company shall have the right to handle all further proceedings of the case against the claiming party. The same applies if OTE Eiendom already handles or receives notice of a possible claim or lawsuit in which the beneficial interest directly or indirectly pursuant to the provisions of the Demerger Plan lies with OTE Eiendom.

In the event that OTE already pursues or agrees to make a possible claim or lawsuit against any third party, in which the beneficial interest directly or indirectly pursuant to the provisions of the Demerger Plan lies with OTE Eiendom, the company bearing the true interest shall have the right to further handle the case, on the condition that the responsibility for the assets, rights and obligations connected to the possible claim or lawsuit is acknowledged in writing.

In cases where both OTE and OTE Eiendom have a true interest in claims or lawsuits as mentioned above, the companies involved must clarify the further handling of the case.

In any event, the handling of claims and lawsuits in all abovementioned cases, must be carried out with respect for the other companies' interests in connection with the claim or lawsuit.

7. Employees

There are 65 employees in OTE. With the exception of the Managing Director, all the employees are connected to the Business that is demerged and will thus be transferred to OTE Transit and subsequently to OTE Eiendom in the Demerger and Group Merger.

There are currently no employees in OTE Transit and OTE Eiendom.

The main consequence for the employees transferred from OTE is that OTE Eiendom will be their formal employer following the Demerger. The rights of such employees will remain in effect pursuant to the Norwegian Working Environment Act, other relevant legislation and existing agreements. The employees will be informed of their statutory rights of reservation and priority, as well as the deadline for exercising such rights.

All employees of OTE to be transferred to OTE Transit and then to OTE Eiendom will continue their employment with OTE Eiendom on their current terms.

The employees will be informed of the Demerger plan pursuant to the provisions of the Norwegian Working Environment Act, the Norwegian Private Limited Liability Companies Act, the Norwegian Public Limited Liability Companies Act and other relevant legislation and existing agreements. The employees shall be made aware of the Demerger Plan immediately after it is approved by the Board of Directors in OTE, OTE Transit and OTE Eiendom. Besides, the Parties will ensure that the employees receive information, and are consulted, in connection with the implementation of the Demerger and Group Merger. Any written comments from the employees will be enclosed with the Demerger Plan.

8. Corporate resolutions following the Demerger

8.1 Olav Thon Eiendomsselskap ASA

8.1.1 Approval of the demerger and group merger plan

The demerger and group *merger plan with OTE Transit 1 AS and OTE Eiendom AS of 21 October 2019, is approved.*

8.1.2 Proposed resolution of share capital reduction immediately prior to the demerger

Immediately prior to the capital reduction as part of the demerger, all of Olav Thon Eiendomsselskap ASA's own shares are redeemed. The following resolution is proposed:

The share capital in Olav Thon Eiendomsselskap ASA is reduced by NOK 2,822,149 *from NOK 106,445,320 to NOK 103,623,171 by redemption of* 2,822,149 *of own shares in the company. The total amount of the capital reduction is transferred to other funds.*

Based on the proposal on capital reduction, the General Meeting at the same time resolved that article 4 of the articles of association is amended as follows:

> *«The company's share capital is NOK 103,623,171 divided into 103,623,171 shares, each with a nominal value of NOK 1.»*

Olav Thon Eiendomsselskap ASA's articles of association prior to and following the capital reduction is attached as Appendix 2 and 3.

8.1.3 Proposed resolution of share capital reduction and amendments to the articles of association

As a consequence of the demerger, the share capital of Olav Thon Eiendomsselskap ASA is reduced with NOK 48,169,160 from NOK 103,623,171 to NOK 55,454,011 by a reduction of the nominal value of the shares with NOK 0.46484931 from NOK 1 to NOK 0.53515069 per share.

From the effective date of the demerger, article 4 of the company's articles of association is amended as follows:

> *"The company's share capital is NOK 55,454,011 divided by 103,623,171 shares, each with a nominal value of NOK 0.53515069."*

Olav Thon Eiendomsselskap ASA's articles of association following the demerger is attached as Appendix 4.

8.2 OTE Transit 1 AS

8.2.1 Approval of the demerger and group merger plan

The demerger and group merger plan, dated 21 October 2019, for the demerger of Olav Thon Eiendomsselskap ASA with OTE Transit 1 AS as the acquiring company, is approved.

8.2.2 Proposed resolution of share capital reduction immediately prior to the demerger

Immediately prior to the capital increase as part of the demerger, all of Olav Thon Eiendomsselskap ASA's shares in OTE Transit 1 AS are redeemed. The following resolution is proposed:

(i) The share capital is reduced by NOK 30 000 from NOK 30 000 to NOK 0, by redemption of 1 share with a nominal value of NOK 30 000. The share redemption concerns all shares in OTE Transit 1 AS.

(ii) The reduction amounts under (i) are paid to the sole shareholder, Olav Thon Eiendomsselskap ASA upon the registration of the share capital reduction in the Norwegian Register for Business Enterprises, when the six weeks creditor notice period has expired.

(iii) The capital reduction is approved in connection with, and contingent upon, completion of the capital increase in OTE Transit 1 AS following the demerger of Olav Thon Eiendomsselskap ASA with OTE Transit 1 AS as the acquiring company.

8.2.3 Proposed resolution of share capital increase and amendments to the articles of association

In connection with the demerger the following resolution regarding increase of the share capital is proposed:

(i) The share capital of OTE Transit AS is increased by NOK 48,169,160 from NOK 0 to NOK 48,169,160, by issuance of 103,623,171 new shares, each with a nominal value of NOK 0.46484931.

(ii) The total share deposit is NOK 586,278,964, of which NOK 48,169,160 is allocated to the share capital, NOK 147,989,886 is allocated to the share premium *and NOK 390,119,919 is allocated to other equity*.

(iii) The capital increase is settled by way of OTE Transit 1 AS acquiring certain assets, rights and liabilities from Olav Thon Eiendomsselskap ASA, in accordance with item 5 and Appendix 1 to the demerger and group merger plan.

(iv) The new shares are in their entirety allocated to the shareholders of Olav Thon Eiendomsselskap ASA, on the basis of their ownership interest in Olav Thon Eiendomsselskap ASA, i.e. one share is issued in OTE Transit 1 AS for each share owned in Olav Thon Eiendomsselskap ASA. The shares are considered subscribed by Olav Thon Eiendomsselskap ASA's shareholders when the General Meeting in Olav Thon Eiendomsselskap ASA has approved the demerger and group merger plan.

(v) The new shares carry full rights in the company, including rights to dividends, from the subscription date.

(vi) The estimated costs related to the capital increase is NOK 20 000 (excl. VAT) and is covered by *Olav Thon Eiendomsselskap ASA.*

(vii) As a result of the capital increase the articles of association section *3 is amended as follows:*

«The company's share capital is NOK 48,169,160 divided by 103,623,171 shares, each with a nominal value of NOK 0.46484931.»

OTE Transit 1 AS's articles of association prior to and following the demerger are attached as Appendix 5 and Appendix 6.

9. Corporate resolutions following the Group Merger

9.1 OTE Transit 1 AS

9.1.1 Approval of the demerger and group merger plan

The demerger and group merger plan, dated 21 October 2019, for the merger between OTE Transit 1 AS and OTE Eiendom AS, with OTE Eiendom AS as the acquiring company, and consideration by way of increasing the nominal value of the shares in *Olav Thon Eiendomsselskap ASA*, is approved.

OTE Transit 1 AS is dissolved in connection with the implementation of the group merger.

9.2 OTE Eiendom AS

9.2.1 Approval of the demerger and group merger plan

The demerger and group *merger plan, dated 21 October 2019, for the merger between OTE Transit 1 AS and OTE Eiendom AS, with OTE Eiendom AS as the acquiring company, and contribution by way of increasing the nominal value of the shares in Olav Thon Eiendomsselskap ASA, is approved.*

OTE Transit 1 AS is dissolved in connection with the implementation of the group merger.

9.3 Olav Thon Eiendomsselskap ASA

9.3.1 Approval of the demerger and group merger plan

The demerger and group *merger plan with OTE Transit 1 AS and OTE Eiendom AS of 21 October 2019, is approved.*

9.3.2 Proposed resolution of share capital increase and amendments to the articles of association

As part of the group merger, the following resolution regarding an increase of the share capital in *Olav Thon Eiendomsselskap ASA is proposed:*

In connection with the implementation of the Group Merger, the share capital in Olav Thon Eiendomsselskap ASA is increased by NOK 48,169,160 from NOK 55,454,011 to NOK 103,623,171, by an increase of the nominal value of each share by NOK 0.46484931 from NOK 0.53515069 to NOK 1. The share contribution shall be subscribed with the right to make the deposit in other assets than money. As described in the demerger and group merger plan, a contribution in kind, in the form of the receivable of NOK 586,278,964 against OTE Eiendom AS will be used as the share contribution. The remaining amount after the increase in share capital is allocated to share premium with NOK 147,989,886 and other equity with NOK 390,119,919.

The share capital increase is considered subscribed upon the signing of the minutes of the general meeting.

With effect from the Group Merger's effective date for corporate law purposes, the company's articles of association section 4 is amended as follows:

> *"The company's share capital is NOK 103,623,171 divided by 103,623,171 shares, each with a nominal value of NOK 1."*

The above resolutions will be reported to the Norwegian Register of Business Enterprises.

Olav Thon Eiendomsselskap ASA's articles of association following the group merger is attached as Appendix 8.

10. Draft opening balance sheet

The draft demerger and group merger balance sheet is included as Appendix 1 to this Demerger Plan and is considered a part of this Plan.

11. Reports and expert statements

The Board of Directors in OTE Transit has prepared a written report on the Demerger and Group Merger, and the consequences these may have for the company, cf. the Norwegian Public Limited Liability Companies Act section 14-4 third paragraph, cf. section 13-9. The Board of Directors of OTE Eiendom has prepared a written report on the Group Merger and the consequences this may have for the company, cf. the Norwegian Public Limited Liability Companies Act section 13-9. The Board of Directors of OTE has prepared a written report on the Demerger and the consequences this may have for the company, as well as the consequences the Demerger may have for the employees of the company, cf. the Norwegian Public Limited Liability Companies Act section 14-4 third paragraph, cf. section 13-9. These reports are included in Appendix 12, Appendix 13 and Appendix 14 to this Demerger Plan.

The Board of Directors of OTE has arranged for the preparation of an expert report on the Demerger Plan in regards to the Demerger, cf. the Norwegian Public Limited Liability Companies Act section 14-4 third paragraph, cf. section 13-10, as well as an expert report on the capital increase in the company, in accordance with the Norwegian Public Limited Liability Companies Act sections 10-2 and 2-6. The expert reports are included in Appendix 15 and Appendix 16 to the Demerger Plan.

The Board of Directors of OTE Transit has arranged for the preparation of an expert report on the Demerger Plan, as well as on the contribution in kind in the Demerger, cf. the Norwegian Public Limited Liability Companies Act section 14-4 third paragraph, cf. sections 13-10, 10-2 and 2-6. The Board of Directors has further arranged for the preparation of an expert report on the Group Merger, cf. the Norwegian Public Limited Liability Companies Act section 13-10. The expert reports are included in Appendix 17 and Appendix 18 to the Demerger Plan.

The Board of Directors of OTE Eiendom has arranged for the preparation of an expert report on the Demerger Plan, as well as on the contribution in kind in the Group Merger, cf. the Norwegian Public Limited Liability Companies Act sections 13-10, 10-2 and 2-6. The expert report is included in Appendix 19 to the Demerger Plan.

12. Shareholders with special rights and proprietors of subscription rights

There are no proprietors of special rights and/or proprietors of subscription rights in either party, cf. the Norwegian Public Limited Liability Companies Act section 14-4 first paragraph, cf. section 13-6 number 5.

13. Benefits granted to the Board of Directors or the Managing Director

No special benefits are granted in favor of the members of the Board of Directors or the Managing Director in any of the companies in connection with the Demerger or the Group Merger.

14. Management of the company's assets etc. until the effective date for corporate purposes

The corporate/legal management of OTE, OTE Transit and OTE Eiendom cannot be divided between the transferring and acquiring company in the Demerger and Group Merger. The Board of Directors of OTE, OTE Transit and OTE Eiendom is legally responsible for all activity in the transferring company until the effective date for corporate purposes. The transferring company's assets shall be managed and kept separate from the assets of the acquiring company until the effective date of the Demerger and Group Merger.

15. Conditions for implementation of the Demerger and Group Merger

The implementation of the Demerger and Group Merger shall be conditional upon:

(i) The Demerger and the Group Merger is approved with the required majority in the General Meetings, i.e. 2/3 majority of the votes and share capital represented at the General Meeting.

(ii) The creditor notice period in accordance with the Norwegian Public Limited Liability Companies Act section 14-7, cf. sections 13-14 to 13-16 shall be concluded, and the relations to the creditors that have made claims, if any, shall have been settled, or a court of law shall have ruled that the Demerger and Group Merger may be completed and registered in the Norwegian Register of Business Enterprises, regardless of such claim(s).

16. Demerger and Group Merger expenses

Any expenses related to the Demerger and Group Merger are divided between OTE, OTE Transit and OTE Eiendom in the same ratio as the share capital of OTE is divided between the companies. Inter alia, registration fees to the Norwegian Register of Business Enterprises and remuneration to auditors, lawyers and other advisors are to be considered as Demerger and Group Merger expenses.

Consideration to the independent expert, appointed to prepare the expert report in accordance with the Norwegian Public Limited Liability Companies Act section 13-19, cf. section 14-4 third paragraph, shall be divided between OTE, OTE Transit and OTE Eiendom in the same ratio as the share capital of OTE is divided between the companies.

17. Conditions to exercise shareholder rights

The shareholders of OTE will receive consideration shares in OTE Transit in the Demerger, in the ratio of 1:1, and shall be registered in the shareholder register of OTE Transit as soon as possible after the implementation of the Demerger. The shareholders will receive full shareholder rights upon this registration.

The share capital increase in OTE following the Group Merger is carried out by an increase in the nominal value of the existing shares, and thus, does not affect the shareholder rights in OTE.

18. Failed contractual assumptions

Should it transpire that the distribution between the companies is based on incorrect or incomplete information about factual matters, and imbalance therefore arises which cannot be corrected through other provisions of this Demerger Plan, the imbalance will be compensated by the payment of a cash consideration. When the date of payment is stipulated, reasonable account shall be taken of the companies' liquidity situation.

19. Amendments to the Demerger Plan

Following the approval of the Demerger Plan by the General Meetings, The Board of Directors of OTE, OTE Transit and OTE Eiendom may, on behalf of the General Meeting, make minor changes to the Demerger Plan and the attached documents if deemed necessary or desirable and the amendment is not disadvantageous to the shareholders, and it may be done without causing any tax consequences for the companies involved or their shareholders.

The Board of Directors may propose that minor adjustments are made in the exchange ratio of the Demerger if this is required due to obvious typing or calculation errors in the draft balance sheet, or if the valuation forming the basis for the exchange ratio is prepared based on incorrect grounds.

20. Governing law and dispute resolution

This Demerger Plan shall be governed by and construed in accordance with Norwegian law. Any disputes or claims arising out of or in connection with this Demerger Plan shall be settled with binding effect by arbitration in Oslo municipality in accordance with the at all times prevailing regulations in the Norwegian Arbitration Act.

* * * *

Signatures follow on page 16

Oslo, 21 October 2019

The Board of Directors in Olav Thon Eiendomsselskap ASA

____
Olav Thon
Chairman of the Board

____________________________ Sissel Berdal Haga Thon	____________________________ Stig Olav Jacobsen
____________________________ Svein Kristian Leer-Salvesen	____________________________ Line Nordbye

The Board of Directors in OTE Transit 1 AS

____
Olav Thon
Chairman of the Board

____________________________ Ole-Christian Hallerud	____________________________ Dag Tangevald-Jensen

The Board of Directors in OTE Eiendom AS

____
Olav Thon
Chairman of the Board

____________________________ Ole-Christian Hallerud	____________________________ Dag Tangevald-Jensen

Demerger and group merger balance sheet for Olav Thon Eiendomsselskap ASA

ASSETS	OTE ASA 30/9	DEMERGER		GROUP MERGER	
Fixed assets		OTE ASA	OTE Transit	OTE Eiendom	OTE ASA
Intangible assets					
Patents, licenses, rights etc	5 998 000	-	5 998 000	5 998 000	-
Non-current assets					
Buildings	2 402 760 605	-	2 402 760 605	2 402 760 605	-
Buildings under construction	206 268 774	-	206 268 774	206 268 774	-
Land	455 133 465	-	455 133 465	455 133 465	-
Other real estate	274 833 950	-	274 833 950	274 833 950	-
Non-fixed assets	2 308 735	-	2 308 735	2 308 735	-
Financial assets					
Subsidiaries	12 278 710 973	12 278 710 973	-	-	12 278 710 973
Intra group receivables	0	-	-	-	-
Investment in associate companies, JVs etc	1 209 456 383	1 209 456 383	-	-	1 209 456 383
Other receivables	416 268 395	390 730 641	25 537 755	25 537 755	390 730 641
Total fixed assets	17 251 739 280	**13 878 897 997**	**3 372 841 284**	**3 372 841 284**	**13 878 897 997**
Current Assets					
Customer receivables	189 090 038	-	189 090 038	189 090 038	-
Customer receivables intra group	11 095 013	-	11 095 013	11 095 013	-
Other intra group receivables	32 313 465	30 000 000	2 313 465	2 313 465	30 000 000
Other interest-bearing intra group receivables	4 129 419 994	494 470 914	3 634 949 080	3 634 949 080	494 470 914
Other receivables	33 919 469	10 393 446,00	23 526 023	23 526 023	10 393 446
Cash or similar	373 498 149	367 879 100	5 619 049	5 649 049	367 879 100
Total current assets	4 769 336 128	**902 743 460**	**3 866 592 669**	**3 866 622 669**	**902 743 460**
TOTAL ASSETS	22 021 075 408	**14 781 641 456**	**7 239 433 952**	**7 239 463 952**	**14 781 641 456**
Equity and Debt					
Equity					
Paid-in equity					
Share capital	106 445 320	55 454 011	48 169 160	30 000	103 623 171
Own shares	-2 822 149	-	-	-	-
Share premium	318 360 988	170 371 102	147 989 886	-	318 360 988
Total paid-in equity	421 984 159	**225 825 114**	**196 159 045**	**30 000**	**421 984 159**
Other equity					
Other equity	408 070 972	17 951 052	390 119 919	-	408 070 972
Total other equity	408 070 972				
Total equity	830 055 131	**243 776 166**	**586 278 964**	**30 000**	**830 055 131**
Provisions					
Pension obligations	1 120 000	-	1 120 000	1 120 000	-
Deferred tax	328 317 995	156 891 052	171 426 943	171 426 943	156 891 052
Total provisions	329 437 995	**156 891 052**	**172 546 943**	**172 546 943**	**156 891 052**
Other longterm debt					
Bond-issued debt	9 075 960 000	9 075 960 000	-	-	9 075 960 000
Debt to credit institutions	7 450 000 000	7 450 000 000	-	-	7 450 000 000
Other longterm debt	454 480 075	448 118 097	6 361 978	6 361 978	448 118 097
Total longterm debt	16 980 440 075	**16 974 078 097**	**6 361 978**	**6 361 978**	**16 974 078 097**
Shortterm debt					
Certificate loans	3 556 798 000	3 556 798 000	-		3 556 798 000
Debt to credit institutions	0	-	-	-	-
Vendor debt	18 662 784	-	18 662 784	18 662 784	-
Intra group vendor debt	7 645 312	-	7 645 312	7 645 312	-
Tax payable	0	-	-	-	-
Duties payable	45 806 392	-	45 806 392	45 806 392	-
Demerger debt	0	-6 200 000 000	6 200 000 000	6 200 000 000	-6 200 000 000
Group merger debt	0	-	-	586 278 964	-586 278 964
Dividends	0	-	-	-	-
Advance payment from customers	189 093 042	-	189 093 042	189 093 042	-
Other intra group debt	66 381	-	66 381	66 381	-
Other interest bearing intra group debt	50 000	-	50 000	50 000	-
Accrued interests	49 508 141	49 508 141	-	-	49 508 141
Other shortterm debt	13 512 156	590 000	12 922 156	12 922 156	590 000
Total shortterm debt	3 881 142 208	**-2 593 103 859**	**6 474 246 067**	**7 060 525 031**	**-3 179 382 823**
TOTAL EQUITY AND DEBT	22 021 075 408	**14 781 641 456**	**7 239 433 952**	**7 239 463 952**	**14 781 641 456**

Oslo, 21 October 2019
Board of Directors of Olav Thon Eiendomsselskap ASA

Articles of association

for

Olav Thon Eiendomsselskap ASA

Org.no: 914 594 685

(per 21 Mai 2014)

§ 1 Company name

The company name is Olav Thon Eiendomsselskap ASA. The company is a public limited company.

§ 2 Purpose of the company

The purpose of the company is purchase, management and sale of real estate and all related matters, including participating in other companies with such purpose.

§ 3 Business office

The company's business office is in Oslo.

§ 4 Share capital

The company's share capital is NOK 106 445 320 divided into 106 445 320 shares, each with a nominal value of NOK 1.

§ 5 Management

The company is managed by a Board of Directors. The Board of Directors consist of 3-5 members, elected by the General Meeting for 2 years at a time.

The General Meeting shall also elect a deputy board member for 1 year at a time. The Chairman of the Board is elected specially by the General Meeting. The Board can issue procuration. The chairman and a board member have jointly the authority to sign on behalf of the company.

§ 6 The General Meeting

The following matters shall be considered and decided on the ordinary General Meeting:

A. Approval of the annual accounts and the annual report, including distribution of dividends.
B. Election of the Board of Directors
C. Other matters which are submitted to the General Meeting for a statement or which, under the Law or the Articles of Association, is to be dealt with by the General Meeting

Documents relating to matters to be considered at the General Meeting can be made available on the company's website www.olt.no instead of being sent out together with the notice. This also applies to documents that are required by law to be included in or attached to the notice of the General Meeting. However, a shareholder may require that these documents are sent to him/her.

Articles of association

for

Olav Thon Eiendomsselskap ASA

Org.no: 914 594 685

(per 21 October 2019)

§ 1 Company name

The company name is Olav Thon Eiendomsselskap ASA. The company is a public limited company.

§ 2 Purpose of the company

The purpose of the company is purchase, management and sale of real estate and all related matters, including participating in other companies with such purpose.

§ 3 Business office

The company's business office is in Oslo.

§ 4 Share capital

The company's share capital is NOK 103 623 171 divided into 103 623 171 shares, each with a nominal value of NOK 1.

§ 5 Management

The company is managed by a Board of Directors. The Board of Directors consist of 3-5 members, elected by the General Meeting for 2 years at a time.

The General Meeting shall also elect a deputy board member for 1 year at a time. The Chairman of the Board is elected specially by the General Meeting. The Board can issue procuration. The chairman and a board member have jointly the authority to sign on behalf of the company.

§ 6 The General Meeting

The following matters shall be considered and decided on the ordinary General Meeting:

A. Approval of the annual accounts and the annual report, including distribution of dividends.
B. Election of the Board of Directors
C. Other matters which are submitted to the General Meeting for a statement or which, under the Law or the Articles of Association, is to be dealt with by the General Meeting

Documents relating to matters to be considered at the General Meeting can be made available on the company's website www.olt.no instead of being sent out together with the notice. This also applies to documents that are required by law to be included in or attached to the notice of the General Meeting. However, a shareholder may require that these documents are sent to him/her.

Articles of association

for

Olav Thon Eiendomsselskap ASA

Org.no: 914 594 685

(per 21 October 2019)

§ 1 Company name

The company name is Olav Thon Eiendomsselskap ASA. The company is a public limited company.

§ 2 Purpose of the company

The purpose of the company is purchase, management and sale of real estate and all related matters, including participating in other companies with such purpose.

§ 3 Business office

The company's business office is in Oslo.

§ 4 Share capital

The company's share capital is NOK 55 454 011 divided into 103 623 171 shares, each with a nominal value of NOK 0,53515069.

§ 5 Management

The company is managed by a Board of Directors. The Board of Directors consist of 3-5 members, elected by the General Meeting for 2 years at a time.

The General Meeting shall also elect a deputy board member for 1 year at a time. The Chairman of the Board is elected specially by the General Meeting. The Board can issue procuration. The chairman and a board member have jointly the authority to sign on behalf of the company.

§ 6 The General Meeting

The following matters shall be considered and decided on the ordinary General Meeting:

A. Approval of the annual accounts and the annual report, including distribution of dividends.
B. Election of the Board of Directors
C. Other matters which are submitted to the General Meeting for a statement or which, under the Law or the Articles of Association, is to be dealt with by the General Meeting

Documents relating to matters to be considered at the General Meeting can be made available on the company's website www.olt.no instead of being sent out together with the notice. This also applies to documents that are required by law to be included in or attached to the notice of the General Meeting. However, a shareholder may require that these documents are sent to him/her.

Articles of association

for

OTE Transit 1 AS

(à jour 28. august 2019)

§ 1

The company name is OTE Transit 1 AS.

§ 2

The purpose of the company is to own and develop real estate, including participating in other companies with such purpose, and all related business.

§ 3

The company’s share capital is NOK 30,000 divided into 1 share with a nominal value of NOK 30,000.

§ 4

Any circumstances that have not been addressed in the articles of association shall be determined in accordance with the provisions of the Norwegian Company Act in effect at the given time.

Articles of association

for

OTE Transit 1 AS

(à jour 21 October 2019)

§ 1

The company name is OTE Transit 1 AS.

§ 2

The purpose of the company is to own and develop real estate, including participating in other companies with such purpose, and all related business.

§ 3

The company's share capital is NOK 48,169,160 divided into 103,623,171 shares, each with a nominal value of NOK 0.46484931.

§ 4

Any circumstances that have not been addressed in the articles of association shall be determined in accordance with the provisions of the Norwegian Company Act in effect at the given time.

Articles of association

for

OTE Eiendom AS

(à jour 28. august 2019)

§ 1

The company name is OTE Eiendom AS.

§ 2

The purpose of the company is to own and develop real estate, including participating in other companies with such purpose, and all related business.

§ 3

The company's share capital is NOK 30,000 divided into 1 share with a nominal value of NOK 30,000.

§ 4

Any circumstances that have not been addressed in the articles of association shall be determined in accordance with the provisions of the Norwegian Company Act in effect at the given time.

Articles of association

for

Olav Thon Eiendomsselskap ASA

Org.no: 914 594 685

(per 21 October 2019)

§ 1 Company name

The company name is Olav Thon Eiendomsselskap ASA. The company is a public limited company.

§ 2 Purpose of the company

The purpose of the company is purchase, management and sale of real estate and all related matters, including participating in other companies with such purpose.

§ 3 Business office

The company's business office is in Oslo.

§ 4 Share capital

The company's share capital is NOK 103 623 171 divided into 103 623 171 shares, each with a nominal value of NOK 1.

§ 5 Management

The company is managed by a Board of Directors. The Board of Directors consist of 3-5 members, elected by the General Meeting for 2 years at a time.

The General Meeting shall also elect a deputy board member for 1 year at a time. The Chairman of the Board is elected specially by the General Meeting. The Board can issue procuration. The chairman and a board member have jointly the authority to sign on behalf of the company.

§ 6 The General Meeting

The following matters shall be considered and decided on the ordinary General Meeting:

A. Approval of the annual accounts and the annual report, including distribution of dividends.
B. Election of the Board of Directors
C. Other matters which are submitted to the General Meeting for a statement or which, under the Law or the Articles of Association, is to be dealt with by the General Meeting

Documents relating to matters to be considered at the General Meeting can be made available on the company's website www.olt.no instead of being sent out together with the notice. This also applies to documents that are required by law to be included in or attached to the notice of the General Meeting. However, a shareholder may require that these documents are sent to him/her.

ANNUAL REPORT 2016

OLAV THON
EIENDOMSSELSKAP ASA

OLAV THON EIENDOMSSELSKAP IN BRIEF

HISTORY
Olav Thon Eiendomsselskap ASA was founded in 1982 and its shares were listed on the Oslo Stock Exchange in 1983.

The company has grown significantly since its start-up, with its annual rental income from properties having risen from NOK 27 million originally to NOK 2,850 million at the start of 2017. In the same period, the company's market capitalisation has increased from NOK 200 million to NOK 17 billion.

Since the early 1990s, its main focus area has been shopping centre properties and Olav Thon Eiendomsselskap is today the largest shopping centre actor in Norway and also an important player in the Swedish shopping centre market.

The company is part of the Olav Thon Group, which is Norway's largest private property player and one of Norway's largest hotel operators (Thon Hotels). The Olav Thon Group is owned by the Olav Thon Foundation.

MAIN STRATEGY:
ACQUIRE – DEVELOP – OWN
The company's strategy is to invest in properties with development potential within various property segments.

The company aims to realise the development potential of the property portfolio through active development, effective management and satisfied tenants.

In a capital-intensive industry, it is important for the company to have an unconditional and strong financial position.

The combination of a high current return on the property portfolio and value creation through active property development is expected to help maximise growth in value in both the short and long term.

BUSINESS OBJECTIVES
The overall goal for Olav Thon Eiendomsselskap's business is to achieve maximum growth in equity per share so that shareholders achieve a long-term return that is competitive with comparable investment alternatives.

BOARD AND SENIOR MANAGEMENT
Olav Thon, Chairman of the Board
Kristian Leer-Salvesen, Board Member
Sissel Berdal Haga, Board Member
Stig O. Jacobsen, Board Member
Line Norbye, Board Member
Dag Tangevald-Jensen, CEO

HIGHLIGHTS 2016

- Profit before tax increased by 2% to NOK 4,484 million.
- Profit before tax and fair value adjustments increased by 8% to NOK 1,500 million.
- The share price rose by 13% to NOK 160 and provided a total return (inclusive of the dividend) of 14%.
- Equity per share increased by 19% to NOK 197 and the long-term net asset value per share (EPRA NNNAV) increased by 19% to NOK 240.
- The Group's net investments amounted to NOK 4,259 (2,699) million.
- The value of the Group's property portfolio increased by 19% to NOK 47,695 million, while the annual rental income rose by 14% to NOK 2,850 million.
- Retail sales in the shopping centre portfolio owned by the Group increased by 6% to NOK 50.5 billion. At year end, the portfolio consisted of 69 wholly and partly owned shopping centres and 29 shopping centres that are managed for external owners.
- As far as finance is concerned, interest-bearing debt increased by 18% to NOK 21,252 million, while the loan to value ratio was unchanged at 44%. The Group's average interest rate fell by 0.37 percentage points to 3.24%.

KEY FIGURES

(Figures in NOK millions)	**31.12.16**	31.12.15
Net rental income	**2 243**	2 024
Fair value adjustments, investment properties and interest rate derivatives [1]	**2 984**	3 025
Profit before tax	**4 484**	4 407
Profit before tax and fair value adjustments [1]	**1 500**	1 382
Equity per share (NOK)	**197**	166
Equity ratio	**41%**	40%
Long-term net asset value per share (NOK) (EPRA NNNAV) [2]	**240**	203
Net cash flow from operations	**1 350**	1 093
Cash reserves [3]	**4 950**	3 525
Amortisation next 12 months	**4 799**	1 571
Interest-bearing debt [4]	**21 252**	18 006
Interest rate as at 31.12	**3.24%**	3.61%
Loan to value ratio [5]	**44%**	44%
Net investments [6]	**4 259**	2 699
Investment properties	**47 695**	40 177
Annual rental income [7]	**2 850**	2 500
Yield	**5.32%**	5.50%
Sales, owned shopping centres	**50 475**	47 737
Sales, managed shopping centres	**12 442**	11 650
Share price as at 31.12 (NOK)	**160.0**	142.0

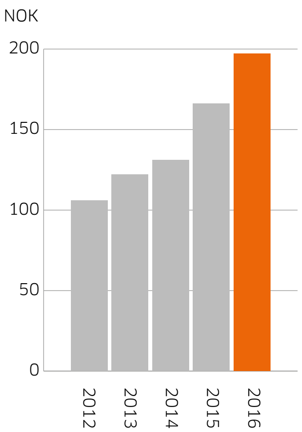
Please note that as a result of rounding differences and reclassifications, figures and percentages will not always match the total sum.

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 NNNAV, 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.


AMFI
MOA

BOARD OF DIRECTORS' REPORT 2016

Equity per share



Olav Thon Eiendomsselskap was able to report another year of good results in 2016, with growth in rental income, an increase in the value of the Group's investment properties, and stable financial expenses.

Highlights of the annual financial statements for 2016:

> The Group's rental income was NOK 2,590 (2,274) million.

> Profit before tax amounted to NOK 4,484 (4,407) million.

> Fair value adjustments for investment properties and interest rate derivatives amounted to NOK 2,984 (3,025) million.

> Profit before tax and fair value adjustments amounted to NOK 1,500 (1,381) million.

> Net cash flow from operations amounted to NOK 1,350 (1,093) million.

> Equity per share increased in 2016 by 19% to NOK 197 (166) and the equity ratio was 41% (40%) at year end.

> The Group's cash reserves amounted to NOK 4,950 (3,525) million at year end.

THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which are issued by IASB and approved by the EU. The accounting policies have been applied consistently to all periods presented.

The Board of Directors confirms that the conditions for a going concern assumption in accordance with the requirements of the Norwegian Accounting Act are met. The annual financial statements for 2016 have been prepared on the basis of this assumption.

No events have occurred after the reporting date that would materially affect the assessment of the Group's position and results as at 31 December 2016.

SUMMARY OF STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

Statement of financial position, 31 December 2016

The Group's total assets were NOK 52,529 (44,789) million, with investment properties accounting for NOK 47,695 (40,177) million of that figure.

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

The total equity was NOK 21,397 (18,040) million, while the equity ratio was 41% (40%).

Equity per share (majority share) was NOK 197 (166). The triple net asset value per share was calculated at NOK 240 (203) (EPRA NNNAV).[1)]

The Group's interest-bearing debt was NOK 21,252 (18,006) million and its loan to value ratio 44% (44%).

SUMMARY OF THE INCOME STATEMENT FOR 2016

Profit before tax amounted to NOK 4,484 (4,407) million.

[1)] See page 8 for definitions..

Total fair value adjustments for investment properties and interest rate derivatives amounted to NOK 2,984 (3,025) million.

Profit before tax and fair value adjustments amounted to NOK 1,500 (1,382) million.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Rental income amounted to NOK 2,590 (2,274) million with the increase since last year attributable to both new properties and completed property projects.

Other property-related income amounted to NOK 835 (822) 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 1,183 (1,072) million, including the above-mentioned service charges of NOK 750 (757) million.

Maintenance expenses for the property portfolio amounted to NOK 121 (77) million.

Net rental income amounted to NOK 2,243 (2,024) million.

The fair value of the Group's investment properties increased by NOK 2,651 (2,806) million.

The increase in market value was due to both a lower average yield and increased rental income in the property portfolio.

The lower yield was primarily due to the high demand for commercial properties as investment objects.

SHARE OF THE RESULTS OF JOINT VENTURES AND ASSOCIATED COMPANIES

The Group's share of the results of joint ventures and associated companies amounted to NOK 315 (238) million.

The increase since last year was largely attributable to the increased market value of investment properties in this part of the property portfolio as well.

A summary of the income statements and balance sheets for these companies can be found in notes 3 and 4 to the consolidated financial statement in Norwegian.

OTHER OPERATING INCOME AND EXPENSES

Other operating income amounted to NOK 153 (170) million, the majority of which was income from property management for external owners and sales revenue from other activities.

Fees for property management for external owners amounted to NOK 46 (53) million.

Other operating and administrative expenses amounted to NOK 272 (275) million. Scheduled depreciation amounted to NOK 28 (15) million.

FINANCIAL INCOME AND EXPENSES

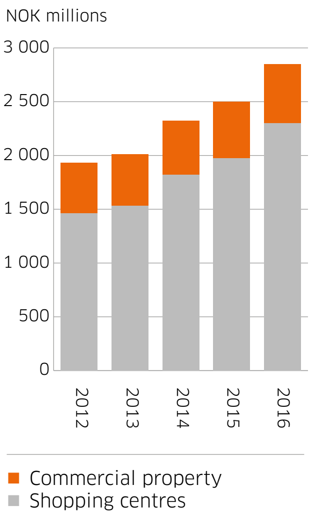
The Group's net financial expenses amounted to NOK 696 (645) million. The increase is explained by higher interest-bearing debt, although the increase was moderated by a lower average interest rate.

The average interest rate in 2016 was 3.37% (3.77%).

FAIR VALUE ADJUSTMENTS OF INTEREST RATE DERIVATIVES

The value of the Group's interest rate derivatives increased by NOK 119 (105) million, primarily due to shorter

Annual rental income



remaining terms in the portfolio of interest rate swap agreements.

Cash flow and cash

Net cash flow from operations in 2016 was NOK 1,350 (1,093) million.

The change in working capital amounted to NOK 446 (-88) million, resulting in net cash flow from operating activities of NOK 1,796 (1,005) million.

Net cash flow from investing activities was NOK -3,387 (-1,826) million, while financing activities generated NOK 1,738 (723) million.

Liquidity reserves thus increased by NOK 147 (-98) million in 2016, while the effects of exchange rates amounted to NOK 3 (6) million.

The Group's liquidity reserves amounted to NOK 4,950 (3,525) million at year end and consisted of short-term investments totalling NOK 325 (190) million and undrawn long-term credit facilities of NOK 4,625 (3,335) million.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ALLOCATION OF PROFIT FOR THE YEAR

The parent company Olav Thon Eiendomsselskap ASA's financial statements have been prepared in accordance with Norwegian accounting rules (NGAAP).

The parent company's operating income amounted to NOK 941 (906) million, while profit before tax was NOK 478 (645) million.

Profit after tax for the year was NOK 371 million (640).

The Board of Directors proposes the following allocation of the parent company's profit:

Provisions for dividend, NOK 2.00 per share	NOK 213 million
Transferred to other equity	NOK 159 million
Allocated net profit	NOK 371 million

The book value of the parent company's assets was NOK 21,570 (18,023) million at year end.

Book equity was NOK 1,612 (1,466) million and the equity ratio was 7% (8%).

PROPERTY OPERATIONS

Property portfolio, 31 December 2016

The Group's portfolio of investment properties is carried at fair value. For information on the valuation model and the variables used in the valuation, please see note 16 to the consolidated financial statement in Norwegian.

At year end, the property portfolio was valued at NOK 47,695 (40,177) million, based on an average yield of 5.32% (5.50%).

The property portfolio is divided into the following property segments:

SEGMENT	PROPORTION OF PROPERTY VALUES	NET YIELD
Shopping centres	81% (79%)	5.34% (5.45%)
Commercial properties	19% (21%)	5.23% (5.68%)

Annual rental income, inclusive of market rents for vacant spaces, increased by NOK 350 million in 2016 to NOK 2,850 million. The growth was mainly attributable to new properties and completed property projects.

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

SHOPPING CENTRES

At year end, 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 player 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

Norway

Rental income from the Group's Norwegian shopping centres increased by 13% in 2016 to NOK 2,350 million (inclusive of joint ventures and associated companies). Retail sales amounted to NOK 46.7 (43.9) billion, with the organic growth in sales from 2015 was judged to be 3%.

Sweden

Rental income from the Group's five Swedish shopping centres fell by 2% to SEK 240 million. Retail sales in the shopping centres amounted to SEK 3.9 (4.0) billion.

The poor development in Sweden was primarily due to the remodelling of a number of the centres.

COMMERCIAL PROPERTIES

Rental income from the Group's commercial properties (exclusive of the shopping centre properties) amounted to NOK 550 million, an increase of 4% from the year before.

Further information on property operations can be found on the company's website: www.olt.no.

Property portfolio owned by joint ventures and associated companies

In addition to its own property portfolio, the Group owns shares in a further 24 shopping centres through joint ventures and associated companies. The stakes in these companies are between 20% and 50%.

The Group's share of the rental income at year end was NOK 275 (345) million, and the value of the property portfolio was NOK 4,222 (4,955) million.

Investments

The Group's net investments in 2016 amounted to NOK 4,259 (2,699) million and included property acquisitions, investments in property projects under construction, and upgrading the existing property portfolio.

MAJOR PROPERTY ACQUISITIONS

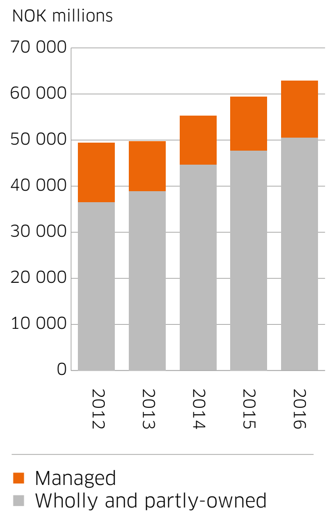
In January, the Group increased its 50% stake to 100% in a shopping centre company that owns three shopping centres in the Moss region and one in Kristiansand. The total annual rental income was NOK 160 million in 2016.

In November, the Group took over the Åsane Storsenter shopping centre to the north of Bergen city centre. Shopping centre, with retail space of approx. 46,000 sq. m., saw retail sales of approx. NOK 1.4 billion in 2016 and annual rental income of approx. NOK 115 million.

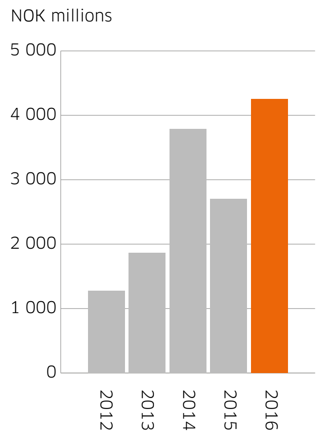
PROPERTY DEVELOPMENT - MAJOR PROPERTY PROJECTS

Property development is an important part of the Group's operations and there was a high level of activity in this area in 2016.

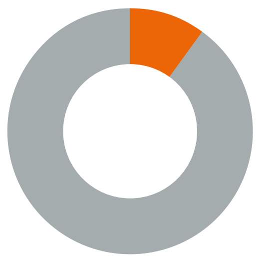
Shopping centre sales



Net investments



Credit facilities



< 12 months	(10%)
1-5 years	(90%)
> 5 years	(0%)

Two wholly and partly-owned shopping centres were upgraded and extended during the year, resulting in approx. 9,700 sq. m. of new retail space.

At the start of 2017, remodelling and extensions of a further three wholly and partly owned shopping centres will add around a further 75,000 sq.m. of new retail space as well as substantial parking space.

On a block next to Storo Storsenter in Oslo, a number of new buildings are being erected with a total area of 60,000 sq. m., including the 9,000 sq. m. of parking space.

For more information about the Group's property projects, please see the company's website: www.olt.no.

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 regarded as very good and the credit margin in the capital markets showed a downward trend throughout 2016.

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

The capital markets in Norway and Sweden are increasingly more important sources of financing and a significant proportion of the Group's financing is raised in these financing markets.

At year end, the outstanding certificate and bond debt 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

At the same point in time, the debt had an average remaining term of 2.7 (2.9) years, with 22% (9%) due for repayment within 1 year.

Further information on financial matters can be found on the company's website: www.olt.no.

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Eiendomsselskap practises equality and has zero tolerance for any form of discrimination or harassment of employees.

All employees are entitled to equal and fair treatment regardless of age, ethnic origin, disability, skin colour, nationality, political views and religion or other belief.

Work is in progress to promote universal design of the Group's general facilities, so that they can also be used by persons with impaired functional ability.

The Board considers the above-mentioned conditions and the general working environment to be satisfactory.

At the end of 2016, there were 438 (433) FTEs in the Group. At the same time, the parent company Olav Thon Eiendomsselskap had 39 (40) FTEs.

The sick leave rate in 2016 was 3.2% (3.3%).

No significant injuries or accidents were sustained in operations during the period. No deficiencies in other areas of employee safety or the working environment have been identified.

The company's Board of Directors consists of two women and three men.

ENVIRONMENTAL STATUS

The Group's pollution of the external environment is minimal. The Group works to minimise the impact of its operations on the external environment – for example, by following environmentally friendly procedures when carrying out its operations.

Environmental work forms an integral part of operations in the Olav Thon Eiendomsselskap and environmental initiatives are implemented for the benefit of both its operations and the tenants' use of the properties.

Parts of the property portfolio have been certified under the Eco-Lighthouse scheme as part of the Group's targeted work on health, safety and the environment (HSE).

Certification entails the implementation of environmental measures for waste reduction, waste management, purchasing environmentally friendly products, and saving energy.

As Olav Thon Eiendomsselskap manages a substantial property portfolio, it has an influence on the local environment in which the properties are situated. Major contributions to the development of public space are made through refurbishment, maintenance and new construction.

The operations satisfy the requirements for limiting pollution of the external environment.

Please also see the company's website: www.olt.no.

CORPORATE SOCIAL RESPONSIBILITY

Olav Thon Eiendomsselskap follows the Olav Thon Group's guidelines on corporate social responsibility.

The Olav Thon Group is a member of the UN Global Compact, and works systematically in the areas of human rights, working conditions, environment, anti-corruption and social responsibility.

This work is followed up through goals and measures pursuant to the Global Reporting Initiative (GRI) framework and is documented in an annual corporate social responsibility report.

Further information on corporate social responsibility work can be found on the company's website: www.olt.no.

CORPORATE GOVERNANCE

Olav Thon Eiendomsselskap aims to maintain a high level of confidence among investors, lenders, tenants and society in general, and therefore strives to achieve good corporate governance.

The management of the Group is based on the principles set forth in the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES).

A supplementary report on corporate governance can be found on the company's website: www.olt.no.

The Board of Olav Thon Eiendomsselskap ASA held five meetings in 2016.

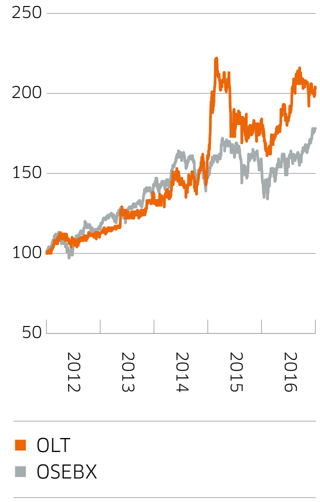
SHARES AND SHAREHOLDERS

Share price development

The price of the Olav Thon Eiendomsselskap share rose by 13% in 2016 to a closing price of NOK 160 as at 31 December 2016.

The company's shares therefore generated a total return (inclusive of

Share price and OSEBX developement last 5 years



the dividend) of 14 % in 2016, while the main index of the Oslo Stock Exchange rose by 12 %.

At year end, Olav Thon Eiendoms-selskap ranked among Norway's largest listed property companies, with a market capitalisation of NOK 17.0 billion.

Share trades
10,126 (9,955) trades in the share were completed in 2016 on the Oslo Stock Exchange. The highest and lowest prices in 2016 were NOK 170 (179) and NOK 124 (126).

Dividend
At the annual general meeting on 25 May 2016 it was decided to pay a dividend of NOK 1.80 per share for 2015.

The Board proposes that the dividend be increased to NOK 2.00 per share for 2016.

Further information on shareholder matters can be found on the company's website: www.olt.no.

OLAV THON EIENDOMSSELSKAP'S RISK FACTORS
The Group's risk factors can be divided into the following main categories:

> Market risk
> Financial risk
> Operational risk

Market risk
The Group's greatest market risk is related to developments in the Norwegian property market.

The property market is affected by macroeconomic factors and general demand for commercial property as an investment object.

Changes in the market's yield used in the sale of property and market rents for the properties have a direct effect on property values.

THE COMMERCIAL PROPERTY MARKET
In spite of continued slower growth in the Norwegian economy, 2016 was a good year for commercial property.

The transaction market
The total transaction volume in the Norwegian market for commercial property (with a value over NOK 50 million) amounted to around NOK 80 billion. The decrease in the volume of sales from NOK 120 billion in 2015 is significant, but the number of transactions was almost on a par with 2015.

Nevertheless, the volume of sales in 2016 still ranks among the highest annual sales ever and reflects a very active property market, especially in the major cities.

Demand for commercial properties as investment objects remained high and contributed to fair value adjustments in commercial property in most segments.

The rental market
Rental prices in the shopping centres showed an upward trend in the largest centres and a stable development in the rest of the portfolio.

The vacancy rate in the Oslo area office rental market is showing a slight downwards trend and rental prices are developing stably or rising.

THE GROUP'S MARKET RISK
Shopping centres, primarily in the large towns and cities of Norway and Sweden, generate 81% of the Group's rental income. A significant proportion of the tenants are international and

national retail chains, and the lease contracts have a balanced maturity structure.

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

19% of rental income comes from commercial properties in the Oslo area, with office properties representing the largest proportion. The properties are leased to a large number of tenants in various sectors, and the lease contracts have a balanced maturity structure in this segment as well.

The risk of a substantially higher vacancy rate and a significant fall in rental income in the property portfolio is considered moderate. A sensitivity analysis of what effects any changes to the yield and rental income would have on property values and the equity ratio can be found in note 16 to the consolidated financial statement in Norwegian. and on the company's website: www.olt.no.

Financial risk

The greatest financial risks for Olav Thon Eiendomsselskap are considered to be the Group's access to financing in the banking and capital markets and the price of financing.

Access to financing depends on both developments in the financial markets and the Group's creditworthiness.

The price of financing depends on market interest rates and the specific credit margin the Group has to pay.

The credit margin is in turn linked to the Group's creditworthiness and developments in the credit market.

TRENDS IN THE FINANCIAL MARKETS

The competition situation in the Nordic banking sector was relatively stable in 2016, with credit margins and the willingness to lend unchanged.
The supply of liquidity in the Norwegian and Swedish capital markets steadily improved during the year and in 2016 the Group issued its first certificate in the Swedish market.

The credit market

The credit margin indicated for new loans issued by the Group dropped during the year. At year end, the credit spread for 5-year secured bond issues was indicated at 0.90% (1.35%), while 12-month unsecured certificates were indicated at 0.50% (0.85%).

Development of interest rates

The short-term money market interest rate in Norway (3-month NIBOR) fell until June, but had risen to 1.17% (1.13%) at year end. The long-term money market interest rate (10-year swap) fell significantly the first half of the year, but had risen to 1.95% (1.86%) as at 31 December 2016.

In Sweden, the short-term money market interest rate (3-month STIBOR) fell throughout 2016 to -0.59% (-0.29%) at year end. The long-term money market interest rate (10-year swap) fell heavily until August, but then rose to 1.10% (1.66%) by year end.

THE GROUP'S FINANCIAL RISK

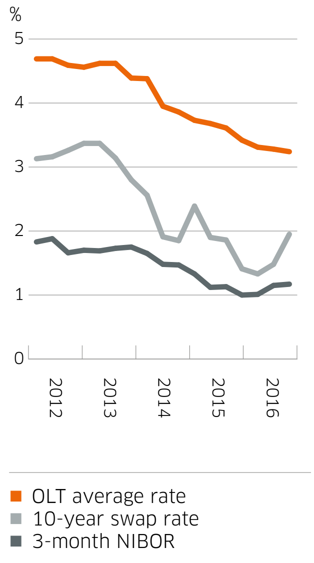
The Group's financial risk can in turn be divided into:

> Liquidity risk
> Interest rate risk
> Currency risk
> Credit risk

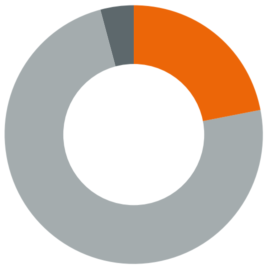
Liquidity risk

Liquidity risk is linked to the Group's

Interest rates last five years



Repayment structure



- < 12 months (22%)
- 1-5 years (74%)
- > 5 years (4%)

Interest rate maturity structure

- < 12 months (48%)
- 1-5 years (13%)
- > 5 years (39%)

ability to discharge its debt obligations as they fall due. The risk is mitigated by having substantial available liquidity reserves, a moderate loan to value ratio, long-term loan agreements and different financing sources and markets.

The Group's total liquidity reserves ended the year at NOK 4,950 (3,525) million.

The debt portfolio had an average remaining term of 2.7 (2.9) years at year end.

22% (9%) of debt is due within 1 year and the need for refinancing in the coming year will mainly be covered by existing liquidity reserves.

Interest rate risk

Interest rate risk means the risk of changes in the Group's cash flow, earnings and equity as a result of changes in the short-term and long-term interest rate markets. The risk is managed partly by having a significant proportion of long-term fixed-rate agreements.

At year end, the average fixed-rate period was 4.1 (5.1) years and the average interest rate was 3.24% (3.61%).

The Group's interest rate derivatives (interest rate swaps) are carried 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 year end, 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 long-term interest rates would change the fair value of the portfolio by approx. NOK 750-850 million.

Further information on the Group's financial matters can be found on the company's website: www.olt.no.

Currency risk

Olav Thon Eiendomsselskap is exposed to financial risk due to the NOK/SEK exchange rate. Because the consolidated annual financial statements are prepared in NOK, both the results and the equity in the Swedish subsidiaries are affected by the exchange rate.

Olav Thon Eiendomsselskap reduces its currency risk through foreign currency borrowing and currency hedging agreements.

Credit risk

The Group's credit risk is primarily the risk of losses as a result of tenants' failure to pay the agreed rent.
The properties are leased to a large number of tenants in different sectors and the Group's routines for managing the lease contracts are considered to be good.

Operational risk

The Group's operational risk is primarily associated with the failure of employees and operational management systems to function as expected.

Management is organised so that the risk arising from the activities and absence of an individual is relatively low, and the Group's management systems are considered to be robust.

As a quality assurance measure, the Group's auditor also conducts systematic risk assessments of various aspects of the Group's operations and management.

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, both from Norwegian and international investors. Given the prospect of low interest rates, a high level of demand 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.

Declaration pursuant to section 5-5 of the Norwegian Securities Trading Act
We confirm that, to the best of our knowledge, the Group and company financial statements for 2016 have been prepared in accordance with applicable accounting standards and that the disclosures in the financial statements give a true and fair view of the Group's and the company's assets, liabilities, financial position and profit or loss taken as a whole.

The Board of Directors' Report, to the best of the Board's knowledge, provides a fair overview of the development and financial performance and position of the Group and the company, and describes the principal risks and uncertainties the Group faces.

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

STATEMENT OF TOTAL COMPREHENSIVE INCOME

GROUP

	2016	2015
(Figures in NOK millions)		
Rental income	2 590	2 274
Other property-related income	835	822
Property-related expenses	-1 183	-1 072
Net rental income	**2 243**	**2 024**
Fair value adjustments investment property	2 651	2 806
Share of results of joint ventures and associated companies	315	238
Other operating income	153	170
Other operating expenses	-131	-149
Administrative expenses	-141	-126
Ordinary deprecation and write-downs	-28	-15
Operating profit	**5 062**	**4 947**
Financial income	8	10
Fair value adjustments interest rate derivatives	119	105
Financial expenses	-704	-655
Profit before tax	**4 484**	**4 407**
Change in deferred tax	-848	-624
Income tax payable	-20	-98
Tax	**-868**	**-722**
Profit for the period	**3 616**	**3 685**
Other operating income and expenses		
Items that may be recycled through the income statement in subsequent periods:		
Exchange differences, foreign operations	-38	6
Changed in deferred tax in other comprehensive income	-22	26
Total comprehensive income	**3 556**	**3 717**
Profit for the period attributable to:		
Shareholders	3 582	3 666
Non-controlling interests	34	19
Total comprehensive income attributable to:		
Shareholders	3 522	3 698
Non-controlling interests	34	19
Earnings per share, basic and diluted (in whole NOK)	34	34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP

	2016	2015
(Figures in NOK millions)		
ASSET		
Deferred tax asset	550	583
Investment properties	47 695	40 177
Property, plant & equipment	98	94
Investments in joint ventures and associated companies	2 646	2 712
Other financial assets	198	183
Total non-current assets	**51 187**	**43 749**
Trade and other receivables	1 017	849
Bank deposits and cash	325	190
Total current assets	**1 342**	**1 040**
Total assets	**52 529**	**44 789**
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the parent company	20 950	17 625
Non-controlling interests	447	416
Total equity	**21 397**	**18 040**
Deferred tax	6 494	5 606
Non-current liabilities	18 516	18 496
Current liabilities	6 122	2 647
Total liabilities and debt	**31 132**	**26 748**
Total equity and liabilities	**52 529**	**44 789**

CONSOLIDATED CASH FLOW STATEMENT

GROUP

	2016	2015
(Figures in NOK millions)		
Profit before tax	4 484	4 407
Fair value adjustments, investment property	-2 651	-2 806
Fair value adjustments, interest rate derivatives	-119	-105
Expensed interest	687	644
Interest paid	-691	-651
Share of results of joint ventures and associated companies	-315	-238
Income tax paid	-73	-173
Depreciation	28	15
Change in operating-related accruals	446	-88
Net cash flow from operating activities	**1 796**	**1 005**
Proceeds from sale of property, plant & equipment	3	0
Purchase of investment properties and property, plant & equipment	-962	-459
Payments linked to acquisition of subsidiaries	-2 168	-1 367
Other investments	-259	0
Net cash flow from investing activities	**-3 387**	**-1 826**
Proceeds from interest-bearing liabilities	11 549	6 908
Repayment of interest-bearing liabilities	-9 604	-6 016
Dividends paid	-194	-170
Payments upon purchase of own shares	-13	0
Net cash flow from financing activities	**1 738**	**723**
Net change in cash	147	-98
Cash and cash equivalents as at 1 Jan	191	283
Exchange rate effects	3	6
Cash and cash equivalents as at 31 Dec	**342**	**191**
Unutilised overdrafts and other credit facilities	4 862	3 482

STATEMENT OF CHANGES IN EQUITY

GROUP

	Attributable to shareholders of the parent company					
	Share capital	Share premium reserve	Translation differences	Retained earnings	Non-controlling interests	Total
(Figures in NOK millions)						
Equity as at 31 Dec 2014	**106**	**318**	**1**	**13 508**	**115**	**14 049**
Year's profit/loss				3 666	19	3 685
Other operating income and expenses			6	26		32
Dividend				-170		-170
Change in non-controlling interests				164	281	445
Equity as at 31 Dec 2015	**106**	**318**	**6**	**17 194**	**416**	**18 040**
Year's profit/loss				3 582	34	3 616
Other operating income and expenses			-38	-22		-60
Purchase of own shares				-13		-13
Dividend				-190		-190
Change in non-controlling interests				7	-2	5
Equity as at 31 Dec 2016	**106**	**318**	**-32**	**20 558**	**447**	**21 397**

ALTERNATIVE PERFORMANCE MEASURES

GROUP

(Figures in NOK millions)

Olav Thon Eiendomsselskap ASA prepares financial information in accordance with the International Financial Reporting Standards (IFRS).

The company also wants to present alternative performance measures to give readers a better understanding of underlying factors.

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

	2016	2015
Fair value adjustments, investment properties from the income statement	2 651	2 806
Fair value adjustments, investment properties in joint ventures	179	89
Fair value adjustments, investment properties in associated companies	24	22
Fair value adjustments, interest rate derivatives from the income statement	119	105
Fair value adjustments, interest rate derivatives joint ventures	12	4
Fair value adjustments, investment properties and interest rate derivatives	**2 984**	**3 025**

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 and in joint ventures and associated companies.

	2016	2015
Profit before tax	4 484	4 407
Adjusted for fair value adjustments, investment properties and interest rate derivatives	-2 984	-3 025
Profit before tax and fair value adjustments	**1 500**	**1 382**

Long-term 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 NNNAV states the normalised triple net asset value per share after taking into account a fair value assessment of the deferred tax liabilities.

	2016	2015
Majority share of equity	20 950	17 625
Deferred tax	6 494	5 606
Fair value of debt - deferred tax liabilities – at 7% (8%)	-1 890	-1 659
Long-term net asset value	**25 541**	**21 564**
Number of shares	106 345 320	106 445 320
Long-term net asset value per share in NOK	**240**	**203**

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 for, among other things, calculating the Group's loan to value ratio.

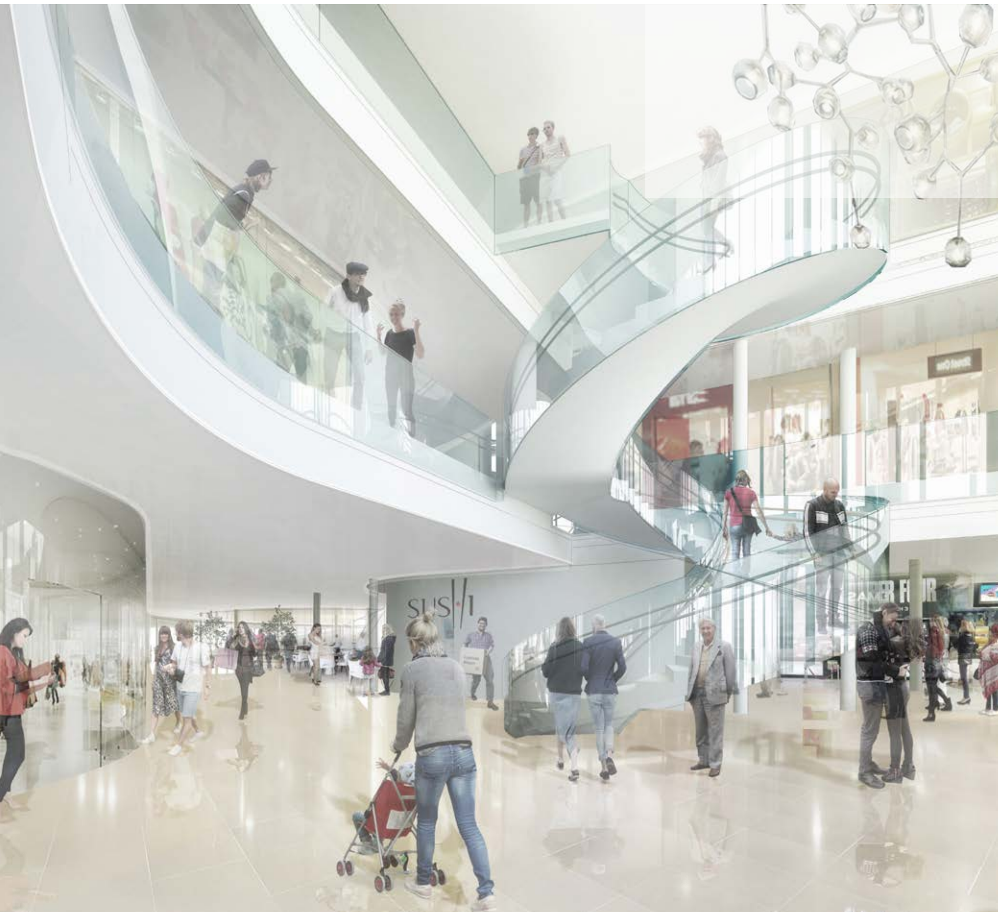
	2016	2015
Bond issues, long-term	6 681	5 123
Bond issues, short-term	855	350
Certificates, short-term	2 377	1 050
Other non-current debt to financial institutions	9 903	11 312
Other current debt to financial institutions	1 437	171
Interest-bearing debt	**21 252**	**18 006**
Bank deposits and cash	**-325**	**-190**
Other interest-bearing debt	20 927	17 816

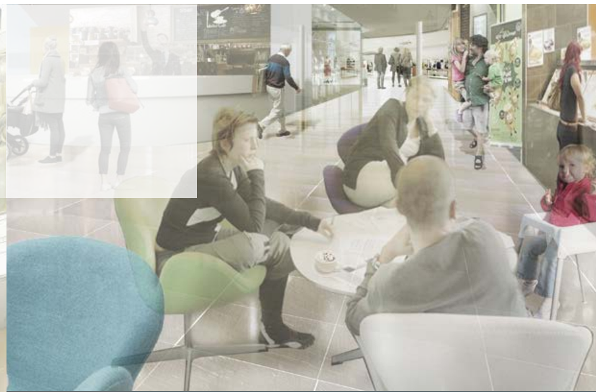
Net cash flow from operations

Net cash flow from operations is intended to give readers a better understanding of the liquidity generated by the Group's operations.This is of relevance in assessing the company's financial results and financial position.

	2016	2015
Net cash flow from operating activities	1 796	1 005
Change in operating-related accruals	-446	88
Net cash flow from operations	**1 350**	**1 093**

STENERSGATA 2 | P.O. BOX 489 SENTRUM | 0105 OSLO | TELEPHONE: 23 08 00 00
WWW.OLT.NO | E-MAIL: FIRMAPOST.OLT@OLAVTHON.NO





ANNUAL REPORT 2017

OLAV THON
EIENDOMSSELSKAP ASA

OLAV THON EIENDOMSSELSKAP IN BRIEF

HISTORY
Olav Thon Eiendomsselskap ASA was founded in 1982 and its shares were listed on the Oslo Stock Exchange in 1983.

The company has grown significantly since its start-up, with its annual rental income from properties having risen from NOK 27 million originally to NOK 2,910 million at the start of 2018. In the same period, the company's market capitalisation has increased from NOK 200 million to NOK 17,4 billion.

Since the early 1990s, its main focus area has been shopping centre properties and Olav Thon Eiendomsselskap is today the largest shopping centre actor in Norway and also an important player in the Swedish shopping centre market.

The company is part of the Olav Thon Group, which is Norway's largest private property player and one of Norway's largest hotel operators (Thon Hotels). The Olav Thon Group is owned by the Olav Thon Foundation.

MAIN STRATEGY:
ACQUIRE – DEVELOP – OWN
The company's strategy is to invest in properties with development potential within various property segments.

The company aims to realise the development potential of the property portfolio through active development, effective management and satisfied tenants. In a capital intensive industry, it is important for the company to have an unconditional and strong financial position.

The combination of a high current return on the property portfolio and value creation through active property development is expected to help maximise growth in value in both the short- and long-term.

BUSINESS OBJECTIVES
The overall goal for Olav Thon Eiendomsselskap's business is to achieve maximum growth in equity per share so that shareholders achieve a long-term return that is competitive with comparable investment alternatives.

BOARD AND SENIOR MANAGEMENT
Olav Thon, Chairman of the Board
Kristian Leer-Salvesen, Board Member
Sissel Berdal Haga, Board Member
Stig O. Jacobsen, Board Member
Line Norbye, Board Member
Dag Tangevald-Jensen, CEO

HIGHLIGHTS 2017

> Profit before tax amounted to NOK 4,193 million.

> Profit before tax and fair value adjustments increased by 19% to NOK 1,755 million.

> The share price rose by 2% to NOK 163 and provided a total return (inclusive of the dividend) of 3%.

> Equity per share increased by 16% to NOK 228 and the "long-term net asset value per share" increased by 15% to NOK 276.

> The Group's net investments amounted to NOK 1,875 million.

> The value of the Group's property portfolio increased by 8% to NOK 51,435 million, while rental income level increased by 2% to NOK 2,910 million.

> Retail sales in the shopping centre portfolio owned by the Group increased by 1% to NOK 50.8 billion. At year end, the portfolio consisted of 68 wholly and partly owned shopping centres and 30 shopping centres that are managed for external owners.

> As far as finance is concerned, interest-bearing debt increased by 2% to NOK 21,713 million, while the loan to value ratio fell by 2% to 42%. The Group's average interest rate fell by 0.26 percentage points to 2.98%.


KINO


301
TRAPPEROM
3

KEY FIGURES

	31.12.17	31.12.16
(Figures in NOK millions)		
Net rental income	**2 460**	2 243
Fair value adjustments in investment properties and interest rate derivatives [1]	**2 438**	2 984
Profit before taxes	**4 193**	4 465
Profit before tax and fair value adjustments [1]	**1 755**	1 481
Equity per share (NOK)	**228**	197
Equity ratio	**44%**	41%
Non-current net asset value per share (NOK) [2]	**276**	240
Net cash flow from operations	**1 635**	1 350
Cash reserves [3]	**8 137**	4 950
Amortisation next 12 months	**7 578**	4 669
Interest-bearing debt [4]	**21 713**	21 252
Interest rate as at 31.12	**2.98%**	3.24%
Loan to value ratio [5]	**42%**	44%
Net investments [6]	**1 875**	4 239
Investment properties	**51 435**	47 695
Annual rental income [7]	**2 910**	2 850
Yield	**5.17%**	5.32%
Sales, owned shopping centres	**50 768**	50 380
Sales, managed shopping centres	**13 273**	12 551
Share price as at 31.12 (NOK)	**163.0**	160.0

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 7%)) / Number of shares.
3) Bank deposits etc. + Undrawn borrowing facilities.
4) Unsecured part of interest-bearing debt NOK 6,399 million (31.12.2017) and NOK 3,460 million (31.12.2016), 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.

URBAN DEVELOPMENT IN STORO

Total space of around 60,000 sq. m. is being built next to Storo Storsenter. This will house Norway's largest cinema complex, new restaurants, a conference hotel, two apartment buildings and a kindergarten.

– Olav Thon has demonstrated incredible stamina and motivation with respect to achieving his vision for the area and we are now seeing the results. There will be a new cinema, a new hotel and new homes here. We are also building great premises for rent at street level and there has been a great deal of interest, says Thon Eiendom's head of development, Jørgen Sollie.

14-SCREEN, IMAX CINEMA

Norway's largest cinema complex, ODEON Oslo, opened in March 2018.
– Each of the 14 screens will give the audience a first-class film experience. The new cinema is one of the largest attractions in the city of Oslo in terms of visitor numbers. The quality of the films is completely different to what we are used to. Getting to Norway's largest cinema complex is easy whether you are travelling by car, bike, tram, bus, metro or walking, says Ivar Halstvedt, CEO of SF Kino.

Nydalen's transformation from an industrial area to a modern city district is unique in its diversity and modern creativity

Olav Thon

NEW CONFERENCE HOTEL

Thon Hotel Storo will open its doors for the first time in autumn 2018. It will be a modern conference hotel with 321 rooms and suites. The hotel will have a restaurant and bar with outdoor serving, a gym and a modern conference centre with a heavy emphasis on technology.

CENTRALLY LOCATED HOMES

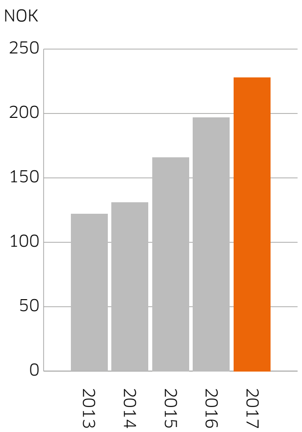
Storotunet is the name of the 149-apartment housing project.
– Storotunet offers apartments of different sizes and they will thus suit people in different phases of life who want to live in a new, pulsating district of Oslo. The top apartments will have private roof terraces and fantastic views of Oslo. There will also be a large communal green space between the apartment blocks, says Torill Larsen who heads the apartment rental department at Thon Eiendom.

Olav Thon is pleased with the transformation that has taken place in Storo:
– Nydalen's transformation from an industrial area to a modern city district is unique in its diversity and modern creativity, he says.


THON

BOARD OF DIRECTORS' REPORT 2017

Equity per share



Olav Thon Eiendomsselskap was able to report another year of good results in 2017, with growth in rental income, an increase in the value of the Group's investment properties, and stable financial expenses.

Highlights of the annual financial statements for 2017:

> The Group's rental income was NOK 2,770 (2,590) million.

> Profit before tax amounted to NOK 4,193 (4,465) million.

> Total fair value adjustments in investment properties and interest rate derivatives (inclusive of joint ventures and associated companies) amounted to NOK 2,438 (2,984) million.

> Profit before tax and fair value adjustments amounted to NOK 1,755 (1,481) million.

> Net cash flow from operations was NOK 1,635 (1,350) million.

> Equity per share increased in 2017 by 15% to NOK 228 (197) and the equity ratio at the end of the year was 44% (41%).

> Cash reserves at the end of the year amounted to NOK 8,137 (4,951) million.

THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which are issued by IASB and approved by the EU. The accounting policies have been applied consistently to all periods presented.

The Board of Directors confirms that the conditions for a going concern assumption in accordance with the requirements of the Norwegian Accounting Act are met. The annual financial statements for 2017 have been prepared on the basis of this assumption. No events have occurred after the reporting date that would materially affect the assessment of the Group's position and results as at 31 December 2017.

SUMMARY OF STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

Statement of financial position as at 31 December 2017

The Group's total assets were NOK 56,493 (52,529) million, with investment properties accounting for NOK 51,435 (47,695) million of that figure.

Equity amounted to NOK 24,580 (21,397) million and the equity ratio was 44% (41%).

Equity per share (majority share) was NOK 228 (197), while the "long-term net asset value per share" was calculated at NOK 276 (241).

Interest-bearing debt was NOK 21,713 (21,252) million, with a loan to value ratio of 42% (44%).

The Group's investments in joint ventures and associated companies was NOK 2,838 (2,646) million.

Summary of the income statement for 2017

Profit before tax amounted to NOK 4,193 (4,465) million.

Fair value adjustments in investment properties and interest rate derivatives (inclusive of joint ventures and associated companies) amounted to NOK 2,443 (2,984) million.

Profit before tax and fair value adjustments therefore amounted to NOK 1,761 (1,481) million.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Rental income amounted to NOK 2,770 (2,590) million with the increase since last year attributable to both new properties and completed property projects.

Other property-related income amounted to NOK 845 (847) 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 1,155 (1,183) million, including the above-mentioned service charges of NOK 763 (750) million. Maintenance expenses for the property portfolio amounted to NOK 87 (121) million.

Net rental income amounted to NOK 2,460 (2,243) million.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The value of the Group's investment properties increased by NOK 2,216 (2,651) million.

The increase in market value was due to both a lower average yield and increased rental income in the property portfolio.

The lower yield was primarily due to the high demand for commercial properties as investment objects.

SHARE OF RESULTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

The Group's share of the results of joint ventures and associated companies amounted to NOK 199 (315) million.

The decrease since last year was largely attributable to somewhat lower fair value adjustments than in the year before for investment properties in this part of the property portfolio. A summary of the income statements and balance sheets for these companies can be found in notes 3 and 4.

OTHER OPERATING INCOME AND EXPENSES

Other operating income amounted to NOK 170 (153) million, the majority of which was income from property management for external owners and sales revenue from other activities.

Fees for property management for external owners amounted to NOK 53 (46) million.

Other operating and administrative expenses amounted to NOK 301 (272) million, while scheduled depreciation amounted to NOK 27 (28) million.

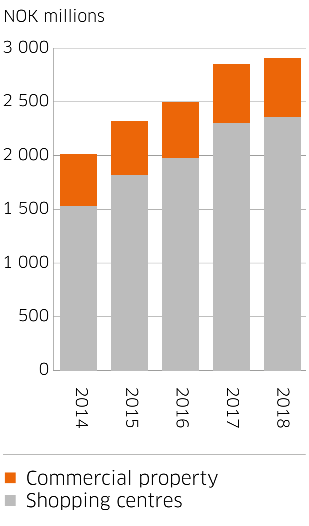
FINANCIAL INCOME AND EXPENSES

The Group’s net financial expenses amounted to NOK 689 (715) million. The reduction was due to a lower average interest rate, although it was moderated by slightly higher interest-bearing debt. The Group’s average interest rate for 2017 was 3.11% (3.37%).

FAIR VALUE ADJUSTMENTS OF INTEREST RATE DERIVATIVES

The value of the Group's interest rate derivatives increased by NOK 165 (119) million, primarily due to shorter remaining terms in the portfolio of interest rate swap agreements.

Annual rental income level



Cash flow and cash

Net cash flow from operations in 2017 was NOK 1,635 (1,350) million. The change in working capital amounted to NOK -9 (429) million, resulting in net cash flow from operating activities of NOK 1,626 (1,779) million.

Net cash flow from investing activities was NOK -1,550 (-3,386) million, while financing activities reduced cash by NOK -29 (1,738) million.

Exchange rate effects amounted to NOK -5 (3) million in 2017 and cash reserves thus increased by NOK 41 (134) million.

The Group's cash reserves ended the year at NOK 8,137 (4,951) million and consisted of short-term investments of NOK 366 (325) million and undrawn long-term credit facilities of NOK 7,771 (4,625) million.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ALLOCATION OF PROFIT FOR THE YEAR

The parent company Olav Thon Eiendomsselskap ASA's financial statements have been prepared in accordance with Norwegian accounting rules (NGAAP).

The parent company's operating income amounted to NOK 951 (941) million, while profit before tax was NOK 33 (478) million.

The result after tax for the year was NOK -17 (371) million.

The Board of Directors proposes the following allocation of the parent company's result:

Provisions for dividend, NOK 2.20 per share	NOK 234 million
Transferred from other equity	NOK 251 million
Allocated net result	NOK 251 million

The book value of the parent company's assets was NOK 21,840 (21,750) million at year end. Book equity was NOK 1,347 (1,612) million and the equity ratio was 6% (8%).

PROPERTY OPERATIONS

Property portfolio as at 31 December 2017

The Group's portfolio of investment properties is carried at fair value. For information on the valuation model and the variables used in the valuation, please see note 16.

At year end, the property portfolio was valued at NOK 51,435 (47,695) million, based on an average yield of 5.17% (5.32%).

The property portfolio is divided into the following property segments:

SEGMENT	PROPORTION OF PROPERTY VALUES	NET YIELD
Shopping centres	81% (81)	5.23% (5.34)
Commercial properties	19% (19)	4.93% (5.23)

Annual rental income, inclusive of market rents for vacant spaces, increased by NOK 60 million in 2017 to NOK 2,910 million.

The increase was mainly attributable to completed property projects and general rental income growth.

As at 31 December 2017, the vacancy rate in the property portfolio was 2.7% (3.6%).

SHOPPING CENTRES

At the end of the year, the shopping centre portfolio comprised 98 shopping centres, 30 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 largest shopping centre, Sandvika Storsenter in Bærum, and a total of seven of the country's eight largest shopping centres in 2017.

Shopping centres owned by the Group

Rental income level in the portfolio of shopping centres owned by the Group increased by 2% to NOK 2,640 million in 2017 (inclusive of joint ventures and associated companies).

Total retail sales amounted to NOK 50.8 (50.4) billion in 2017, with the organic growth since 2016 estimated at around 2%.

Norway

In Norway, rental income from the Group's shopping centres increased by 2% to NOK 2,395 million (inclusive of joint ventures and associated companies) and total retail sales were NOK 47.1 (46.6) billion.

Sweden

Rental income from the Group's five Swedish shopping centres increased by 2% to SEK 245 million. Retail sales in the shopping centres amounted to SEK 3.8 (3.9) billion.

The development of sales in Sweden is being affected by, among other things, the remodelling of a number of centres.

COMMERCIAL PROPERTIES

Rental income from the Group's commercial properties (exclusive of the shopping centre properties) amounted to NOK 560 million, an increase of 2% from the year before.

Further information on property operations can be found on the company's website: www.olt.no.

Property portfolio owned by joint ventures and associated companies

In addition to the property portfolio carried directly on the Group's balance sheet, the Group owns stakes in a further 30 shopping centres through joint ventures and associated companies. The stakes in these companies are between 20% and 50%.

The Group's share of the rental income at year end was NOK 290 (275) million, and the value of the property portfolio was NOK 4,600 (4,239) million.

Investments

The Group's net investments in 2017 amounted to NOK 1,875 (4,239) million and mainly consisted of investments in property projects under construction and upgrading the existing property portfolio. No major property acquisitions were made in 2017.

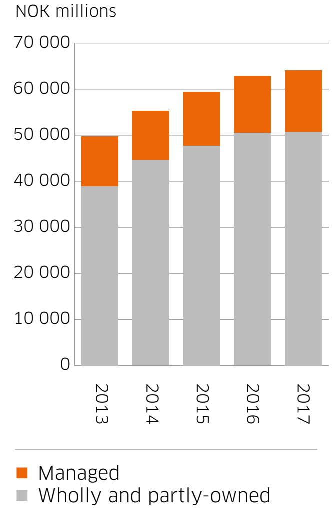
PROPERTY DEVELOPMENT – MAJOR PROPERTY PROJECTS

Property development is an important part of the Group's operations and there was a high level of activity in this area in 2017.

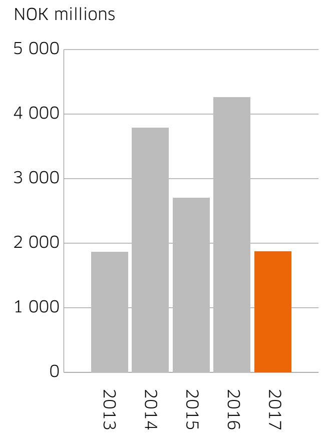
Two wholly and partly-owned shopping centres were upgraded and extended during the year, resulting in approx. 24,000 sq. m. of rentable space.

At the start of 2018, remodelling and extension work is being carried out on a further four wholly and partly-owned shopping centres. Upon completing these development projects, the centres

Shopping centre sales



Net investments



Unutilized credit facilities

- < 12 months (24%)
- 1-5 years (36%)
- > 5 years (40%)

will add around 80,000 sq. m. of new rentable space as well as substantial parking space.

Next to Storo Storsenter in Nydalen in Oslo, properties are being erected with a total area of around 60,000 sq. m. The buildings that will be completed in 2018 and 2019 will house a 321-room hotel, Norway's largest cinema complex with 14 screens, 149 residential units for rent, and other office and retail space.

For more information about the Group's property projects, please see the company's website: www.olt.no.

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 regarded as very good and the credit margin in both the bank and the capital markets showed a downward trend throughout 2017.

Total credit facilities were NOK 29,484 (25,877) million at year end and NOK 7,771 (4,625) million of this amount was undrawn. Interest-bearing debt thus amounted to NOK 21,713 (21,252) million.

The capital markets in Norway and Sweden are important sources of financing and a significant proportion of the Group's financing is raised in these financing markets.

At year end, the outstanding certificate and bond debt amounted to NOK 13,159 (9,913) million, distributed as follows:

Norway:	NOK 9,410 (7,630) million
Sweden	SEK 3,750 (2,400) million

At the same point in time, the debt had an average remaining term of 2.4 (2.7) years, with 35% (22%) due for repayment within 1 year.

Further information on financial matters can be found on the company's website: www.olt.no.

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Eiendomsselskap practises equality and has zero tolerance for any form of discrimination or harassment of employees.

All employees are entitled to equal and fair treatment regardless of age, ethnic origin, disability, skin colour, nationality, political views and religion or other belief.

Olav Thon Eiendomsselskap has defined equal pay for men and women with comparable positions as a goal for its gender equality work. No systematic differences in pay between men and women have been identified in Olav Thon Eiendomsselskap.

Work is in progress to promote universal design of the Group's general facilities, so that they can also be used by persons with impaired functional ability.

The Board considers the above-mentioned conditions and the general working environment to be satisfactory. At the end of 2017, there were 451 (438) FTEs in the Group. At the same time, the parent company Olav Thon Eiendomsselskap had 32 (39) FTEs.

44% of the Group's employees are women and 56% are men. The sick leave rate in 2017 was 3.6% (3.3%). No significant injuries or accidents were sustained in operations during the period. No deficiencies in other areas of employee safety or the working environment have been identified.

The company's Board of Directors consists of two women and three men.

ENVIRONMENTAL STATUS

Olav Thon Eiendomsselskap follows the Olav Thon Group's guidelines on sustainable value creation and environmentally friendly business operations.

The Group focuses on environmental efficiency with energy management and waste separation as key areas.

Environmental work thus forms an integral part of operations in Olav Thon Eiendomsselskap and environmentally friendly initiatives are implemented for the benefit of both its operations and the tenants' use of the properties.

Further information on environmental and sustainable value creation can be found on the company's website: www.olt.no.

CORPORATE SOCIAL RESPONSIBILITY

Olav Thon Eiendomsselskap follows the Olav Thon Group's guidelines on corporate social responsibility.

The Olav Thon Group is a member of the UN Global Compact, and works systematically in the areas of human rights, working conditions, environment, anti-corruption and social responsibility.

This work is followed up through goals and measures pursuant to the Global Reporting Initiative (GRI) framework and is documented in an annual corporate social responsibility report.

Further information on corporate social responsibility work can be found on the company's website: www.olt.no.

CORPORATE GOVERNANCE

Olav Thon Eiendomsselskap aims to maintain a high level of confidence among investors, lenders, tenants and society in general, and therefore strives to achieve good corporate governance.

The management of the Group is based on the principles set forth in the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES).

A supplementary report on corporate governance can be found on the company's website: www.olt.no.

The Board of Olav Thon Eiendomsselskap ASA held five meetings in 2017.

SHARES AND SHAREHOLDERS

Share price development

The price of the Olav Thon Eiendomsselskap share rose by 2% in 2017 to a closing price of NOK 163 as at 29 December 2017. The company's shares therefore generated a total return (inclusive of the dividend) of 3% in 2017, while the main index of the Oslo Stock Exchange rose by 19%.

At year end, the company's market capitalisation was NOK 17.4 billion.

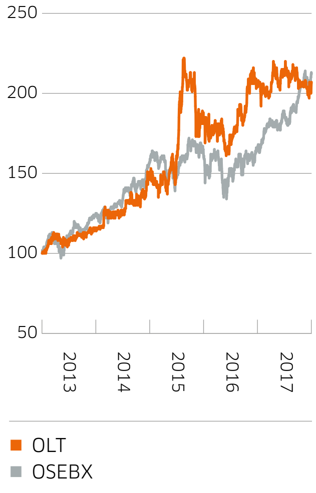
Share trades

The share was traded 19,050 (10,126) times on the Oslo Stock Exchange in 2017. The highest and lowest prices in 2017 were NOK 177,5 (170) and NOK 155,5 (124), respectively.

Dividend

At the annual general meeting on 23 May 2017 it was decided to pay a dividend of NOK 2.00 per share for 2016.

Share price and OSEBX developement last 5 years



The Board proposes that the dividend be increased to NOK 2.20 per share for 2017.

Further information on shareholder matters can be found on the company's website: www.olt.no.

OLAV THON EIENDOMSSELSKAP'S RISK FACTORS

The Group's risk factors can be divided into the following main categories:

> Market risk
> Financial risk
> Operational risk

Market Risk

The Group's market risk is related to developments in the Norwegian property market.

The Norwegian property market is affected by macroeconomic factors in Norway and the demand for commercial property as an investment object.

Changes in the market's yield used in the sale of property and market rents for the properties have a direct effect on property values.

THE COMMERCIAL PROPERTY MARKET IN 2017

With rising growth in the Norwegian economy, 2017 was a good year for commercial property.

The transaction market

The level of activity in the Norwegian commercial property market was high and the total transaction volume (with a value over NOK 50 million) amounted to around NOK 90 billion.

The sales volume of NOK 90 billion in 2017 is the second highest annual sales ever in Norway and reflects an active property market. The high demand for commercial properties as investment objects contributed to a general increase in commercial property values in most segments.

The rental market

Rental prices for shopping centres generally exhibited a stable or rising trend.

The vacancy rate in the Oslo area office rental market is showing a slight downwards trend and rental prices are rising.

THE GROUP'S MARKET RISK

Shopping centres, primarily in the large towns and cities of Norway and Sweden, generate 81% of the Group's rental income. A large proportion of the tenants are international and national retail chains, and the lease contracts have a balanced maturity structure.

Personal consumption is expected to rise in the next few years and the retail trade is also expected to develop positively going forward. Online shopping is expected to grow faster than the physical retail trade, although online shopping still accounts for a small proportion of retailing. Projects have been started to adjust the Group's shopping centres to the digitalisation of retailing and the services offered at the centres are also being developed. Overall, the framework conditions for the Group's shopping centre properties are considered satisfactory.

19% of rental income comes from commercial properties in the Oslo area, with office properties representing the largest proportion. The properties are leased to a large number of tenants in various sectors, and the lease contracts have a balanced maturity structure in this segment as well.

The risk of a substantially higher vacancy rate and a significant fall in rental income in the property portfolio is considered moderate. A sensitivity analysis of what effects any changes to the yield and rental income would have on property values and the equity ratio can be found in note 16 and on the company's website: www.olt.no.

Financial risk

The greatest financial risks for Olav Thon Eiendomsselskap are considered to be the Group's access to financing in the banking and capital markets and the price of financing.

Access to financing depends on both developments in the financial markets and the Group's creditworthiness.

The price of financing depends on market interest rates and the specific credit margin the Group has to pay.

The credit margin is in turn linked to the Group's creditworthiness and developments in the credit market.

TRENDS IN THE FINANCIAL MARKETS

The competition situation in the Nordic banking sector intensified somewhat in 2017, with reduced credit margins and a greater willingness to lend.

The financing opportunities in both the Norwegian and Swedish capital markets were good in 2017 and the Group increased its limit for commercial papers in the Swedish market from SEK 1.5 billion to SEK 3.0 billion.

The credit market

The credit spread indicated for new loans issued by the Group fell gradually during the year. At year end, the credit spread for 5-year secured bond issues in Norway was indicated at 0.75% (0.90%), while 12-month unsecured commercial papers were indicated at 0.35% (0.50%).

Development of interest rates

The Norwegian short-term money market rate (3-month NIBOR) dropped during the year to 0.81% (1.17%) at year end. The long-term money market rate (10-year swap rate) was relatively stable throughout the year and was quoted as 1.94% (1.95) at year end.

In 2017, both the short and long-term money market rates in Sweden were stable, but with a slightly increasing tendency. The short-term money market rate (3-month STIBOR) rose from -0.59% to -0.48%, while the long-term money market rate (10-year swap rate) rose from 1.10% to 1.20%.

THE GROUP'S FINANCIAL RISK

The Group's financial risk can in turn be divided into:
> Liquidity risk
> Interest rate risk
> Currency risk
> Credit risk

Liquidity risk

Liquidity risk is linked to the Group's ability to discharge its debt obligations as they fall due. The risk is mitigated by having substantial cash reserves available, a moderate loan to value ratio, long-term loan agreements and different financing sources and markets.

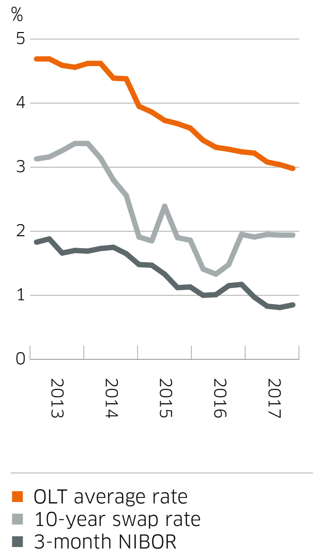
The Group's total cash reserves ended the year at NOK 8,137 (4,951) million. The debt portfolio had an average remaining term of 2.4 (2.7) years at year end.

35% (22%) of debt is due within 1 year and the need for refinancing in the coming year will mainly be covered by existing cash reserves.

Interest rate risk

Interest rate risk means the risk of changes in the Group's cash flow,

Interest rates last five years



Repayment structure

< 12 months	(35%)
1-5 years	(55%)
> 5 years	(10%)

Interest maturity structure

< 12 months	(42%)
1-5 years	(20%)
> 5 years	(38%)

earnings and equity as a result of changes in the short-term and long-term interest rate markets.

The risk is managed partly by having a significant proportion of long-term fixed-rate agreements. The Group normally hedges interest rates by using interest rate derivatives at a portfolio level, which enables more efficient and flexible management of the Group's interest rate portfolio.

At year end, the average fixed-rate period was 3.8 (4.1) years and the average interest rate was 2.98% (3.24%).

The Group's interest rate derivatives (interest rate swaps) are posted to market value and are mainly used to secure the group's long-term interest rate bond. At year end, the portfolio of interest rate swaps entered into for this purpose was NOK 11,139 (11,091) million and had a fair value of NOK -1,765 (-1,930) million.

The fair value of the portfolio 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 long-term interest rates would change the fair value of the portfolio by approx. NOK 750-850 million.

Further information on the Group's financial matters can be found on the company's website: www.olt.no.

Currency risk

Olav Thon Eiendomsselskap is exposed to financial risk due to the NOK/SEK exchange rate. Because the consolidated annual financial statements are prepared in NOK, both the Group's profit and equity are affected by the exchange rate.

Olav Thon Eiendomsselskap primarily reduces its currency risk through foreign currency borrowing and its currency risk exposure is considered low.

Credit risk

The Group's credit risk is primarily the risk of losses as a result of tenants' failure to pay the agreed rent. The properties are leased to a large number of tenants in different sectors and the Group's routines for managing the lease contracts are considered to be good.

Operational risk

The Group's operational risk is primarily associated with the failure of employees and operational management systems to function as expected.

Management is organised so that the risk arising from the activities and absence of an individual is relatively low, and the Group's management systems are considered to be robust.

As a quality assurance measure, the Group's auditor also conducts systematic risk assessments of various aspects of the Group's operations and management.

OUTLOOK

The trend in the Norwegian economy is positive and most areas of the economy are developing well. Growth is expected to remain at a relatively high level in Norway for the next few years. Norges Bank is indicating that the key interest rate will gradually rise during this period, albeit at a moderate tempo.

In Norway, demand for commercial property as an investment object remains high and, with the prospect of continued moderate interest rates, this is expected to last.

Personal consumption is expected to rise in the next few years and the retail trade is also expected to develop positively going forward. Online shopping is expected to grow faster than the physical retail trade, although online shopping still accounts for a small proportion of retailing.

Projects have been started to adjust the Group's shopping centres to the digitalisation of retailing and the services offered at the centres are also being developed. Overall, the framework conditions for the Group's shopping centres are considered satisfactory.

The vacancy rate in the Oslo area office market is falling and rental prices are rising. A low level of new construction and high demand for office premises are expected to contribute to 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.

DECLARATION PURSUANT TO SECTION 5-5 OF THE NORWEGIAN SECURITIES TRADING ACT

We confirm that, to the best of our knowledge, the company's annual financial statements for 2017 have been prepared in accordance with applicable accounting standards and that the disclosures in the financial statements give a true and fair view of the Group's and the company's assets, liabilities, financial position and profit or loss taken as a whole.

The Board of Directors' Report, to the best of the Board's knowledge, provides a fair overview of the development and financial performance and position of the Group and the company, and describes the principal risks and uncertainties the Group faces.

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

STATEMENT OF TOTAL COMPREHENSIVE INCOME

GROUP

	2017	2016
(Figures in NOK millions)		
Rental income	2 770	2 579
Other property-related income	845	847
Property-related expenses	-1 155	-1 183
Net rental income	**2 460**	**2 243**
Fair value adjustments, investment property	2 216	2 651
Results from joint ventures and associates	199	315
Other operating income	170	153
Other operating expenses	-137	-131
Administrative expenses	-164	-141
Depreciation	-27	-28
Operating profit	**4 717**	**5 062**
Financial income	6	8
Fair value adjustments, interest rate derivatives	165	119
Financial expenses	-695	-723
Profit before tax	**4 193**	**4 465**
Change in deferred tax	-595	-844
Income tax payable	-116	-20
Tax	**-711**	**-864**
Profit for the period	**3 482**	**3 601**
Other comprehensive income & costs		
Items to be reclassified to P&L in subsequent periods:		
Exchange differences, from foreign operations	77	-126
Hedging of net investment	-72	106
Change in deferred tax on other comprehensive income	16	-26
Total comprehensive income	**3 503**	**3 556**
Profit for the period attributable to:		
Shareholders of the parent	3 406	3 567
Non-controlling interests	76	34
Total comprehensive income attributable to:		
Shareholders of the parent	3 427	3 522
Non-controlling interests	76	34
Earnings per share, basic and diluted (NOK)	32	33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP

(Figures in NOK millions)	**2017**	2016
ASSETS		
Deferred tax asset	412	550
Investment properties	51 435	47 695
Other fixed assets	99	98
Investments in joint ventures and associates	2 838	2 646
Other non-current assets	294	198
Total non-current assets	**55 078**	**51 187**
Trade and other current receivables	1 050	1 017
Bank deposits and cash	366	325
Total current assets	**1 415**	**1 342**
Total assets	**56 493**	**52 529**
EQUITY AND LIABILITIES		
Majority share of equity	24 061	20 950
Non-controlling interests	518	447
Total equity	**24 580**	**21 397**
Deferred tax liabilities	6 945	6 494
Non-current liabilities	15 701	18 516
Current liabilities	9 267	6 122
Total liabilities	**31 914**	**31 132**
Total equity and liabilities	**56 493**	**52 529**

CONSOLIDATED CASH FLOW STATEMENT

GROUP

	2017	2016
(Figures in NOK millions)		
Profit before tax	4 193	4 484
Fair value adjustments, investment property	-2 216	-2 651
Fair value adjustments, interest rate derivatives	-165	-119
Expensed interest	666	687
Interest paid	-652	-691
Share of results of joint ventures and associated companies	-199	-315
Income tax paid	-19	-73
Depreciation	27	28
Change in operating-related accruals	-9	429
Net cash flow from operating activities	**1 626**	**1 779**
Proceeds from sale of property, plant & equipment	0	3
Purchase of investment properties and property, plant & equipment	-1 452	-962
Payments linked to acquisitions of subsidiaries	-9	-2 168
Other investment	-90	-259
Net cash flow from investing activities	**-1 550**	**-3 386**
Proceeds from interest-bearing liabilities	10 894	11 549
Repayment of interest-bearing liabilities	-10 609	-9 604
Dividends paid	-214	-194
Payments upon purchase of own shares	-100	-13
Net cash flow from financing activities	**-29**	**1 738**
Exchange rate effects	**-5**	**3**
Net change in bank deposits and cash	**41**	**134**
Bank deposits and cash as at 1 Jan	325	190
Bank deposits and cash as at 31 Dec	366	325
Unutilized overdrafts and other credit facilities	7 771	4 862

STATEMENT OF CHANGES IN EQUITY

GROUP

	Attributable to shareholders of the parent company							
(Figures in NOK millions)	Share capital	Share premium reserve	Translation differences	Retained earnings	Hedging reserve	Majority share of equity	Non-controlling interests	Total
Equity as at 31 Dec 2015	**106**	**318**	**6**	**17 194**	**0**	**17 624**	**416**	**18 040**
Year's profit/loss				3 567		3 567	34	3 601
Other operating income and expenses			-126		81	-45		-45
Dividend				-190		-190		-190
Purchase of own shares				-13		-13		-13
Other				7		7	-2	5
Equity as at 31 Dec 2016	**106**	**318**	**-120**	**20 565**	**81**	**20 950**	**447**	**21 397**
Year's profit/loss				3 406		3 406	76	3 482
Other operating income and expenses			77		-55	21		21
Purchase of own shares				-100		-100		-100
Dividend				-214		-214		-214
Other				-1		-1	-5	-6
Equity as at 31 Dec 2017	**106**	**318**	**-43**	**23 655**	**26**	**24 062**	**518**	**24 580**

ALTERNATIVE PERFORMANCE MEASURES

GROUP

(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.

	2017	2016
Fair value adjustments, investment property from profit and loss	2 216	2 651
Fair value adjustments, investment property - Joint ventures	26	179
Fair value adjustments, investment property - Associated companies	26	24
Fair value adjustments, interest rate derivatives from profit and loss	165	119
Fair value adjustments, interest rate derivatives - Joint ventures	5	12
Fair value adjustments in investement property and interest rate derivatives	**2 438**	**2 984**

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.

	2017	2016
Profit before tax	4 193	4 465
Adjusted for fair value adjustments in investement property and interest rate derivatives	-2 438	-2 984
Profit before tax and fair value adjustments	**1 755**	**1 481**

Non-current net asset value per share
The "long-term net asset value per share" after taking into account a fair value assessment of the deferred tax liabilities.

	2017	2016
Majority share of equity	24 061	20 950
Deferred tax liabilities	6 945	6 494
Fair value of debt - deferred tax liabilities - 6% (7%)	-1 812	-1 890
Non-current net asset value	**29 194**	**25 554**
Number of shares (own shares not included)	105 745 320	106 345 320
Non-current net asset value per share in NOK	**276**	**240**

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.

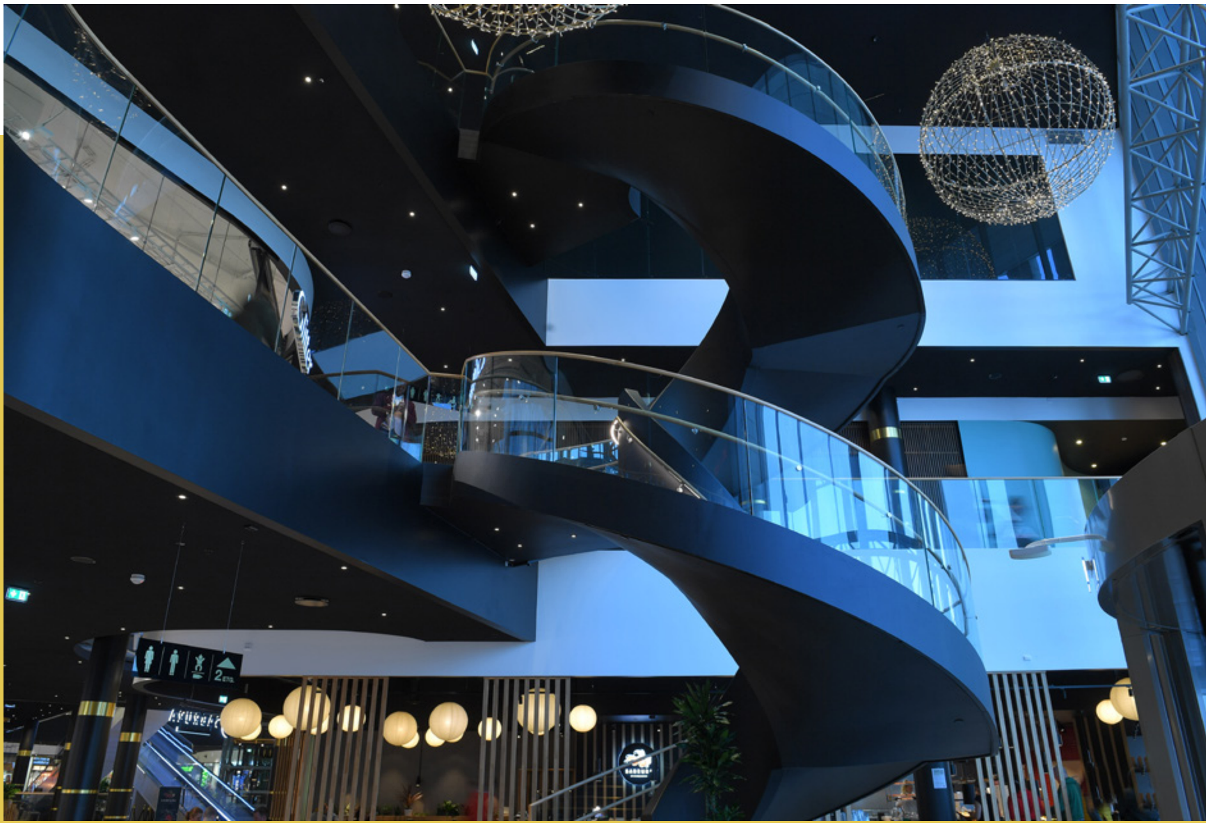
	2017	2016
Bonds, non-current	6 385	6 681
Bonds, current	2 375	855
Commercial paper debt, current	4 399	2 377
Other intert-bearing liabilities, non-current	7 750	9 903
Other intert-bearing liabilities, current	804	1 437
Interest-bearing debt	**21 713**	**18 006**
Bank deposits and cash	**-366**	**-325**
Net interest-bearing debt	**21 348**	**17 816**

Net cash flow from operations
Net cash flow from operations is intended to give readers a better understanding of the liquidity generated by the Group's operations. This is of relevance in assessing the company's financial results and financial position.

	2017	2016
Net cash flow from operating activities	1 626	1 779
Change in operating-related accruals	-9	429
Net cash flow from operations	**1 634**	**1 350**

STENERSGATA 2 | P.O. BOX 489 SENTRUM | 0105 OSLO | TELEPHONE: 23 08 00 00
WWW.OLT.NO | E-MAIL: FIRMAPOST.OLT@OLAVTHON.NO

OLAV THON
EIENDOMSSELSKAP



ANNUAL REPORT 2018

OLAV THON EIENDOMSSELSKAP IN BRIEF

HISTORY

Olav Thon Eiendomsselskap ASA was founded in 1982 and its shares were listed on the Oslo Stock Exchange in 1983.

The company has grown significantly since its start-up, with its annual rental income from properties having risen from NOK 27 million originally to NOK 2,910 million at the start of 2018. In the same period, the company's market capitalisation has increased from NOK 200 million to NOK 17,4 billion.

Since the early 1990s, its main focus area has been shopping centre properties and Olav Thon Eiendomsselskap is today the largest shopping centre actor in Norway and also an important player in the Swedish shopping centre market.

The company is part of the Olav Thon Group, which is Norway's largest private property player and one of Norway's largest hotel operators (Thon Hotels). The Olav Thon Group is owned by the Olav Thon Foundation.

MAIN STRATEGY: ACQUIRE – DEVELOP – OWN

The company's strategy is to invest in properties with development potential within various property segments.

The company aims to realise the development potential of the property portfolio through active development, effective management and satisfied tenants. In a capital intensive industry, it is important for the company to have an unconditional and strong financial position.

The combination of a high current return on the property portfolio and value creation through active property development is expected to help maximise growth in value in both the short- and long-term.

BUSINESS OBJECTIVES

The overall goal for Olav Thon Eiendomsselskap's business is to achieve maximum growth in equity per share so that shareholders achieve a long-term return that is competitive with comparable investment alternatives.

BOARD AND SENIOR MANAGEMENT

Olav Thon, Chairman of the Board
Kristian Leer-Salvesen, Board Member
Sissel Berdal Haga, Board Member
Stig O. Jacobsen, Board Member
Line Norbye, Board Member
Dag Tangevald-Jensen, CEO

HIGHLIGHTS

- The Group's rental income was NOK 2,828 (2,770) million.
- Profit before tax and fair value adjustment of properties was NOK 1,857 (1,755) million.
- Net cash flow from operations was NOK 1,665 (1,640) million.
- Total fair value adjustments in investment properties and financial instruments (inclusive of joint ventures and associated companies) amounted to NOK 1,022 (2,438) million.
- Profit before tax amounted to NOK 2,880 (4,193) million.
- Equity per share increased by 9% to NOK 249 (228) and the equity ratio at the end of the year was 46% (44%).
- Liquidity reserves at the end of the year was NOK 7,168 (8,137) million.

KEY FIGURES

(In NOK millions)	31.12.18	31.12.17
Net rental income	2 487	2 460
Fair value adjustments in investment properties and interest rate derivatives [1]	1 022	2 438
Profit before taxes	2 880	4 193
Profit before tax and fair value adjustments [1]	1 857	1 755
Equity per share (NOK)	249	228
Equity ratio	46%	44%
Non-current net asset value per share (NOK) [2]	297	276
Net cash flow from operations [3]	1 665	1 640
Cash reserves [4]	7 168	8 137
Amortisation next 12 months	6 137	7 578
Interest-bearing debt [5]	21 597	21 713
Interest rate as at 31.12	3.04%	2.98%
Loan to value ratio [6]	40%	42%
Net investments [7]	1 287	1 734
Investment properties [8]	53 367	51 435
Annual rental income [9]	3 100	2 910
Yield	5.10%	5.17%
Sales, owned shopping centres	51 669	50 985
Sales, managed shopping centres	9 603	13 273
Share price as at 31.12 (NOK)	140.0	163.0

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] Net cash flow from operating activities + Expenced interest - Interest paid - Income tax paid + Change in operating related accruals.
[4] Bank deposits etc. + Undrawn borrowing facilities
[5] Unsecured part of interest-bearing debt NOK 4,864 million (31.12.2018) and NOK 6,399 million (31.12.2017), respectively
[6] (Interest bearing debt - Bank deposits etc) / Investment properties
[7] Net supply of investment properties with addition for activated upgrades
[8] Includes owner-occupied properties
[9] Includes market rent for vacant premises

BOARD OF DIRECTORS' REPORT 2018

Olav Thon Eiendomsselskap achieved another year with good result in 2018.

The highlights of the Board of Directors' Report for 2018 are as follows:

- The Group's rental income was NOK 2,828 (2,770) million.
- Profit before tax and fair value adjustment of properties was NOK 1,857 (1,755) million.
- Net cash flow from operations was NOK 1,665 (1,640) million.
- Total fair value adjustments in investment properties and financial instruments (inclusive of joint ventures and associated companies) amounted to NOK 1,022 (2,438) million.
- Profit before tax amounted to NOK 2,880 (4,193) million.
- Equity per share increased by 9% to NOK 249 (228) and the equity ratio at the end of the year was 46% (44%).
- Liquidity reserves at the end of the year was NOK 7,168 (8,137) million.

THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which are issued by IASB and approved by the EU. The accounting policies have been applied consistently to all periods presented.

In accordance with the requirements of the Accounting Act, the Board confirms that the basis for continuing operations is present, and that the annual accounts for 2018 have been prepared in accordance with this.

No events have occurred after the end of the financial year that are considered to be of significance for the assessment of the Group's position and results as of 31.12.18.

SUMMARY OF INCOME STATEMENT AND BALANCE SHEET

Financial position/balance sheet as at 31 December 2018

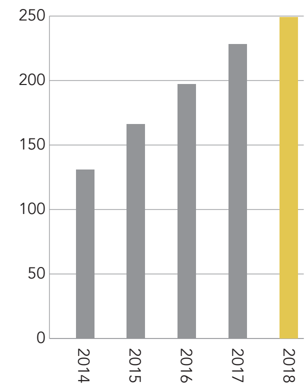
The Group's total assets were NOK 58,573 (56,493) million, with investment properties accounting for NOK 53,174 (51,435) million of that figure.

Equity amounted to NOK 26,827 (24,580) million and the equity ratio was 46% (44%).

Equity per share (majority share) was NOK 249 (228), while the triple net asset value per share was calculated as being NOK 298 (279).

EQUITY PER SHARE

(NOK)



Interest-bearing debt was NOK 21,597 (21,713) million, with a loan to value ratio of 40% (42%).

The Group's share of the equity in joint ventures and associated companies was NOK 2,854 (2,838) million.

Summary of results for 2018
Profit before tax amounted to NOK 2,880 (4,193) million.

Fair value adjustments on investment properties and financial instruments totalled NOK 1,022 (2,443) million.

Profit before tax and fair value adjustments therefore amounted to NOK 1,857 (1,755) million.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES
Rental income amounted to NOK 2,828 (2,770) million, the increase since last year was primarily due to property projects completed.

Other property-related income amounted to NOK 874 (845) 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 1,215 (1,155) million, including the above-mentioned service charges of NOK 774 (759) million. Maintenance expenses for the property portfolio amounted to NOK 96 (87) million.

Net rental income amounted to NOK 2,487 (2,460) million.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES
The value of the Group's investment properties increased by NOK 867 (2,216) million.

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

- Shopping centre properties in Norway and Sweden.
- Commercial properties - primarily in the Oslo area.

As a result of market developments in the Norwegian and Swedish property markets, the value of the property segments developed differently in 2018.

The value of the Group's commercial properties increased mainly due to the average yield having fallen from 4.93% to 4.53%, while the value of the Group's shopping centre properties decreased due to an increase in the average yield from 5.23% to 5.28%.

For further details, please refer to the section on property operations and in the annual report.

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATED COMPANIES
The Group's share of the results of joint ventures and associated companies amounted to NOK 96 (199) million.

The decrease to the previous year was primarily due to the overall value adjustments on investment properties and financial instruments in these companies amounted to NOK -118 (57) million.

A summary of the income statements and balance sheets for these companies can be found in notes 3 and 4.

OTHER OPERATING INCOME AND EXPENSES
Other operating income amounted to NOK 179 (193) million, the majority was income from property management for external owners and sales revenue from other activities.

Fees for property management for external owners amounted to NOK 47 (53) million.

Other operating and administrative expenses amounted to NOK 350 (324) million, while scheduled depreciation amounted to NOK 20 (27) million.

FINANCIAL INCOME AND EXPENSES

The Group's net financial expenses amounted to NOK 651 (689) million. The decrease was due to both a lower average interest rate and increased foreign exchange gains. The Group's average interest rate for 2018 was 3.03% (3.11%).

FAIR VALUE ADJUSTMENTS OF FINANCIAL INSTRUMENTS

The value of the Group's financial instruments increased by NOK 273 (165) million, both due to the rise of long term interest rate in 2018 and the remaining term on a number of financial instruments was reduced.

Cash flow and liquidity

Net cash flow from operations in 2018 was NOK 1,665 (1,640) million.

Net cash flow from operating activities was NOK 1,587 (1.626) million.

Net cash flow from investing activities was NOK -1,386 (-1,550) million, while financing activities reduced liquidity by NOK 262 (-29) million.

Exchange rate effects amounted to NOK 0 (-5) million and liquidity reserves declined by NOK 60 (41) million in 2018.

The Group's liquidity reserves amounted to NOK 7,168 (8,137) million at year end and consisted of short-term investments totalling NOK 305 (366) million and undrawn long-term credit facilities at NOK 6,863 (7,771) million.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ALLOCATION OF PROFIT FOR THE YEAR

The parent company Olav Thon Eiendomsselskap ASA's financial statements have been prepared in accordance with Norwegian accounting rules (NGAAP).

The parent company's operating income amounted to NOK 962 (951) million, while profit before tax was NOK 205 (33) million.

The result after tax for the year was NOK 102 (-17) million.

The Board of Directors proposes the following allocation of the parent company's result:

Allocated for dividend, NOK 4.40 per share:	NOK 465 million
Transferred from other equity:	NOK -364 million
Allocated result:	NOK 101 million

The book value of the parent company's assets was NOK 22,434 (21,840) million at year end. Book equity was NOK 984 (1,347) million and the equity ratio was 4% (6%).

PROPERTY OPERATIONS

Property portfolio as at 31 December 2018

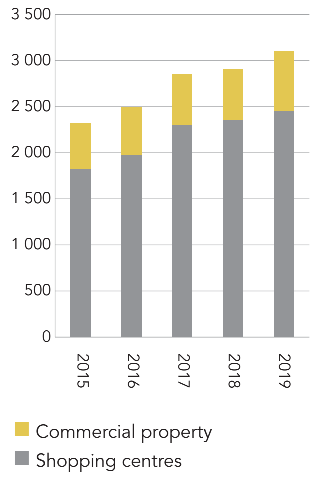
The Group's portfolio of investment properties is carried at fair value. For information on the valuation model and the variables used in the valuation, please see note 16.

At year end, the property portfolio was valued at NOK 53,174 (51,435) million, based on an average yield of 5.10% (5.17%).

Annual rental level, including market rent on vacant property, increased in 2018 with NOK 190 million to NOK 3.100 million. The increase is mainly due to property projects completed.

ANNUAL RENTAL INCOME LEVEL

NOK millions



Based on rental level, the property portfolio is divided into the following property segments:

Segment	Share of the portfolio	Net yield
Shopping centre properties	79% (81%)	5.28% (5.23%)
Commercial properties	21% (19%)	4.53% (4.93%)

As at 31 December 2018, the vacancy rate in the property portfolio was 2.5% (2.7%).

SHOPPING CENTRES

At the end of the year, the shopping centre portfolio comprised 88 shopping centres, 20 of these 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 largest shopping centre, Sandvika Storsenter in Bærum, and a total of seven of the country's eight largest shopping centres in 2018.

Shopping centres owned by the Group

Rental income in the portfolio of shopping centres owned by the Group increased by 4% to NOK 2,740 million in 2018 (inclusive of joint ventures and associated companies).

In 2018, total retail sales in the shopping centres was NOK 51,669 (50,985) million.

Norway

In Norway, rental income from the shopping centres increased by 4% to NOK 2,500 million (inclusive of joint ventures and associated companies) and total retail sales were NOK 48,122 (47,304) million.

Sweden

Rental income from the Group's five Swedish shopping centres remained unchanged at SEK 245 million. Retail sales were SEK 3,788 (3,804) million.

COMMERCIAL PROPERTIES

Rental income from the Group's commercial properties (exclusive of the shopping centre properties) was NOK 650 million, an increase of 16% from the previous year.

Further information on property operations can be found on the company's website: www.olt.no.

Property portfolio owned by joint ventures and associated companies

In addition to the property portfolio carried on the Group's balance sheet, the Group owns stakes in a further 19 shopping centres through joint ventures and associated companies. The stakes in these companies are between 12,5% and 50%.

The Group's share of the rental income at year end was NOK 290 (280) million, and the value of the property portfolio was NOK 4,706 (4,598) million.

INVESTMENTS

The Group's net investments in 2018 amounted to NOK 1,304 (1,734) million and includes investments in property projects under construction, upgrading the existing property portfolio and property acquisitions.

MAJOR PROPERTY ACQUISITIONS AND SALES

Fannestrandveien 51, Molde

A retail and office property of 3,300 sq. m. close to the Group's shopping centres in Molde was taken over in the third quarter.

Klokkergårdsveien 32, Sarpsborg

A retail property of 5,000 sq. m. next to the Group's Amfi Borg shopping centre was purchased in the fourth quarter.

Vinterbro, Akershus

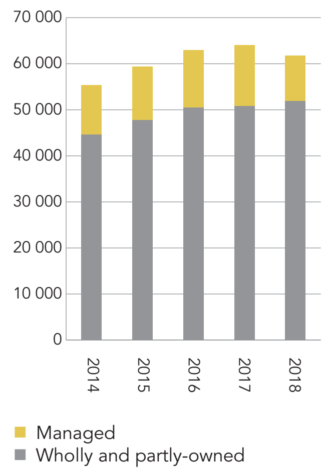
A 46,000 sq. m. plot was sold in the second quarter.

Amfi Kragerø

The Group's 50% share in the Amfi Kragerø shopping centre was sold in the third quarter.

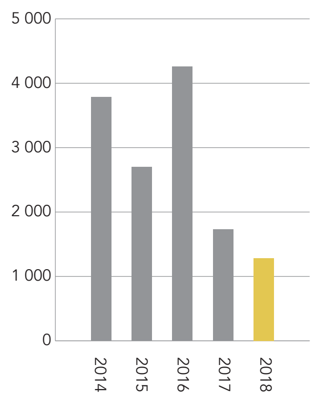
SHOPPING CENTRE SALES

NOK millions



NET INVESTMENTS

NOK millions



PROPERTY DEVELOPMENT - MAJOR PROPERTY PROJECTS

Property development is an important part of the Group's operations and there was also a high level of activity in 2018.

Major upgrades and extensions were made in four Norwegian shopping centres during the year. The first phase of the projects, which was completed in the second half of the year, added approximately 70,000 sq. m. of space, as well as substantial parking space. The final phase of the shopping centre projects will be completed in 2019 and will add a further 10,000 sq. m. of space.

At Vitaminveien, next to Storo Storsenter, a total space of around 60,000 sq. m. have been built. The properties contain a conference hotel with 321 rooms, Norway's largest cinema complex, 70 rental apartments, office and retail space. The final phase of the development, involving an additional 89 apartments, will be completed in 2019.

For more information about the Group's property projects, please see the company's website: www.olt.no.

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 was very good, even though the capital markets in both Norway and Sweden performed weakly in the second half of the year.

Total credit facilities were NOK 28,460 (29,484) million at year end, NOK 6,863 (7,771) million of this amount was undrawn. Interest-bearing debt thus amounted to NOK 21,597 (21,713) million.

The capital markets in Norway and Sweden are important sources of financing and a significant proportion of the Group's financing is raised in these financial markets.

At year end, the outstanding certificate and bond debt amounted to NOK 11,850 (13,159) million, distributed as follows:
Norway: NOK 8,485 (9,410) million
Sweden SEK 3,365 (3,750) million

The debt had an average remaining term of 2.1 (2.4) years, with 28% (22%) of the debt due for repayment within one year.

Further information on financial matters can be found on the company's website: www.olt.no.

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Eiendomsselskap practises equality and has zero tolerance for any form of discrimination or harassment of employees.

All employees are entitled to equal and fair treatment regardless of age, ethnic origin, disability, skin colour, nationality, political views and religion or other beliefs.

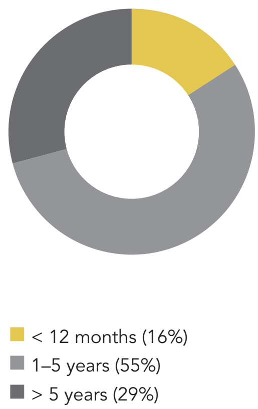
Olav Thon Eiendomsselskap has defined equal pay for men and women with comparable positions as a goal for its gender equality work. No systematic differences in pay between men and women have been identified in Olav Thon Eiendomsselskap.

Work is in progress to promote universal design of the Group's general facilities, so that they can also be used by persons with impaired functional ability.

The Board considers the above-mentioned conditions and the general working environment to be satisfactory.

At the end of 2018, there were 431 (451) FTEs in the Group. At the same

UNUTILIZED CREDIT FACILITIES



time, the parent company Olav Thon Eiendomsselskap had 28 (32) FTEs.

45% of the Group's employees are women and 55% are men. The sick leave rate in 2018 was 3.0% (3.6%).

No significant injuries or accidents were sustained in operations during the period. No deficiencies in other areas of employee safety or the working environment have been identified.

The company's Board of Directors consists of two women and three men.

ENVIRONMENTAL STATUS

Olav Thon Eiendomsselskap follows the Olav Thon Group's guidelines on sustainable value creation and environmentally friendly business operations.

The Group focuses on environmental efficiency with energy management and recycling as key areas.

Environmental work thus forms an integral part of operations in Olav Thon Eiendomsselskap and environmentally friendly initiatives are implemented for the benefit of both its operations and the tenants' use of the properties.

The operations satisfy the requirements for limiting pollution of the external environment.

Further information on environmental and sustainable value creation can be found on the company's website: www.olt.no.

CORPORATE SOCIAL RESPONSIBILITY

Olav Thon Eiendomsselskap follows the Olav Thon Group's guidelines on corporate social responsibility.

The Olav Thon Group is a member of the UN Global Compact, and works systematically in the areas of human rights, working conditions, environment, anti-corruption and social responsibility.

This work is followed up through goals and measures pursuant to the Global Reporting Initiative (GRI) framework and is documented in an annual corporate social responsibility report.

Further information on corporate social responsibility work can be found on the company's website: www.olt.no.

CORPORATE GOVERNANCE

Olav Thon Eiendomsselskap aims to maintain a high level of confidence among investors, lenders, tenants and society in general, and therefore strives to achieve good corporate governance.

The management of the Group is based on the principles set forth in the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES).

A supplementary report on corporate governance can be found on the company's website: www.olt.no.

The Board of Olav Thon Eiendomsselskap ASA held five meetings in 2018.

SHARES AND SHAREHOLDERS

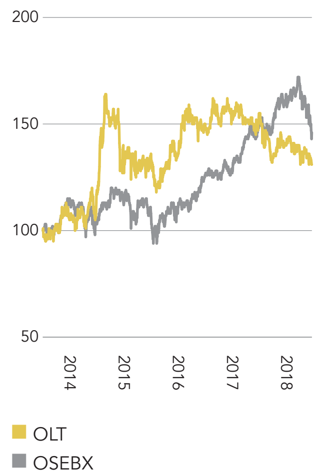
The price of Olav Thon Eiendomsselskap shares at the end of 2018 was NOK 140, down from NOK 163 at the start of the year. The company's shares therefore generated a total return (inclusive of the dividend) of -13% in 2018, while the main index of the Oslo Stock Exchange rose by 2%.

At year end, the company's market capitalisation was NOK 14.9 (17.4) billion.

Share trades

The stock was traded 22,973 (19,050) times on the Oslo Stock Exchange in 2018. The highest and lowest prices in 2018 were

SHARE PRICE AND OSEBX DEVELOPEMENT LAST 5 YEARS



NOK 166 (177.5) and NOK 140 (155.5), respectively.

Dividend
At the annual general meeting on 23 May 2018 it was decided to pay a dividend of NOK 2.20 per share for 2017.

The Board proposes to increase the dividend to NOK 4.40 per share for 2018.

With effect from 2018, the company's dividend policy will be adjusted to provide shareholders with a higher return on their equity investments.

Given a satisfactory equity ratio and liquidity, the ambition is to give shareholders a dividend corresponding to 30-40% of the Group's profit, exclusive of fair value adjustments.

Further information on shareholder matters can be found on the company's website: www.olt.no.

OLAV THON EIENDOMSSELSKAP'S RISK FACTORS

The Group's risk factors can be divided into the following main categories:

- Market risk
- Financial risk
- Operational risk

MARKET RISK

The Group's market risk is related to developments in the Norwegian property market, which are influenced by both the development in the Norwegian economy and the demand for commercial properties as investment objects.

Changes in the market's yield used in the sale of commercial property and market rents for the properties have a direct impact on property values.

THE COMMERCIAL PROPERTY MARKET IN 2018

With increased growth in the Norwegian economy 2018 was a good year for commercial property, characterized by general high demand for commercial property and increased rents.

The Group's property segments developed differently, with high demand for centrally located office and combination properties and less interest in shopping centre properties.

The transaction market
There was a high level of activity in the Norwegian market for commercial property in 2018, the and the total transaction volume was around NOK 90 billion.

The sales volume of NOK 90 billion represents the third highest annual sales ever in Norway and demonstrates that there was a high level of liquidity in the transaction market. The high demand for commercial property contributed to a positive development in the value of central office and combination properties, while shopping centre properties experienced a stable or slightly declining development in value during 2018.

The rental market
Rental prices for shopping centres generally exhibited a stable or slight downwards trend.

The vacancy rate in the Oslo area office rental market is showing a slight downwards trend and rental prices are rising.

THE GROUP'S MARKET RISK

79% of the Group's rental income comes from shopping centres, primarily in the large cities of Norway and Sweden. A large proportion of the tenants are international and national retail chains, and the rental contracts have a balanced maturity structure.

REPAYMENT STRUCTURE

< 12 months (35%)
1–5 years (55%)
> 5 years (10%)

INTEREST MATURITY STRUCTURE

< 12 months (46%)
1–5 years (9%)
> 5 years (45%)

Private consumption is expected to rise in the next few years and retail trade is also expected to develop positively in the time ahead. Online shopping is expected to grow faster than the physical retail trade going forward, although it currently accounts for just a small proportion of the total retail trade.

The Group's shopping centres are adapting to the digitalisation of the retail trade by expanding the range of goods and services offered in the shopping centres and by making use of new technology when servicing customers. All in all, the framework conditions for shopping centre properties are considered satisfactory.

21% of rental income comes from commercial properties in the Oslo area, with office properties representing the largest proportion. The properties are leased to a large number of tenants from various sectors, and the lease contracts in this segment have a balanced maturity structure as well.

The risk of a substantially higher vacancy rate and a fall in the Group's rental income is considered moderate. A sensitivity analysis of what effects any changes to the yield and rental income would have on property values and the equity ratio can be found in note 16 and on the company's website: www.olt.no.

Financial risk

The greatest financial risks for Olav Thon Eiendomsselskap are considered to be the Group's access to financing in the banking and capital markets and the price of financing.

Access to financing depends on both developments in the financial markets and the Group's creditworthiness.

The price of financing depends on market interest rates and the specific credit margin the Group has to pay.

The credit margin is in turn linked to the Group's creditworthiness and developments in the credit market.

TRENDS IN THE FINANCIAL MARKETS

The competition situation in the Nordic banking sector intensified in 2018, which resulted in decreased credit margins and a greater willingness to lend.

The capital markets in both Norway and Sweden developed gradually weaker in the second half of the year and investor demand for capital market loans declined.

The credit market

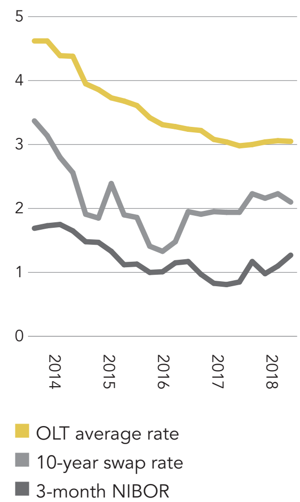
The credit spread indicated for new loans issued by the Group rose gradually during the second half of the year after a stable development during the first half of the year. At year end, the credit spread for 5-year secured bond issues in Norway was indicated at 1.15% (0.75%), while 12-month unsecured commercial papers were indicated at 0.50% (0.35%).

Development of interest rates

Norges Bank raised the interest rate by 0.25% to 0.75% in September and the short-term Norwegian money market interest rate (3-month NIBOR) increased to 1.27% (0.81%) at the end of the year. The long-term money market interest rate (10-year swap rate) increased slightly throughout the year and was quoted as 2.10% (1.94%) at year end.

The Swedish Central Bank raised its intereste rate by 0.25% to -0.25% in December and the short-term money market interest rate (3-month STIBOR) increased to -0.13% (-0.48%) at year end. The long-term money market interest rate (10-year swap) fell from 1.20% to 1.13% at the end of the year.

INTEREST RATES LAST FIVE YEARS



THE GROUP'S FINANCIAL RISK FACTORS

The Group's financial risk can in turn be divided into:

- Liquidity risk
- Interest rate risk
- Currency risk
- Credit risk

Descriptions of financial risk factors and financial risk management can be found in the 2018 annual report. Below is the status of the different risk groups at the end of the year.

Liquidity risk

The Group's total liquidity reserves ended the year at NOK 7,168 (8,137) million. The debt portfolio had an average remaining term of 2.1 (2.4) years at year end.

28% (22%) of debt is due within one year and the existing liquidity reserves is able to cover the refinancing need.

Interest rate risk

At the end of the year, the Group had a fixed-rate ratio with a fixed-interest period exceeding one year at 54% (58%), and an average fixed-interest period at 3.8 (3.8) years.

The average interest rate at the end of the year was 3.04% (2.98%).

The Group uses financial instruments (interest rate swaps) to secure long-term fixed interest.

At year end, the portfolio of interest rate swaps entered into for this purpose was NOK 11,110 (11,139) million and had a fair value of NOK -1,492 (-1,765) 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 one percentage point in interest rates would change the fair value of the portfolio by approximately NOK 750-850 million.

Currency risk

At year end, 84% of the Group's interest-bearing debt was denominated in Norwegian kroner, with an average interest rate at 3.48%. 16% of the debt was borrowed in Swedish kroner and had an average interest rate at 0.78%.

Operational risk

The Group's operational risk is primarily associated with the failure of employees and operational management systems to function as expected.

Management is organised so that the risk arising from the activities and absence of an individual is relatively low, and the Group's management systems are considered to be robust.

OUTLOOK

The Norwegian economy is developing well and relatively high growth is expected going forward. Norges Bank increased the key interest rate from 0.50% to 0.75% in September, and from 0,75% to 1% in March 2019, and is indicating that the rate will gradually be increased in the next few years, albeit at a moderate tempo.

Demand for commercial property remains high, but investor interest in shopping centre property has declined. Overall, demand for commercial property as an investment object is also expected to remain high in 2019, partly because of moderate interest rate movements.

Private consumption is expected to rise in the next few years and retail trade is also expected to develop positively in the time ahead.

Online shopping is expected to grow faster than the physical retail trade going forward, although it currently accounts for just a small proportion of the total retail trade.

The Group's shopping centres are adapting to the digitalisation of the retail trade, both by making use of new technology and by expanding the range of goods and services offered in the shopping centres.

The vacancy rate in the Oslo area office market is falling and rental prices are showing a positive trend. 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.

Declaration pursuant to section 5-5 of the Norwegian securities trading act

We confirm that, to the best of our knowledge, the company's annual financial statements for 2018 have been prepared in accordance with applicable accounting standards and that the disclosures in the financial statements give a true and fair view of the Group's and the company's assets, liabilities, financial position and profit or loss taken as a whole.

To the best of the Board's knowledge, the Board of Directors' Report provides a fair overview of the development and financial performance and position of the Group and the company, and describes the principal risks and uncertainties the Group faces.

Every effort has been made to ensure that this translation of the Norwegian text and report of the board of Directors is a true translation. However, in case of any discrepancy, the Norwegian version takes precedence. Full version of the annual report is in Norwegian.

GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In NOK millions)	2018	2017
Rental income	2 828	2 770
Other property-related income	874	845
Property-related expenses	-1 215	-1 155
Net rental income	**2 487**	**2 460**
Fair value adjustments, investment property	867	2 216
Results from joint ventures and associates	96	199
Other operating income	179	193*
Other operating expenses	-159	-160*
Administrative expenses	-191	-164
Depreciation	-20	-27
Operating profit	**3 259**	**4 717**
Financial income	8	6
Fair value adjustments, interest rate derivatives	273	165
Financial expenses	-659	-695
Profit before tax	**2 880**	**4 193**
Change in deferred tax	-148	-596
Income tax payable	-216	-116
Tax	**-364**	**-711**
Profit for the period	2 516	3 482
Other Comprehensive income		
Items to be reclassified to P&L in subsequent periods:		
Exchange differences from foreign operations	-43	77
Hedging of net investment	42	-72
Income taxes on other comprehensive income	-9	16
Total comprehensive income	**2 505**	**3 503**
Profit for the periode attributable to:		
Shareholders of the parent	2 516	3 406
Non-controlling interests	-1	76
Total comprenhive income attributable to:		
Shareholders of the parent	2 505	3 427
Non-controlling interests	-1	76
Earnings per share, basic and diluted (NOK)	24	32

GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018	2017
(In NOK millions)		
ASSETS		
Deferred tax asset	328	412
Investment properties	53 174	51 435
Owner-occupied properties	193	0
Other fixed assets	82	99
Investments in joint ventures and associates	2 854	2 838
Other non-current assets	594	294
Total non-current assets	**57 225**	**55 078**
Trade and other current receivables	1 043	1 050
Bank deposits and cash	305	366
Total current assets	**1 349**	**1 415**
Total assets	**58 573**	**56 493**
EQUITY AND LIABILITIES		
Share capital	106	106
Share premium reserve	318	318
Other equity	25 906	23 637
Non-controlling interests	496	518
Total equity	**26 827**	**24 580**
Deferred tax liabilities	7 020	6 945
Non-current liabilities	16 844	15 701
Income tax payable	219	116
Interest-bearing current liabilities	6 192	7 636
Trade payables and other current liabilities	1 471	1 515
Total liabilities	**31 746**	**31 914**
Total equity and liabilities	**58 573**	**56 493**

GROUP

CONSOLIDATED CASH FLOW STATEMENT

(In NOK millions)	2018	2017
Profit before tax	2 880	4 193
Fair value adjustments, investment property	-867	-2 216
Fair value adjustment, interest rate deratives	-273	-165
Expenced interest	633	666
Interest paid	-636	-652
Income tax paid	-116	-19
Share of results of joint ventures and associated companies	-96	-199
Deprecitation of fixed assets	20	27
Change in operating related accruals	42	-9
Net cash flow from operating activities	**1 587**	**1 626**
Proceeds from sale of property, plant and equipment	17	-
Purchase of investment properties and property, plant and equipment	-1 161	-1 452
Payments linked to acquistion of subsidiaries	-22	-9
Other investment	-220	-90
Net cash flow from investing activities	**-1 386**	**-1 550**
Proceeds from interest-bearing liabilities	18 617	10 894
Repayment of interest-bearing liabilities	-18 622	-10 609
Dividends paid	-256	-214
Payments upon purchase of own shares	-	-100
Net cash flow from financing activities	**-262**	**-29**
Exchange rate effects	**0**	**-5**
Net change in bank deposits and cash	**-60**	**41**
Bank deposits and cash as at 1 January	366	325
Bank deposits and cash as at 31 December	305	366
Unutilized overdrafts and other credit facilities	6 863	7 771

GROUP

STATEMENT OF CHANGES IN EQUITY

(In NOK millions)	Share capital	Share premium reserve	Translation differences	Other equity	Hedging reserve	Majority share of equity	Non-controlling interests	Total
Equity as at 31 Dec 2016	**106**	**318**	**-120**	**20 565**	**81**	**20 950**	**447**	**21 397**
Profit for the period				3 406		3 406	76	3 482
Other comprehensive income			77		-55	21		21
Acquisitions of own shares				-100		-100		-100
Dividends paid				-214		-214		-214
Other changes				-1		-1	-5	-6
Equity as at 31 Dec 2017	**106**	**318**	**-43**	**23 655**	**26**	**24 062**	**518**	**24 580**
Profit for the period				2 516		2 516	-1	2 516
Other comprehensive income			-43		32	-11		-11
Dividends paid				-233		-233	-24	-256
Other changes				-3		-3	2	-1
Equity as at 31 Dec 2018	**106**	**318**	**-87**	**25 936**	**58**	**26 331**	**496**	**26 827**

GROUP

ALTERNATIVE PERFORMANCE MEASURES

(In NOK millions)

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.

	2018	2017
Fair value adjustments, investment property from profit and loss	867	2 216
Fair value adjustments, investment property - Joint ventures	-121	26
Fair value adjustments, investment property - Associated companies	-29	26
Fair value adjustments, interest rate derivatives from profit and loss	273	165
Fair value adjustments, interest rate derivatives - Joint ventures	32	5
Fair value adjustments in investement property and interest rate derivatives	**1 022**	**2 438**

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.

	2018	2017
Profit before tax	2 880	4 193
Adjusted for fair value adjustments in investement property and interest rate derivatives	-1 022	-2 438
Profit before tax and fair value adjustments	**1 857**	**1 755**

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.

	2018	2017
Majority share of equity	26 331	24 061
Deferred tax liabilities (deferred tax liabilites current assets excluded)	7 020	6 945
Fair value of debt - deferred tax liabilities - 6%	-1 915	-1 812
Non-current net asset value	**31 436**	**29 195**
Number of shares (own shares not included)	105 745 320	105 745 320
Non-current net asset value per share in NOK	**297**	**276**

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.

	2018	2017
Bonds, non-current	5 771	6 384
Bonds, current	2 960	2 375
Commercial paper debt, current	3 118	4 399
Other intert-bearing liabilities, non-current	9 688	7 751
Other intert-bearing liabilities, current	60	804
Interes-bearing debt	**21 597**	**21 713**
Bank deposits and cash	-305	-366
Net interes-bearing debt	**20 927**	**17 816**

Net cash flow from operations
Net cash flow from operations is intended to give readers a better understanding of the liquidity generated by the Group's operations. This is of relevance in assessing the company's financial results and financial position.

	2018	2017
Net cash flow from operating activities	1 587	1 626
Expenced interest / Interest paid	-4	14
Income tax paid	-116	-19
Change in operating related accruals	42	-9
Net cash flow from operations	**1 665**	**1 640**

2191086 • Bolt Communication AS • boltcommunication.no

Olav Thon Eiendomsselskap
Stenersgata 2A
Postboks 489 Sentrum
0105 Oslo

Telephone: 23 08 00 00
E-mail: firmapost.olt@olavthon.no

www.olt.no

OLAV THON
EIENDOMSSELSKAP

2019

Report for the second quarter and first half-year

Key Figures

Amounts in NOK million	Q2 2019	Q2 2018	30.06.19	30.06.18	31.12.18
Net rental income	684	628	1 349	1 256	2 487
Fair value adjustments in investment properties and interest rate derivatives 1)	-226	154	-368	535	1 022
Profit before taxes	274	628	628	1 476	2 880
Profit before tax and fair value adjustments 1)	500	474	996	941	1 857
Equity per share (NOK)			251	236	249
Equity ratio			45 %	45 %	46 %
Non-current net asset value per share (NOK) 2)			300	284	297
Net cash flow from operations	466	432	922	861	1 665
Cash reserves 3)			6 490	7 720	7 168
Amortisation next 12 months			5 154	7 604	6 137
Interest-bearing debt 4)			22 001	21 500	21 597
Interest rate as at 30.06			3,05 %	3,04 %	3,04 %
Loan to value ratio 5)			41 %	41 %	40 %
Net investments 6)	270	246	531	656	1 287
Market value properties 7)			53 184	51 948	53 367
Annual rental income 8)			3 140	2 930	3 100
Yield			5,16 %	5,17 %	5,10 %
Sales, owned shopping centres	12 009	11 611	22 634	22 180	51 669
Sales, managed shopping centres	2 218	1 996	4 172	4 824	9 603
Share price as at 30.06 (NOK)			144,0	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 5,413 million (30.06.2019), NOK 6,380 million (30.06.2018) and 4.864 million (31.12.2018), respectively
5) (Interest bearing debt - Bank deposits etc) / Market value properties
6) Net supply of investment properties with addition for activated upgrades
7) Includes investment properties and owner-occupied properties
8) Includes market rent for vacant premises

OLAV THON EIENDOMSSELSKAP ASA
Report for the second quarter and first half-year 2019[1]

Olav Thon Eiendomsselskap achieved good results for the first half-year.

The key points of the first half-year report are as follows:

- Rental income was NOK 1,488 million (1,398)
- Profit before tax and fair value adjustments increased by 6% to NOK 996 (941) million
- Profit before tax amounted to NOK 628 (1,476) million.
- Net cash flow from operations was NOK 921 (861) million.
- The Group's equity ratio at the end of the first half-year was 45% (45), and equity per share had risen to NOK 251 (236).
- Cash reserves at the end of the first half-year were NOK 6,490 (7,720) million.
- Retail sales in the shopping centre portfolio owned by the Group were NOK 22,630 (22,180) million.

1 The figures in brackets concern the corresponding period/date last year.

Financial position/balance sheet as at 30 June 2019

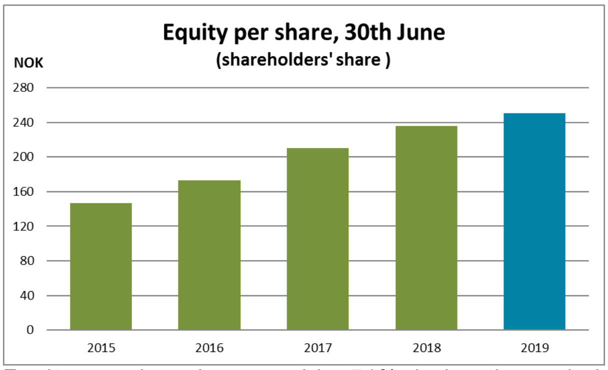
The Group's total assets were NOK 58,872 (57,051) million, with investment properties accounting for NOK 53,164 (51,948) million of that figure.

Total equity was NOK 26,438 (25,452) million and the equity ratio was 45% (45).

Equity per share (majority share) was NOK 251 (236), while non-current net asset value per share was calculated at NOK 300 (285).

Interest-bearing debt was NOK 22,001 (21,500) million, with the loan to value ratio[2] 41% (41).

The Group's share of the equity in joint ventures and associated companies was NOK 2,813 (2,880) million.



Equity per share increased by 71% during the period.

Summary of the results for Q2

Profit before tax amounted to NOK 273 (628) million.

Fair value adjustments in investment properties and interest rate derivatives amounted to NOK -226 (154) million. [3]

Profit before tax and fair value adjustments therefore amounted to NOK 500 (474) million.

Rental income and property-related expenses

Rental income was NOK 747 (700) million.

Other property-related income amounted to NOK 200 (206) 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 264 (278) million, including the above-mentioned service charges of NOK 171 (185) million.

Maintenance expenses for the property portfolio amounted to NOK 18 (18) million.

Net rental income was therefore NOK 683 (628) million.

Fair value adjustments, investment properties

The value of the Group's investment properties increased by NOK 176 (+206) 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.

The property segments also saw different value development in Q2.

The value of the Group's shopping centre properties was adjusted downward by NOK 339 million, whereas the value of key commercial properties was adjusted upwards by NOK 163 million.

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

Share of the results of joint ventures and associated companies

The Group's share of the results of joint ventures and associated companies amounted to NOK 34 (24) million.

A full overview of the income statements and balance sheets for these companies can be found in note 11 of this interim report.

Other operating income and expenses

Other operating income amounted to NOK 40 (45) 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 81 (81) million, while scheduled depreciation amounted to NOK 5 (5) million.

---

[2] See page 2 for definitions
[3] Includes joint ventures and associated companies

Operating income decreased from last year, due to a reduction of the scope of external management agreements.

Financial income and expenses

Net financial expenses amounted to NOK 170 (161).

Increases in the Group's net financial expenses are due to both higher interest-bearing debt and an increased average interest rate.

The average interest rate for Q2 was 3.08% (3.02).

Fair value adjustments, interest rate derivatives

Long-term market interest rates fell in both Norway and Sweden in Q2.

In Norway, the 10-year swap rate rose by 0.15 percentage points to 1.84%, while the corresponding rate in Sweden rose by 0.29 percentage points to 0.58%.

The interest rate movements resulted in the fair value of the Group’s interest rate derivatives falling by NOK 46 (-28) million in Q2.

Summary of the results for the first half-year

Profit before tax amounted to NOK 628 (1,476) million.

Fair value adjustments in investment properties and interest rate derivatives amounted to NOK -368 (535) million.

Profit before tax and fair value adjustments therefore amounted to NOK 996 (941) million.

Cash flow and liquidity

Q2

Net cash flow from operations was NOK 466 (432) million.

Net cash flow from operating activities was 205 (231) million, while investment activities reduced cash by NOK 226 (332) million.

Financing activities reduced cash by NOK 25 (79) million, and cash reserves were thereby reduced by NOK 47 million in Q2 (-22).

1. Half-year

Net cash flow from operations was NOK 921 (861) million for the first half-year.

Net cash flow from operations was NOK 571 (671) million, while investment activities reduced cash by NOK 403 (-674) million.

Financing activities reduced cash by NOK 199 (109) million, and cash reserves were reduced by NOK 30 (-113) in the first half-year.

Cash reserves were NOK 6,490 (7,720) million at the end of the first half-year and consisted of short-term investments of NOK 281 (256) million and undrawn long-term credit facilities of NOK 6,209 (7,464) million.

Investments

The Group’s net investments for the first half-year were NOK 531 (650) million.

Investments in Q2 were NOK 270 (246) million.

Major property acquisitions after the reporting date

<u>Oscar Hanssens veg 5-7, Molde</u>
An office and industry property of 3.000 sq. m. near the Group’s shopping centres in Molde was taken over in Q3 2019.

Portfolio changes - jointly owned shopping centres

In connection with the cooperation that was terminated in the jointly controlled company LOT Eiendom AS (50% ownership) in April, the Group’s ownership share in the shopping centres Amfi Orkanger and OTI Senteret and the land property Laksøra in Orkanger increased to 50%.

As part of the portfolio changes, the Group's ownership shares in the following 6 shopping centres were transferred to the other party: Amfi Førde, Amfi Svolvær, Amfi Ørsta, Amfi Nordfjord, Dombås Senter and Amfi Mandal.

The centres changed their names at the same time, and the management of the shopping centres was taken over by the other party.

Major property projects[4]

Completed

Amfi Moa, Ålesund
Final stage of construction for expansion of the centre, consisting of approx. 5.400 sq. m and several restaurants was completed in the first half-year.

Vitaminveien 11, Oslo
The last phase of the project in Storotunet with residential units and retail spaces was completed in the first half-year.

Under construction

Bernt Ankers gate 6, Oslo
Construction of new buildings in Oslo city centre with a total area of 5,600 sq. m. consisting of 46 residential rental units and 4 small commercial premises for rental. The project is planned to be completed in 2021.

Amfi Florø
The centre will be renewed and expanded with a new building of 3,000 sq. m. and the existing shopping centre will be upgraded. The project will be completed in autumn 2019.

Renewal of the shopping centre portfolio.
In addition to the major projects, minor upgrades and renewals will be carried out at several of the Group's shopping centres.

Under construction in joint ventures and associated companies

Lagunen Storsenter, Bergen (42% stake)
Phase 2 of the extension, which includes a multiplex cinema with 9 auditoriums and a fitness centre, will be completed in the second half-year 2019.

Under planning

Olav Thon Real Estate Company is working on several major real estate projects mainly related to further development of its own property portfolio. Implementation of these projects depends, among other things, on public permits and market conditions.

For more information about our real estate projects, please see www.olt.no.

Property portfolio as at 30 June 2019

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

The property portfolio was valued at NOK 53,164 (51,948) million, based on an average yield of 5.16% (5.17%).

Average yields by property segment were as follows:

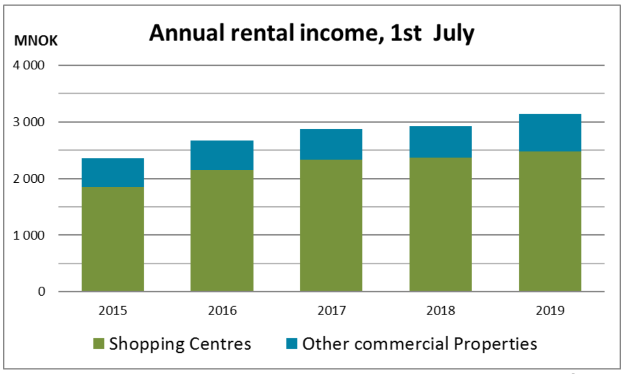
Shopping centre properties	5.39% (5.27)
Other commercial properties	4.46% (4.82)

Annual rental income was NOK 3,140 (2,930) million, with the following segment distribution:

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

The vacancy rate in the property portfolio was 2.6% (2.6%).

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



The increase in rental income in the property portfolio increased by 33%.

Property portfolio owned through joint ventures and associated companies

In addition to the property portfolio, which is recognised in 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 4,741 (4,401) million.

[4] Over NOK 50 million

The shopping centre business area

At the end of the first half-year, the shopping centre portfolio comprised 80 shopping centres, 18 of which are managed for external owners.

The number of shopping malls that are managed for external owners was reduced in Q2 due to the cancellation of administrative agreements.

Olav Thon Eiendomsselskap is Norway's leading shopping centre owner and has a solid market position. The shopping centre portfolio includes Norway's 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 were NOK 22,634 (22,180) million for H1, while sales were NOK 12,009 (11,161) million for Q2.

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

Similarly, the figures for the Swedish centres have been corrected for one shopping centre that is closed for reconstruction.

Norway

Retail sales in the Group's shopping centres in Norway for the first half-year were NOK 21,003 (20,530) million and NOK 11,159 (10,769) million for Q2.

Sweden

Retail sales in the shopping centres in Sweden for the first half-year were SEK 1,763 (1,745) million and SEK 928 (911) million for Q2.

Shopping centres managed for other owners

Retail sales in this shopping centre portfolio were NOK 4,824 (5,798) million for the first half-year and NOK 1,996 (3,097) for Q2.

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 2018 annual report and on the company's website: olt.no.

The valuation as at 30 June 2019 was based on an average yield of 5.16%. The yield has varied between 5.10% and 5.50% over the last 3 years.

The financial markets

The biggest 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.

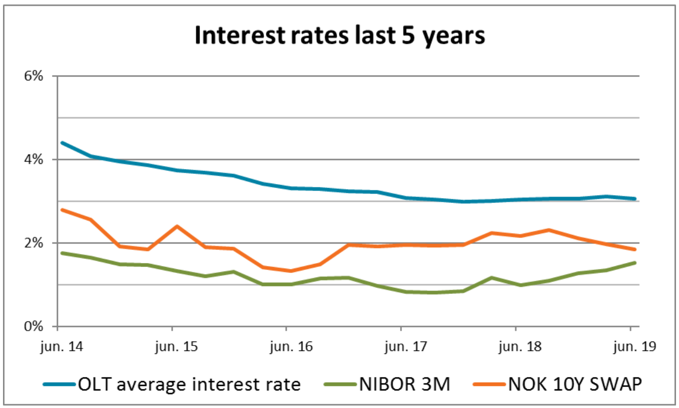
The Group's financing is described in more detail in the next section, and further information about financial risk management can be found in the 2018 annual report and on the company's website: www.olt.no.

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

At end of Q1, the portfolio of interest rate swaps entered for this purpose was NOK 11,013 (11,049) million and had a fair value of NOK -1,588 (-1,504) million.

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

It is estimated that a change of one percentage point in the short-term interest rate would change the Group's average interest rate by approximately 0.50 percentage points. Net annual interest expenses will then be changed by NOK 100-110 million.



As at 30 June 2019, the Group's average interest rate was 3,05% [5].

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 extremely good, despite some weakness in the capital markets in Q2.

The Group's primary sources of financing in Q2 were the capital markets in both Norway and Sweden, where new loans of NOK 1,300 million and SEK 2,115 million were raised.

At the end of Q2, the outstanding certificate and bond debt amounted to NOK 11,661 (13,915) million, distributed as follows:

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

Total credit facilities were NOK 28,210 (28,964) million, NOK 6,209 (7,464) million of which was undrawn.

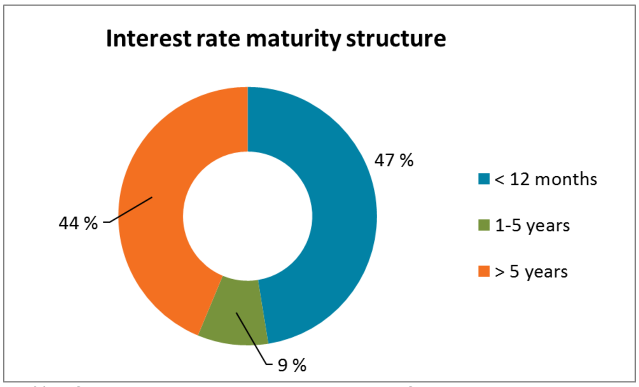
For details of the Group's interest-bearing debt, see notes 6 and 7 and "Alternative performance measures" in the half-year report.

The debt had an average remaining term of 2.3 (2.4) years. 23% (26) of the debt is due for repayment within one year.

At the end of the Q2, the Group had a fixed-rate ratio of 53% (55), with an average fixed-rate period of 3.7 (3.5) years.

The Group's average interest rate was 3.05% (3.04%), divided into the following currencies:

Currency	Share of debt	Average interest rate
NOK	84%	3.47%
SEK	16%	0.84%



53% of interest-bearing debt has a fixed-interest period of over 1 year, and the average fixed-interest period is 3.7 years.

Shares and shareholders

The price of the Olav Thon Eiendomsselskap share was NOK 144 at the end of Q2, down from NOK 151.6 at the start of the quarter. The highest and lowest prices were NOK 160.4 and NOK 140 respectively.

After Olav Thon Eiendomsselskap launched an offer for the buy-back of shares, 2.1 million shares were repurchased in April. The company's holding of treasury shares after this transaction is 2.8 million shares.

4.2 (2.0) million shares were traded during Q2, with 4,698 (5,507) trades in the share on the Oslo Stock Exchange.

In the first half-year as a whole, 5.0 (3.5) million shares were traded, with 8.990 (8,707) trades in the share on the Oslo Stock Exchange.

The share price rose by 3% in the first half-year and in June a dividend of NOK 4.40 per share was paid for 2018.

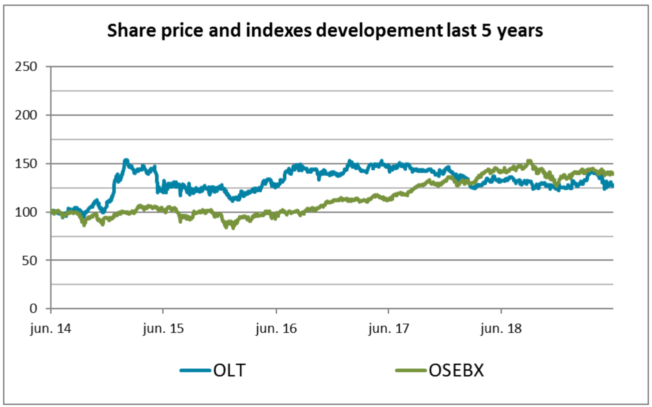
The share thus generated a total return of 6% in the first half-year, while the main index of the Oslo Stock Exchange rose by 7% in the same period.

At the end of the first half-year, the company's market capitalisation was NOK 15.3 (15.9) billion.

[5] loans in NOK and SEK

On the same date, the company's largest owners were:

Olav Thon Gruppen AS and subsidiaries	71.9%
Folketrygdfondet	3.0%
Olav Thon Eiendomsselskap ASA	2.7%
VPF Nordea Norway	2.4%
MP Pension	2.2%
Otto Olsen Invest AS	1.4%
Other shareholders	16.4%
TOTAL	**100.0%**



Over the past five years, the price of the Olav Thon Eiendomsselskap share has increased by 27%.

Outlook

The Norwegian economy is developing well, and a relatively high growth is expected going forward. Norges Bank increased the key interest rate from 0.50% to 1.25% during the last year and is indicating that the rate will continue to be increased, albeit at a very moderate tempo.

Demand for commercial property remains high, but investors' interest in shopping centre property is relatively low. Overall, demand for commercial property as an investment object is expected to remain high in 2019 as well, due to the continued low interest rate and other factors.

Going forward, consumer spending is expected to increase and retail trade is expected to grow. The growth in online shopping is estimated to be higher than in the physical retail trade, but online trading still accounts for a low proportion 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 the use of new technology and the further development of the range of products and services offered at the centres.

The vacancy rate in the Oslo area office market is falling and rental prices are showing a positive trend in most areas in 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 is expected to contribute to a satisfactory financial performance in the period ahead.

Declaration by the Board and CEO

We confirm that, to the best of our knowledge, the report for first half-year 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting and that the disclosures in the financial statements give a true and fair view of the Group's assets, liabilities, financial position and performance as at 30 June 2019.

The half-year report, to the best of our knowledge, gives a fair:

- overview of important events in the accounting period and their impact on the half-year report.
- description of the principal risks and uncertainties the business faces in the next accounting period.
- description of significant related party transactions with the Group.

Oslo, 15 August 2019
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 is true translation. However, in case of any discrepancy, the Norwegian version takes place.

OLAV THON EIENDOMSSELSKAP ASA GROUP ACCOUNTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Rental income	5, 8	747	700	1 488	1 398	2 828
Other property-related income	8	200	206	450	437	874
Property-related expenses	8	-264	-278	-590	-579	-1 215
Net rental income		**683**	**628**	**1 349**	**1 256**	**2 487**
Other operating income	8	40	45	82	89	179
Other operating expenses	8	-35	-37	-73	-78	-159
Administrative expenses	5, 8	-46	-44	-93	-90	-191
Depreciation		-5	-5	-11	-11	-20
Net income from property management		**637**	**587**	**1 254**	**1 166**	**2 296**
Fair value adjustments, investment property	9	-176	206	-263	257	867
Results from joint ventures and associates	11	34	24	76	108	96
Operating profit		**495**	**817**	**1 067**	**1 532**	**3 259**
Financial income	12	7	1	18	8	8
Financial expenses	2, 12	-183	-162	-361	-324	-659
Fair value adjustments, interest rate derivatives		-46	-28	-96	261	273
Net financial items		**-222**	**-189**	**-439**	**-55**	**-379**
Profit before tax		**273**	**628**	**628**	**1 476**	**2 880**
Income taxes		-74	-156	-163	-328	-364
Profit for the period		**199**	**472**	**465**	**1 148**	**2 516**
Other Comprehensive income						
Items to be reclassified to P&L in subsequent periods:						
Exchange differences from foreign operations		-20	-49	-91	-149	-43
Hedging of net investment		18	49	87	148	42
Income taxes on other comprehensive income		-4	-11	-19	-34	-9
Total comprehensive income		**194**	**461**	**441**	**1 113**	**2 505**
Profit for the periode attributable to:						
Shareholders of the parent		192	467	460	1 135	2 516
Non-controlling interests		7	5	5	13	-1
Total comprenhive income attributable to:						
Shareholders of the parent		187	456	436	1 100	2 505
Non-controlling interests		7	5	5	13	-1
Earnings per share, basic and diluted (NOK)		2	4	4	10	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 GROUP ACCOUNTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	30.06.2019	30.06.2018	31.12.2018
ASSETS				
Deferred tax asset		327	411	328
Investment properties	3, 9	53 164	51 948	53 174
Right-of-use assets	2	361	-	-
Owner-occupied properties		192	-	193
Other fixed assets		77	89	82
Investments in joint ventures and associates	11	2 813	2 880	2 854
Other non-current assets		617	438	594
Total non-current assets		**57 550**	**55 766**	**57 225**
Trade and other current receivables		1 041	1 029	1 043
Bank deposits and cash		281	256	305
Total current assets		**1 321**	**1 285**	**1 349**
Total assets		**58 872**	**57 051**	**58 573**
EQUITY AND LIABILITIES				
Share capital		106	106	106
Share premium reserve		318	318	318
Other equity		25 545	24 519	25 906
Non-controlling interests		469	508	496
Total equity		**26 438**	**25 452**	**26 827**
Deferred tax liabilities		7 024	7 060	7 020
Lease liabilities	2	356	-	-
Non-current liabilities	6	18 506	15 442	16 844
Long term liabilities		**25 886**	**22 502**	**23 864**
Income tax payable	7	162	258	219
Interest-bearing current liabilities	7	5 207	7 664	6 192
Trade payables and other current liabilities	7	1 179	1 175	1 471
Long term liabilities		**6 548**	**9 097**	**7 882**
Total liabilities		**32 433**	**31 599**	**31 746**
Total equity and liabilities		**58 872**	**57 051**	**58 573**

OLAV THON EIENDOMSSELSKAP ASA GROUP ACCOUNTS

CONDENSED CONSOLIDATED 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
Equity 31.12.2017	**106**	**318**	**-43**	**23 655**	**26**	**24 062**	**518**	**24 580**
Profit for the period			-	1 135	-	1 135	13	1 148
Other comprehensive income			-149	-	114	-35	-	-35
Dividends paid			-	-233	-	-233	-5	-237
Other changes			-	15	-	15	-18	-3
Equity 30.06.2018	**106**	**318**	**-193**	**24 573**	**140**	**24 944**	**508**	**25 452**
Profit for the period			-	1 381	-	1 381	-14	1 367
Other comprehensive income			106	-	-81	24	-	24
Dividends paid			-	-	-	-	-19	-19
Other changes			-	-19	-	-19	20	1
Equity 31.12.2018	**106**	**318**	**-87**	**25 934**	**58**	**26 330**	**496**	**26 827**
Profit for the period			-	460	-	460	5	465
Other comprehensive income			-91	-	68	-24	-	-24
Acquisitions of own shares			-	-341	-	-341	-	-341
Dividends paid			-	-456	-	-456	-18	-474
Other changes			-	-0	-	-0	-14	-15
Equity 30.06.2019	**106**	**318**	**-178**	**25 597**	**126**	**25 970**	**469**	**26 439**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Net cash flow from operations	466	432	921	861	1 665
Expensed interest	173	155	336	309	633
Interest paid	-165	-150	-338	-308	-636
Income tax paid	-58	-56	-223	-73	-116
Change in working capital	-210	-151	-125	-118	42
Net cash flow from operating activities	**205**	**231**	**571**	**671**	**1 586**
Payment on the sale of tangible fixed assets	-		-	17	17
Acquisition of investment properties	-240	-318	-459	-614	-1 161
Acquisition of subsidiaries	-37		-37	-	-22
Other investments	51	-31	93	-77	-220
Net cash flow from investing activities	**-226**	**-332**	**-403**	**-674**	**-1 386**
Proceeds from interest-bearing liabilities	4 418	4 382	10 333	8 618	18 617
Repayment of interest-bearing liabilities	-3 635	-4 071	-9 719	-8 495	-18 622
Dividends paid	-467	-233	-472	-233	-256
Acquisition of own shares	-341	-	-341	-	-
Net cash flow from financing activities	**-25**	**79**	**-199**	**-109**	**-261**
Net change in cash	**-47**	**-22**	**-30**	**-113**	**-61**
Cash at beginning of period	326	275	305	366	366
Currency effects	1	3	5	3	-
Cash at end of period	281	256	281	256	305

OLAV THON EIENDOMSSELSKAP ASA GROUP ACCOUNTS

NOTES TO THE ACCOUNTS 30th JUNE 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 adoped 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 August 15th 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 RELATED PARTY TRANSACTIONS

Transactions	Counterparty	Counterparty associate of	30.06.2019	30.06.2018	31.12.2018
Current leases	Companies in Olav Thon Gruppen AS	Olav Thon Foundation	63	27	66
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	62	57	122

Note 6 NON-CURRENT LIABILITIES

	30.06.2019	30.06.2018	31.12.2018
Bonds	6 540	6 418	5 771
Other interest-bearing liabilities	10 307	7 478	9 688
Non-interest-bearing liabilities (fair value interest rate swaps)	1 588	1 504	1 320
Other liabilities	71	43	65
Total	**18 506**	**15 442**	**16 844**

Note 7 CURRENT LIABILITIES

	30.06.2019	30.06.2018	31.12.2018
Commercial paper debt	3 532	4 742	3 118
Bonds	1 589	2 755	2 960
Interest-bearing current liabilities	33	107	60
Non-interest-bearing liabilities (fair value interest rate swaps)	-	-	172
Lease liabilities	5	-	-
Trade payables	127	173	152
Accrued intrest	52	59	54
Duties payable	97	109	107
Income tax payable	162	258	219
Other current liabilities	950	893	1 040
Total	**6 548**	**9 097**	**7 882**

Note 8 BUSINESS SEGMENTS

At 30.06.2019, the Group has activities within two strategic business segments and two geographical areas.
The two operating segments are:
* Shopping centres
* Commercial property

The two geographical areas are:
* Norway
* Sweden

Segment reporting is based on internal management reporting.

Business segments

Q2 2019	Operating segments: Shopping centres	Commercial property	Other activity	Group	Geographical areas: Norway	Sweden	Group
Rental income	557	190	-	747	696	51	747
Other property-related income	181	20	-	200	184	16	200
Property-related expenses	-186	-78	-	-264	-237	-27	-264
Net rental income	**551**	**132**	**-**	**683**	**643**	**40**	**683**
Other operating income	21	-	19	40	40	-	40
Other operating expenses	-19	-	-16	-35	-35	-	-35
Administrative expenses	-38	-8	-	-46	-42	-3	-46
Depreciation	-2	-3	-	-5	-5	-0	-5
Net income from property management	**512**	**121**	**3**	**637**	**600**	**37**	**637**
Fair value adjustments, investment property *)	-339	163	-	-176	-133	-43	-176
Results from joint ventures and associates	34	-	-	34	34	-	34
Operating profit	**207**	**285**	**3**	**495**	**501**	**-6**	**495**

*) Fair value adjustments per segment was not correctly presented in the Q1 2019 report. The figures for Q2 2019 are presented as based on the corrected figures for the Q1 presentation so that the Q2 presentation is correct. The corrected figures for Q1 2019 are -356 for Shopping centres and +269 for Comercial property, with the total of -87 for the company.

Business segments

Q2 2018	Operating segments: Shopping centres	Commercial property	Other activity	Group	Geographical areas: Norway	Sweden	Group
Rental income	546	154	-	700	649	51	700
Other property-related income	188	18	-	206	190	16	206
Property-related expenses	-215	-63	-	-278	-253	-25	-278
Net rental income	**520**	**108**	**-**	**628**	**586**	**42**	**628**
Other operating income	27	-	18	45	45	-	45
Other operating expenses	-21	-	-16	-37	-37	-	-37
Administrative expenses	-38	-6	-	-44	-40	-3	-44
Depreciation	-3	-2	-	-5	-5	-0	-5
Net income from property management	**484**	**100**	**2**	**587**	**548**	**39**	**587**
Fair value adjustments, investment property	98	108	-	206	134	72	206
Results from joint ventures and associates	24	-	-	24	24	-	24
Operating profit	**606**	**208**	**2**	**817**	**705**	**111**	**817**

Business segments

30.06.2019	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
	Operating segments				Geographical areas		
Rental income	1 104	384	-	1 488	1 386	102	1 488
Other property-related income	410	40	-	450	415	35	450
Property-related expenses	-430	-160	-	-590	-534	-55	-590
Net rental income	**1 085**	**264**	**-**	**1 349**	**1 267**	**82**	**1 349**
Other operating income	41	-	41	82	82	-	82
Other operating expenses	-37	-	-35	-73	-73	-	-73
Administrative expenses	-78	-15	-	-93	-87	-7	-93
Depreciation	-5	-6	-	-11	-11	-0	-11
Net income from property management	**1 005**	**243**	**6**	**1 254**	**1 179**	**75**	**1 254**
Fair value adjustments, investment property	-695	432	-	-263	-201	-62	-263
Results from joint ventures and associates	76	-	-	76	76	-	76
Operating profit	**386**	**675**	**6**	**1 067**	**1 054**	**13**	**1 067**

Business segments

30.06.2018	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
	Operating segments				Geographical areas		
Rental income	1 084	313	-	1 398	1 294	104	1 398
Other property-related income	402	35	-	437	399	38	437
Property-related expenses	-452	-126	-	-579	-520	-59	-579
Net rental income	**1 034**	**222**	**-**	**1 256**	**1 172**	**84**	**1 256**
Other operating income	47	-	42	89	89	-	89
Other operating expenses	-41	-	-37	-78	-78	-	-78
Administrative expenses	-78	-12	-	-90	-83	-6	-90
Depreciation	-7	-4	-	-11	-11	-0	-11
Net income from property management	**955**	**206**	**5**	**1 166**	**1 089**	**77**	**1 166**
Fair value adjustments, investment property	-123	380	-	257	167	91	257
Results from joint ventures and associates	108	-	-	108	108	-	108
Operating profit	**940**	**587**	**5**	**1 532**	**1 364**	**168**	**1 532**

Business segments

31.12.2018	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
	Operating segments				Geographical areas		
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
Net rental income	**2 011**	**475**	**-**	**2 487**	**2 331**	**156**	**2 487**
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
Net income from property management	**1 848**	**440**	**8**	**2 296**	**2 153**	**142**	**2 296**
Fair value adjustments, investment property	-560	1 427	-	867	856	11	867
Results from joint ventures and associates	96	-	-	96	96	-	96
Operating profit	**1 384**	**1 867**	**8**	**3 259**	**3 105**	**154**	**3 259**

Note 9 INVESTMENT PROPERTY

	30.06.2019	30.06.2018	31.12.2018
Opening balance	**53 174**	**51 435**	**51 435**
Acquisitions/expenditure on properties	402	613	1 152
Investment property from companies bought in the period	50	-	22
Change in fair value recognised in the period	-263	257	867
Effect of currency echange differences i foreign operations	-201	-336	-110
Other changes	0	-21	-192
Closing balance	**53 164**	**51 948**	**53 174**

Note 10 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 has since appealed the judgment. No provisions have been made for the claim.

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.

Joint ventures	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Net rental income	96	97	196	184	375
Fair value adjustments, investment property	-14	-27	-17	2	-121
Fair value adjustments, interest rate derivatives	-1	-2	-2	32	32
Expenses	-62	-58	-125	-123	-232
Profit	**19**	**11**	**53**	**96**	**54**
Investment properties			3 560	3 894	3 848
Other assets			304	296	366
Total assets			**3 864**	**4 190**	**4 214**
Equity			2 288	2 389	2 346
Non-current liabilities			1 482	1 682	1 738
Current liabilities			95	119	129
Total equity and liabilities			**3 864**	**4 190**	**4 214**

Associated companies	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Net rental income	15	25	37	93	191
Fair value adjustments, investment property	10	5	9	-17	-29
Fair value adjustments, interest rate derivatives	-	-	-	-	-
Expenses	-11	-18	-23	-63	-121
Profit	**15**	**12**	**23**	**13**	**42**
Investment properties			871	847	882
Other assets			143	189	114
Total assets			**1 014**	**1 036**	**996**
Equity			525	491	507
Non-current liabilities			461	465	460
Current liabilities			27	81	28
Total equity and liabilities			**1 014**	**1 036**	**996**

Note 12 FINANCIAL INCOME AND FINANCIAL EXPENSES

	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Interest income	5	1	7	3	6
Other financial income	3	0	10	5	2
Total finacial income	**7**	**1**	**17**	**8**	**8**
Interest expenses	-173	-155	-336	-309	-633
Interest expenses related to IFRS 16	-6	-	-12	-	-
Other financial expenes	-5	-7	-12	-15	-27
Total finacial expenses	**-183**	**-162**	**-361**	**-324**	**-659**

OLAV THON EIENDOMSSELSKAP 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

	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Fair value adjustments, investment property from profit and loss	-176	206	-263	257	867
Fair value adjustments, investment property - Joint ventures	-14	-27	-17	2	-121
Fair value adjustments, investment property - Associated companies	10	5	9	-17	-29
Fair value adjustments, interest rate derivatives from profit and loss	-46	-28	-96	261	273
Fair value adjustments, interest rate derivatives - Joint ventures	-1	-2	-2	32	32
Fair value adjustments in investement property and interest rate derivatives	**-226**	**154**	**-368**	**535**	**1 022**

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.

	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Profit before tax	273	628	628	1 476	2 880
Adjusted for fair value adjustments in investement property and interest rate derivatives	226	-154	368	-535	-1 022
Profit before tax and fair value adjustments	**500**	**474**	**996**	**941**	**1 857**

Non-current net asset value per share

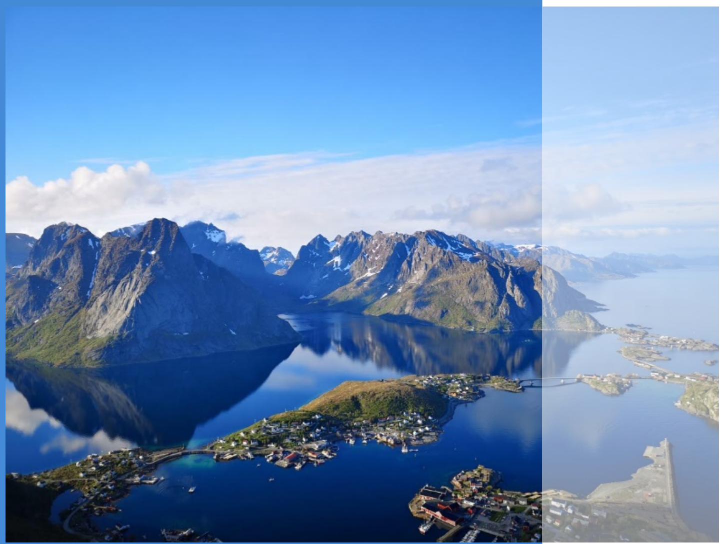
Normalised net asset value per share after taking into account a fair value

	30.06.2019	30.06.2018	31.12.2018
Majority share of equity	25 970	24 943	26 331
Deferred tax liabilities (deferred tax liabilites current assets excluded)	7 009	7 054	7 014
Fair value of debt - deferred tax liabilities - 6 %	-1 912	-1 924	-1 913
Non-current net asset value	**31 067**	**30 074**	**31 432**
Number of shares (own shares not included)	103 623 171	105 745 320	105 745 320
Non-current net asset value per share in NOK	**300**	**284**	**297**

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.

	30.06.2019	30.06.2018	31.12.2018
Bonds, non-current	6 540	6 418	5 771
Bonds, current	1 589	2 755	2 960
Commercial paper debt, current	3 532	4 742	3 118
Other intert-bearing liabilities, non-current	10 307	7 478	9 688
Other intert-bearing liabilities, current	33	107	60
Interes-bearing debt	**22 001**	**21 500**	**21 597**
Bank deposits and cash	-281	-256	-305
Net interes-bearing debt	**21 721**	**21 245**	**21 292**



Olav Thon Eiendomsselskap ASA
Stenersgata 2a
Postboks 489 Sentrum
0105 Oslo, Norway
Tel.: +47 23 08 00 00
E-mail: firmapost.olt@olavthon.no

www.olt.no

UNOFFICIAL OFFICE TRANSLATION

Memorandum of incorporation

for

OTE Transit 1 AS

Oslo, 28 August 2019

This is an office translation. The official language of this document is Norwegian. In the event of any discrepancy between the Norwegian and English text, the Norwegian text shall take precedence.

On 28 August 2019, a meeting of incorporation was held for OTE Transit 1 AS in Oslo.

1. Funder

Present were the following founder:

Company name	Org.no	Address
Olav Thon Eiendomsselskap ASA, represented by Dag Tangevald-Jensen by power of attorney	914 594 685	Stenersgata 2, 0184 Oslo

2. Articles of Association

The following was recorded as the articles of association:

§ 1

The company name is OTE Eiendom AS.

§ 2

The purpose of the company is to own and develop real estate, including participating in other companies with such purpose, and all related business.

§ 3

The company's share capital is NOK 30,000 divided into 1 share with a nominal value of NOK 30,000.

§ 4

Any circumstances that have not been addressed in the articles of association shall be determined in accordance with the provisions of the Norwegian Company Act in effect at the given time.

3. Share deposit and incorporation expenses

One share with a nominal value of NOK 30,000 shall be subscribed at a subscription price of NOK 50,000 per share. The total share deposit is NOK 30,000, of witch NOK 20,000 is used to cover the incorporation costs.

The subscription shall be settled through a cash contribution deposited into the company's share deposit bank account with the company's affiliated Norwegian bank following the incorporation meeting. The share contribution shall be deposited into the bank account no later than 15 September 2019. As soon as the contribution has been made, the founder shall obtain confirmation that the cash contribution has been received from either the bank or the company auditor.

The founder reserves the right to have the incorporation expenses covered by the company, including:

Assistance with incorporation of the company from Ernst & Young AS, P.O.Box 1156 Sentrum, 0107 Oslo

- Limited to NOK 9,430

Assistance from the auditor with incorporation of the company from BDO AS, Postboks 1704 Vika, 0121 Oslo:

- NOK 5,000

Fees associated with registration of the company in the NRBE, post box 1400, 8900 Brønnøysund:

- Limited to NOK 5,570

The total incorporation cost may not exceed NOK 20,000.

Incurred incorporation costs are tax deductible for the company.

4. Share subscription

Through the signing of this memorandum of incorporation the founder hereby subscribes for the following shares:

Number of shares	Of	Subscription price	Total
1	NOK 30,000	NOK 50,000	NOK 50,000

For tax purposes the shares will be considered received by the founder upon the signing of this memorandum.

5. Board of Directors

The Board of directors shall for the time being consist of 3 persons. The following were elected as board members:

Olav Thon, Chairman of the Board

Ole-Christian Hallerud, board member

Dag Tangevald-Jensen, board member

6. Revisor

BDO AS, org.no. 993 606 650 was elected as the company's auditor.

7. Accountant

Olav Thon Gruppen AS, org.nr. 988 969 656 was elected as the company's accountant.

8. Business manager

Olav Thon Gruppen AS, org.nr. 988 969 656 was elected as the company's business manager.

9. Company signature

The Chairman of the Board or two board members jointly may act as signatory on behalf of the company.

10. Consent to perform operations prior to registration in the Norwegian Register for Business Enterprises (NRBE)

The company is not entitled to manage the received share contribution prior to registration in The Norwegian Register for Business enterprises. Consequently, the founder holds creditor rights to the contributed assets.

11. Registration with the Norwegian Register of Business Enterprises

Notification of the registration shall be given to NRBE immediately following the full payment of the share contribution and confirmation from the bank or company auditor, and no later than 3 months after the incorporation meeting is held.

The person who holds consent to sign on behalf of the company is along with the founder responsible for the timely submittal to NRBE.

12. Attachments to the Memorandum of incorporation

The following attachments shall accompany this memorandum and be submitted to the Norwegian Register of Business Enterprises:

1. Confirmation of the cash contribution
2. The Articles of Association

OTE Transit 1 AS is considered incorporated through the signing of this document

Oslo, 28 August 2019

for Olav Thon Eiendomsselskap ASA

____

Dag Tangevald-Jensen p.p.

Memorandum of incorporation

for

OTE Eiendom AS

Oslo, 28 August 2019

On 28 August 2019, a meeting of incorporation was held for OTE Eiendom AS in Oslo.

1. Funder

Present were the following founder:

Company name	Org.no	Address
Olav Thon Eiendomsselskap ASA, represented by Dag Tangevald-Jensen by power of attorney	914 594 685	Stenersgata 2, 0184 Oslo

2. Articles of Association

The following was recorded as the articles of association:

§ 1

The company name is OTE Eiendom AS.

§ 2

The purpose of the company is to own and develop real estate, including participating in other companies with such purpose, and all related business.

§ 3

The company's share capital is NOK 30,000 divided into 1 share with a nominal value of NOK 30,000.

§ 4

Any circumstances that have not been addressed in the articles of association shall be determined in accordance with the provisions of the Norwegian Company Act in effect at the given time.

3. Share deposit and incorporation expenses

One share with a nominal value of NOK 30,000 shall be subscribed at a subscription price of NOK 50,000 per share. The total share deposit is NOK 30,000, of wich NOK 20,000 is used to cover the incorporation costs.

The subscription shall be settled through a cash contribution deposited into the company's share deposit bank account with the company's affiliated Norwegian bank following the incorporation meeting. The share contribution shall be deposited into the bank account no later than 15 September 2019. As soon as the contribution has been made, the founder shall obtain confirmation that the cash contribution has been received from either the bank or the company auditor.

The founder reserves the right to have the incorporation expenses covered by the company, including:

Assistance with incorporation of the company from Ernst & Young AS, P.O.Box 1156 Sentrum, 0107 Oslo

- Limited to NOK 9,430

Assistance from the auditor with incorporation of the company from BDO AS, Postboks 1704 Vika, 0121 Oslo:

- NOK 5,000

Fees associated with registration of the company in the NRBE, post box 1400, 8900 Brønnøysund:

- Limited to NOK 5,570

The total incorporation cost may not exceed NOK 20,000.

Incurred incorporation costs are tax deductible for the company.

4. Share subscription

Through the signing of this memorandum of incorporation the founder hereby subscribes for the following shares:

Number of shares	Of	Subscription price	Total
1	NOK 30,000	NOK 50,000	NOK 50,000

For tax purposes the shares will be considered received by the founder upon the signing of this memorandum.

5. Board of Directors

The Board of directors shall for the time being consist of 3 persons. The following were elected as board members:

Olav Thon, Chairman of the Board

Ole-Christian Hallerud, board member

Dag Tangevald-Jensen, board member

6. Revisor

BDO AS, org.no. 993 606 650 was elected as the company's auditor.

7. Accountant

Olav Thon Gruppen AS, org.nr. 988 969 656 was elected as the company's accountant.

8. Business manager

Olav Thon Gruppen AS, org.nr. 988 969 656 was elected as the company's business manager.

9. Company signature

The Chairman of the Board or two board members jointly may act as signatory on behalf of the company.

10. Consent to perform operations prior to registration in the Norwegian Register for Business Enterprises (NRBE)

The company is not entitled to manage the received share contribution prior to registration in The Norwegian Register for Business enterprises. Consequently, the founder holds creditor rights to the contributed assets.

11. Registration with the Norwegian Register of Business Enterprises

Notification of the registration shall be given to NRBE immediately following the full payment of the share contribution and confirmation from the bank or company auditor, and no later than 3 months after the incorporation meeting is held.

The person who holds consent to sign on behalf of the company is along with the founder responsible for the timely submittal to NRBE.

12. Attachments to the Memorandum of incorporation

The following attachments shall accompany this memorandum and be submitted to the Norwegian Register of Business Enterprises:

1. Confirmation of the cash contribution
2. The Articles of Association

OTE Eiendom AS is considered incorporated through the signing of this document

Oslo, 28 August 2019

for Olav Thon Eiendomsselskap ASA

____
Dag Tangevald-Jensen p.p.

STATEMENT FROM THE BOARD OF DIRECTORS OF OLAV THON EIENDOMSSELSKAP ASA

REGARDING DEMERGER WHERE OLAV THON EIENDOMSSELSKAP ASA IS THE TRANSFERRING COMPANY

Adopted by the Board of Directors in Olav Thon Eiendomsselskap ASA («OTE») on 21 October 2019.

1. BASIS

This report is prepared by the Board of Directors of OTE, pursuant to section 14-4 third paragraph of the Norwegian Public Limited Liability Companies Act, cf. section 13-9 second paragraph. The purpose of this report is to account for the demerger, including:

1. explain and state the reason for the demerger, legally as well as financially;
2. explain and state the reason for, legally as well as financially, the consideration to the shareholders of OTE;
3. discuss any particular complications in determining the consideration;
4. explain the implications of the demerger for the employees of the company.

2. ABOUT THE DEMERGER

When OTE was listed on the Oslo Stock Exchange in 1983, the company was structured as a real estate company, where the real estate was owned directly by OTE. In more recent years, OTE has increasingly acquired real estate through share deals, acquiring shares in real estate companies.

As of today, approx. 1/3 of the real estate portfolio is owned directly by the parent company, while the remaining 2/3 of the portfolio is owned indirectly through subsidiaries.

In order to streamline OTE as a holding company, the Board of Directors now proposes to restructure the Olav Thon group so that the remaining 1/3 of the real estate portfolio will be owned indirectly through subsidiaries as well.

For real estate companies, it has become customary to establish a streamlined group structure in which the parent company is a holding company and the real estate portfolio is owned indirectly through subsidiaries. This structure contributes to an increased financial flexibility for the group.

The restructuring is proposed to be carried out by way of a demerger (the "Demerger"), with a subsequent group merger (the "Group Merger"), as described in further detail in the demerger and group merger plan (the "Demerger Plan"). In the Demerger, assets, rights and obligations are transferred to OTE Transit 1 AS ("OTE Transit"), and in the Group Merger, OTE Transit is merged with OTE Eiendom AS ("OTE Eiendom"), in exchange for consideration issued by OTE.

The assets, rights and obligations transferred are shown in the draft demerger and group merger balance sheets, which are a part of the Demerger Plan.

OTE will continue after the Demerger, and all assets, rights and obligations that are not transferred to OTE Transit in connection with the Demerger, will remain in the company. The Demerger entails that appr. 46.5 % of the company's net values is transferred to OTE Transit.

In the Demerger, the share capital shall be distributed in the same proportion as the net worth is distributed among the companies. This implies that the share capital of OTE is reduced from

NOK 103 623 171 with NOK 48,169,160 to NOK 55,454,011 by reducing the nominal value of the shares from NOK 1 with NOK 0.46484931 to NOK 0.53515069.

This further implies that the reduced share capital from OTE of NOK 48,169,160 should be transferred to OTE Transit.

Immediately prior to the Demerger, the share capital of OTE Transit should be reduced to NOK 0 from NOK 30,000, by way of redemption of all shares in OTE Transit (i.e. 1 share with a nominal value of NOK 30,000). Simultaneously with this capital reduction, the share capital of OTE Transit is increased from NOK 0 with NOK 48,169,160 to NOK 48,169,160 by subscription of 103,623,171 shares of NOK 0.46484931

The effective date of the Demerger and the Group Merger will be when the six-week creditor notice period has concluded and the Group Merger is registered with the Norwegian Register of Business Enterprises, cf. the Norwegian Public Limited Liability Companies Act section 14-8 first paragraph, cf. section 13-16. Both the Demerger and the Group Merger is carried out with tax continuity and will be effective for tax purposes at the time of the registration in the Register of Business Enterprises.

As both the transferring and the acquiring company applies Norwegian Generally Accepted Accounting Principles (NGAAP) as their accounting language and the Demerger is carried out with unchanged ownership, both transactions are carried out at continuity for accounting purposes.

3. THE CONSIDERATION

The shareholders of OTE will receive consideration in the form of shares in OTE Transit, in the ratio of 1:1, i.e. one share is issued in OTE Transit per share owned in OTE. In the subsequent Group Merger, the shares in OTE Transit will be redeemed, and the shareholders of OTE will receive consideration in the form of increased nominal value of their shares in OTE. Consequently, all shareholders are treated equally and own the same prior to and after the restructuring.

The reduction of the nominal value of the shares in OTE in the Demerger is based on the ratio of distribution of fair market value between OTE and OTE Transit in the Demerger. This is described in further detail in the expert reports on the Demerger Plan and in the independent expert valuation.

The consideration to the shareholders in OTE is, in the opinion of the Board of Directors, appropriate. There have not been any particular complications with respect to determining the consideration.

4. IMPLICATIONS OF THE DEMERGER FOR THE EMPLOYEES

Of a total of 65 employees in OTE, 64 employees will be transferred to OTE Transit and then immediately to OTE Eiendom. There are currently no employees in OTE Transit or OTE Eiendom.

The employees of OTE who are transferred shall continue their employment relationship unchanged in OTE Transit after the Demerger, and in OTE Eiendom after the Group Merger. This entails a continuation of employment contracts, including pensions and seniority.

The Board of Directors of OTE Transit and OTE Eiendom are responsible for the transfer of existing employment contracts to OTE Eiendom with effect from the date of registration in the Register of Business Enterprises.

Any union representatives in OTE have the right to information and to a discussion in accordance with the Working Environment Act section 16-5, cf. the Norwegian Public Limited Liability Companies Act section 14-3 paragraph 3, cf. section 13-11 paragraph 2.

The employees of OTE have the right to information in accordance with the Working Environment Act section 16-6.

The demerger plan with attachments shall further be made known to the employees of OTE, cf. the Norwegian Public Limited Liability Companies Act section 14-4 paragraph 3, cf. section 13-11 paragraph 2.

* * * *

Oslo, 21 October 2019

The Board of Directors of Olav Thon Eiendomsselskap ASA

____
Olav Thon
Chairman of the Board

____
Sissel Berdal Haga Thon

____
Stig Olav Jacobsen

____
Svein Kristian Leer-Salvesen

____
Line Norbye

STATEMENT FROM THE BOARD OF DIRECTORS OF OTE TRANSIT 1 AS

REGARDING THE DEMERGER PLAN WHERE OTE TRANSIT 1 AS IS THE ACQUIRING COMPANY

Adopted by the Board of Directors of OTE Transit 1 AS («OTE Transit») on 21 October 2019.

1. BASIS

This report is prepared by the Board of Directors of OTE Transit in connection with the demerger of Olav Thon Eiendomsselskap ASA («OTE») where OTE Transit is the acquiring company, and subsequent merger of OTE Transit with OTE Eiendom AS ("OTE Eiendom"), where the consideration is issued by OTE. The legal basis of this report is the Norwegian Public Limited Liability Companies Act section 14-4 third paragraph, cf. section 13-9 second paragraph. The purpose of this report is to account for the demerger and group merger, including

1. explain and state the reason for the demerger and group merger, legally as well as financially;
2. explain and state the reason for, legally as well as financially, the consideration to the shareholders of OTE;
3. discuss any particular complications in determining the consideration;
4. explain the implications of the demerger and merger for the employees of the company.

2. ABOUT THE DEMERGER AND MERGER

When OTE was listed on the Oslo Stock Exchange in 1983, the company was structured as a real estate company, where the real estate was owned directly by OTE. In more recent years, OTE has increasingly acquired real estate through share deals, acquiring shares in real estate companies.

As of today, approx. 1/3 of the real estate portfolio is owned directly by the parent company, while the remaining 2/3 of the portfolio is owned indirectly through subsidiaries.

In order to streamline OTE as a holding company, the Board of Directors now proposes to restructure the Olav Thon group so that the remaining 1/3 of the real estate portfolio will be owned indirectly through subsidiaries as well.

For real estate companies, it has become customary to establish a streamlined group structure in which the parent company is a holding company and the real estate portfolio is owned indirectly through subsidiaries. This structure contributes to an increased financial flexibility for the group.

The restructuring is proposed to be carried out by way of a demerger (the "Demerger"), with a subsequent group merger (the "Group Merger"), as described in further detail in the demerger and group merger plan (the "Demerger Plan"). In the Demerger, assets, rights and obligations will be transferred from OTE to OTE Transit, and in the Merger, OTE Transit will be merged with OTE Eiendom, in exchange for consideration issued by OTE.

The assets, rights and obligations transferred are shown in the draft demerger- and group merger balance sheets, which are a part of the Demerger Plan.

OTE will continue after the Demerger, and all assets, rights and obligations that are not transferred to OTE Transit in connection with the Demerger will remain in the company. The transfer entails that appr. 46.5 % of OTE's net worth is transferred to OTE Transit.

In the Demerger, the share capital shall be divided in the same proportion as the net worth is distributed among the companies. This implies that the share capital of OTE is reduced from NOK 103,623,171 by NOK 48,169,160 to NOK 55,454,011 by reducing the nominal value of the shares from NOK 1 by NOK 0.46484931 to NOK 0.53515069.

This further implies that the reduced share capital from OTE of NOK 48,169,160 should be transferred to OTE Transit.

Immediately prior to the Demerger, the share capital of OTE Transit should be reduced to NOK 0 from NOK 30,000, by way of redemption of all shares in OTE Transit (i.e. 1 share with a nominal value of NOK 30,000). Simultaneously with this capital reduction, the share capital of OTE Transit is increased from NOK 0 with NOK 48,169,160 to NOK 48,169,160 by subscription of 103,623,171 shares of NOK 0.46484931.

The Group Merger is resolved simultaneously with the Demerger and is implemented immediately after. In the Group Merger, OTE Transit is dissolved and all assets, rights and obligations are transferred to OTE Eiendom. The consideration to the shareholders in OTE Transit is issued by OTE in the form of an increase in the nominal value of the shares in OTE. As it is OTE that issues the consideration to the shareholders, and it is OTE Eiendom that receives the assets in the Group Merger, a receivable is established between OTE Eiendom (as debtor) and OTE Transit (as creditor) to provide settlement for the capital increase in OTE. This receivable is discussed in further detail in the expert report and the Demerger Plan.

The effective date of the Demerger and the Group Merger will be when the six-week creditor notice period has concluded and the Group Merger has been registered with the Norwegian Register of Business Enterprises, cf. the Norwegian Public Limited Liability Companies Act section 14-8 first paragraph, cf. section 13-16. Both the Demerger and the Group Merger is carried out at tax continuity and will be effective for tax purposes at the time of the registration in the Register of Business Enterprises.

As OTE, OTE Transit and OTE Eiendom all apply Norwegian Generally Accepted Accounting Principles (NGAAP)as their accounting language, and the Demerger and Group Merger is carried out with unchanged ownership, both transactions are carried out at continuity for accounting purposes.

3. THE CONSIDERATION

The shareholders of OTE will receive consideration in the form of shares in OTE Transit in the ratio of 1:1, i.e. one share is issued in OTE Transit per share owned in OTE. In the subsequent Group Merger, the shares in OTE Transit will be redeemed, and the shareholders will receive consideration in the form of an increase in the nominal value of the shares in OTE. Consequently, all shareholders are treated equally and own the same prior to and after the restructuring.

The reduction of the nominal value of the shares in OTE in the Demerger is based on the ratio of the distribution of the net values between OTE and OTE Transit in the Demerger. This is explained in further detail in the expert reports on the Demerger Plan and the expert valuation.

The consideration to the shareholders in OTE is, in the opinion of the Board of Directors, appropriate. There have not been any particular complications with respect to determining the consideration.

4. IMPLICATIONS OF THE DEMERGER AND GROUP MERGER FOR THE EMPLOYEES

Of a total of 65 employees in OTE, 64 employees will be transferred to OTE Transit and then immediately to OTE Eiendom. There are currently no employees in OTE Transit or OTE Eiendom.

The employees of OTE who are transferred shall continue their employment relationship unchanged in OTE Transit after the Demerger, and in OTE Eiendom after the Group Merger. This entails a continuation of employment contracts, including pensions and seniority.

The Board of Directors of OTE Transit and OTE Eiendom are responsible for the transfer of existing employment contracts to OTE Eiendom with effect from the date of registration with the Register of Business Enterprises.

Any union representatives in OTE have the right to information and to a discussion in accordance with the Working Environment Act section 16-5, cf. the Norwegian Public Limited Liability Companies Act section 14-4 paragraph 3, cf. section 13-11 paragraph 2.

The employees of OTE have the right to information in accordance with the Working Environment Act section 16-6.

The demerger plan with attachments shall further be made known to the employees of OTE, cf. the Norwegian Public Limited Liability Companies Act section 14-4 paragraph 3, cf. section 13-11 paragraph 2.

* * * *

Oslo, 21 October 2019

The Board of Directors of OTE Transit 1 AS

____
Olav Thon
Chairman of the Board

____________________________	____________________________
Ole-Christian Hallerud	Dag Tangevald-Jensen

STATEMENT FROM THE BOARD OF DIRECTORS OF OTE EIENDOM AS

REGARDING THE GROUP MERGER WHERE OTE EIENDOM AS IS THE ACQUIRING COMPANY

Adopted by the Board of Directors of OTE Eiendom AS («OTE Eiendom») on 21 October 2019.

1. BASIS

This report is prepared by the Board of Directors of OTE Eiendom, pursuant to the Norwegian Public Limited Liability Companies Act section 13-9 second paragraph.

The purpose of this report is to account for the group merger, including

1. explain and state the reason for the group merger, legally as well as financially;
2. explain and state the reason for, legally as well as financially, the consideration to the shareholders of OTE;
3. discuss any difficulties in determining the consideration;
4. explain the implications of the group merger for the employees of the company.

2. ABOUT THE GROUP MERGER

When OTE was listed on the Oslo Stock Exchange in 1983, the company was structured as a real estate company, where the real estate was owned directly by OTE. In more recent years, OTE has increasingly acquired real estate through share deals, acquiring shares in real estate companies.

As of today, approx. 1/3 of the real estate portfolio is owned directly by the parent company, while the remaining 2/3 of the portfolio is owned indirectly through subsidiaries.

In order to streamline OTE as a holding company, the Board of Directors now proposes to restructure the Olav Thon group so that the remaining 1/3 of the real estate portfolio will be owned indirectly through subsidiaries as well.

For real estate companies, it has become customary to establish a streamlined group structure in which the parent company is a holding company and the real estate portfolio is owned indirectly through subsidiaries. This structure contributes to an increased financial flexibility for the group.

The restructuring is proposed to be carried out by a demerger (the "Demerger"), with a subsequent group merger (the "Group Merger"), as described in further detail in the demerger and group merger plan (the "Demerger Plan"). In the demerger, assets, rights and obligations are transferred to OTE Transit 1 AS ("OTE Transit"), and in the Merger, OTE Transit is merged with OTE Eiendom, in exchange for consideration issued by OTE.

The assets, rights and obligations transferred are shown in the draft demerger- and group merger balance sheets, which are a part of the Demerger Plan.

The Group Merger is resolved simultaneously with the Demerger and is implemented immediately after. In the Group Merger, OTE Transit is dissolved and all assets, rights and obligations are transferred to OTE Eiendom. The consideration to the shareholders in OTE Transit is issued by OTE in the form of an increase in the nominal value of the shares in OTE. As it is OTE that issues the consideration to the shareholders, and it is OTE Eiendom that receives the assets in the Group Merger with OTE Transit, a receivable is established between OTE Eiendom (as debtor) and OTE Transit (as creditor) to provide settlement for the capital increase in OTE. This receivable is discussed in further detail in the expert statement and the Demerger Plan.

The effective date of the Demerger and the Group Merger will be when the six-week creditor notice period has concluded and the Merger has been registered with the Norwegian Register of Business

Enterprises, cf. the Norwegian Public Limited Liability Companies Act section 14-8 first paragraph, cf. section 13-16. Both the Demerger and the Group Merger is carried out at tax continuity and will be effective from a tax perspective at the time of the registration in the Register of Business Enterprises.

As OTE, OTE Transit and OTE Eiendom all have apply Norwegian Generally Accepted Accounting Principles (NGAAP)as their accounting language, and the Demerger and Group Merger is carried out with unchanged ownership, both transactions are carried out at continuity for accounting purposes.

3. THE CONSIDERATION

The shareholders of OTE will receive consideration in the form of shares in OTE Transit in the ratio of 1:1, i.e. one share is issued in OTE Transit per share owned in OTE. In the subsequent Group Merger, the shares in OTE Transit will be redeemed, and the shareholders will receive consideration in the form of an increase in the nominal value of the shares in OTE. Consequently, all shareholders are treated equally and own the same prior to and after the restructuring.

The consideration of the shareholders in OTE is, in the opinion of the Board of Directors, appropriate. There have not been any particular complications with respect to determining the consideration.

3. IMPLICATIONS OF THE MERGER FOR THE EMPLOYEES

Of a total of 65 employees in OTE, 64 employees will be transferred to OTE Transit and then immediately to OTE Eiendom. There are currently no employees in OTE Transit or OTE Eiendom.

The employees of OTE who are transferred shall continue their employment relationship unchanged in OTE Transit after the Demerger, and in OTE Eiendom after the Group Merger. This entails a continuation of employment contracts, including pensions and seniority.

The Board of Directors of OTE Transit and OTE Eiendom are responsible for the transfer of existing employment contracts to OTE Eiendom with effect from the date of registration with the Register of Business Enterprises.

Any union representatives in OTE have the right to information and to a discussion in accordance with the Working Environment Act section 16-5, cf. the Norwegian Public Limited Liability Companies Act section 14-4 paragraph 3, cf. section 13-11 paragraph 2.

The employees of OTE have the right to information in accordance with the Working Environment Act section 16-6.

The Demerger Plan with attachments shall further be made known to the employees of OTE, cf. the Norwegian Public Limited Liability Companies Act section 14-4 paragraph 3, cf. section 13-11 paragraph 2.

* * * *

Signatures follow on page 3

Oslo, 21 October 2019

The Board of Directors of OTE Eiendom AS

____
Olav Thon
Chairman of the Board

___________________________	___________________________
Ole-Christian Hallerud	Dag Tangevald-Jensen

To the General Meeting of
Olav Thon Eiendomsselskap ASA

Statement on the division ratio (consideration) in Olav Thon Eiendomsselskap ASA

Upon request from the Board of Directors in Olav Thon Eiendomsselskap ASA, we, as independent experts, issue this statement in accordance with the Norwegian Public Limited Liability Companies Act section 14-4, cf. section 13-10 for the demerger plan dated 21 October 2019 on behalf of Olav Thon Eiendomsselskap ASA. Through the demerger certain assets, rights and obligations as specified in the demerger plan are transferred to OTE Transit 1 AS.

The Board of Directors' responsibility for the statement

The Board of Directors of the company is responsible for the information forming the basis of this statement as well as the valuations forming the basis for the consideration.

The independent expert's duties and responsibilities

Our responsibility is to issue a statement on the stipulation of the consideration.

The following statement consists of two parts. The first part explains the methods applied when stipulating the consideration to the shareholders in the transferring company. The second part is our opinion on the consideration.

Part 1: Statement on the stipulation of the consideration

Through the demerger of Olav Thon Eiendomsselskap ASA, all assets, rights and obligations related to the company's operative business in Norway (the "Business") is demerged and transferred to OTE Transit 1 AS. For a more detailed description of the specific assets, rights and obligations that are demerged, we refer to the description in the Demerger and Group Merger plan as well as the distribution stated in Appendix 1 to this plan.

The shareholders of Olav Thon Eiendomsselskap ASA will receive one share in OTE Transit 1 AS for each share owned in Olav Thon Eiendomsselskap ASA.

Upon the demerger, the share capital of Olav Thon Eiendomsselskap ASA is distributed in the same ratio as the net value of Olav Thon Eiendomsselskap ASA is distributed through the demerger. The stipulation of the net value of the Business is based on an independent valuation prepared as of 21 October 2019. The valuation is prepared applying recognized valuation principles, with emphasis on expected future earnings.

The value of Olav Thon Eiendomsselskap ASA and the part transferred to OTE Transit 1 AS upon the demerger, is stipulated based on the fair market value stated in the group balance sheet, prepared in accordance with IFRS. The real estate portfolio accounts for more than 95 % of the value of the company assets, and the fair market value of the properties is continuously assessed by the group applying the yield method. As a starting point, the yield method entails calculating the value of a property by dividing normalized cash flow on the normalized yield on the property. In addition, the company collects independent valuations of all properties from NewSec and Cushman & Wakefield. NewSec and Cushman & Wakefield usually apply a valuation method based on discounted cash flows. The cash flows are calculated by estimating rental earnings, related costs and CAPEX, for several years in the future. The cash flow estimates are discounted using an estimated discount rate. The group's own valuations calibrate very well against the independent valuations, supporting that the values in the balance sheet constitute a robust estimate of the fair market value.

Where necessary, certain adjustments have been made in the values of the IFRS balance sheet to calculate fair market value. The only adjustment of a certain material significance is that deferred taxes, stated with nominal value in the balance sheet, is converted to fair market value. This is mainly done by calculating a present market value of the tax disadvantage applying a lower basis for tax depreciation than indicated by the fair market value of the properties.

As all directly owned properties are transferred to OTE Transit 1 AS, while shares and partnership interests (in real estate companies) remain in Olav Thon Eiendomsselskap ASA, the valuation methods applied on what is demerged and what remains are fairly similar. Consequently, any uncertainties and discretionary elements will manifest in both places, including why the book equity is higher than the current stock market value of Olav Thon Eiendomsselskap ASA.

The value of the demerged Business represents approx. 46,4849 % of the total value of Olav Thon Eiendomsselskap ASA. This ratio is applied when reducing the share capital in Olav Thon Eiendomsselskap ASA.

Prior to the demerger, the share capital in Olav Thon Eiendomsselskap ASA is NOK 103 623 171, divided by 103 623 171 shares, each with a nominal value of NOK 1. As a result of the demerger, the share capital in Olav Thon Eiendomsselskap will be reduced with NOK 48 169 160, from NOK 103 623 171 to NOK 55 454 011, by way of reducing the nominal value of each share with NOK 0,46484931 from NOK 1 to NOK 0,53515069.

Part 2: Opinion of the independent expert

We have conducted our assessment and issue our opinion in accordance with the Norwegian auditing standard SA 3802-1 "The auditor's opinions and statements pursuant to the Norwegian Company legislation" [office translation]. The standard requires that we plan and perform procedures to obtain adequate reassurance that the consideration to the shareholders in Olav Thon Eiendomsselskap ASA is reasonable and just. Our procedures include an assessment of the valuation of the consideration. In addition, we have assessed the valuation methods applied as well as the assumptions that form the basis for the valuation.

In our opinion, the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion
In our opinion the rationale for the consideration to the shareholders of Olav Thon Eiendomsselskap ASA, of one share in OTE Transit 1 AS for each share owned in i Olav Thon Eiendomsselskap ASA, is reasonable and just based on the valuation of the companies as described above.

Gjettum 21 October 2019
Larsson AS

Eirik Larsson
state authorized auditor

To the General Meeting of
Olav Thon Eiendomsselskap ASA

Statement on the contribution in kind in Olav Thon Eiendomsselskap ASA

Upon request from the Board of Directors in OTE Transit 1 AS, we, as independent experts, issue this statement in accordance with the Norwegian Public Limited Liability Companies Act sections 10-2 c.f. section 2-6.

The Board of Directors' responsibility for the statement

The Board of Directors of the company is responsible for the information forming the basis of this statement as well as the valuations forming the basis for the consideration.

The independent expert's duties and responsibilities

Our responsibility is to issue a statement on stipulation of the consideration.

The following statement consists of two parts. The first part is a presentation of information in accordance with the requirements in the Norwegian Public Limited Liability Companies Act section 10-2 c.f. section 2-6. The second part is our statement on whether the assets received by the company has a value at least equivalent to the consideration.

Part 1: Information on the deposit

The deposit in Olav Thon Eiendomsselskap ASA consists of a receivable on OTE Eiendom AS, which finances the acquisition of assets, rights and obligations from OTE Transit 1 AS, arising in relation to an agreement to implement a merger between OTE Eiendom AS and OTE Transit 1 AS in return for consideration by way of increasing of the nominal value of the shares in Olav Thon Eiendomsselskap ASA. The assets and obligations received by OTE Eiendom AS is as described in Appendix 1 to the Demerger and Group Merger plan dated 21 October 2019.

Part 2: Opinion of the independent expert

We have conducted our assessment and issue our opinion in accordance with the Norwegian auditing standard SA 3802-1 "The auditor's opinions and statements pursuant to the Norwegian Company legislation" [office translation]. The standard requires that we plan and perform procedures to obtain adequate reassurance that the assets, rights and obligations received by the company has a value that is at least equivalent to the agreed consideration.

Our procedures include an assessment of the valuation of the deposit, including the valuation principles and existence and belonging. In addition, we have assessed the valuation methods applied as well as the assumptions that form the basis for the valuation.

In our opinion, the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the assets the company shall receive upon the share capital increase have been valuated in accordance with the principles described and has a value as of 21 October 2019 that is at least equivalent to the agreed consideration by way of increasing the share capital with NOK 48 169 160, share premium of NOK 147 989 886 and other equity of NOK 390 119 919.

Gjettum 21 October 2019
Larsson AS

Eirik Larsson
state authorized auditor

To the General Meeting of
OTE Transit 1 AS

Statement on the demerger plan for the acquiring company OTE Transit 1 AS in the demerger

Upon request from the Board of Directors in OTE Transit 1 AS, we, as independent experts, issue this statement in accordance with the Norwegian Public Limited Liability Companies Act section 14-4, cf. section 13-10 for the demerger plan between Olav Thon Eiendomsselskap ASA and OTE Transit 1 AS. Through the demerger OTE Transit 1 AS receives certain assets, rights and obligations as specified in the demerger plan in return for OTE Transit 1 AS issuing consideration in shares.

The Board of Directors' responsibility for the statement

The Board of Directors of the company is responsible for the information forming the basis of this statement as well as the valuations forming the basis for the consideration.

The independent expert's duties and responsibilities

Our responsibility is to issue a statement on the demerger plan and the stipulation of the consideration.

The following statement consists of three parts. The first part is a presentation of information in accordance with the requirements in the Norwegian Public Limited Liability Companies Act section 13-10 and section 2-6, first paragraph, number 1 to 4. The second part explains the methods applied when stipulating the consideration to the shareholders in the transferring company. The third part is our statement.

Part 1: Information on the deposit

Through the demerger, the company shall receive certain assets, rights and obligations related to Olav Thon Eiendomsselskap ASA's directly-owned operative business in Norway (the "Business") as described in the Demerger and Group Merger plan and set out in Appendix 1 to the plan.

Part 2: Method(s) for stipulating the consideration

Through the demerger of Olav Thon Eiendomsselskap ASA, the shareholders will receive one share in OTE Transit 1 AS for each share owned in Olav Thon Eiendomsselskap ASA.

Upon the demerger, the share capital of Olav Thon Eiendomsselskap ASA is distributed in the same ratio as the net value of Olav Thon Eiendomsselskap ASA is distributed through the demerger. The stipulation of the net value of the Business is based on an independent valuation prepared as of 21 October 2019. The valuation is prepared applying recognized valuation principles, with emphasis on expected future earnings.

The value of Olav Thon Eiendomsselskap ASA and the part transferred to OTE Transit 1 AS upon the demerger, is stipulated based on the fair market value stated in the group balance sheet, prepared in accordance with IFRS. The real estate portfolio accounts for more than 95 % of the value of the company assets, and the fair market value of the properties is continuously assessed by the group applying the yield method. As a starting point, the yield method entails calculating the value of a property by dividing normalized cash flow on the normalized yield on the property. In addition, the company collects independent valuations of all properties from NewSec and Cushman & Wakefield. NewSec and Cushman & Wakefield usually apply a valuation method based on discounted cash flows. The cash flows are calculated by estimating rental earnings, related costs and CAPEX, for several years in the future. The cash flow estimates are discounted using an estimated discount rate. The group's own valuations calibrate very well against the independent valuations, supporting that the values in the balance sheet constitute a robust estimate of the fair market value.

Where necessary, certain adjustments have been made in the values of the IFRS balance sheet to calculate fair market value. The only adjustment of a certain material significance is that deferred taxes, stated with nominal value in the balance sheet, is converted to fair market value. This is mainly done by calculating a present market value of the tax disadvantage applying a lower basis for tax depreciation than indicated by the fair market value of the properties.

As all directly owned properties are transferred to OTE Transit 1 AS, while shares and partnership interests (in real estate companies) remain in Olav Thon Eiendomsselskap ASA, the valuation methods applied on what is demerged and what remains are fairly similar. Consequently, any uncertainties and discretionary elements will manifest in both places, including why the book equity is higher than the current stock market value of Olav Thon Eiendomsselskap ASA.

The value of the demerged Business represents approx. 46,4849 % of the total value of Olav Thon Eiendomsselskap ASA. This ratio is applied when reducing the share capital in Olav Thon Eiendomsselskap ASA.

For accounting purposes, the demerger is considered a restructuring to be carried out with continuity. This entails that the assets and obligations received by OTE Transit 1 AS through the demerger, shall be booked at the same values as stated in the balance sheet of Olav Thon Eiendomsselskap ASA, as of 30 September 2019 equivalent to NOK 586 278 964 after deduction of the demerger debt that is established between the parties through the demerger. This value will also form the basis for the share capital increase in OTE Transit 1 AS, c.f. the Norwegian Private Limited Liability Companies Act and the Norwegian Public Limited Liability Companies Act sections 2-7. The fair market value of the net assets is higher.

Part 2: Opinion of the independent expert

We have conducted our assessment and issue our opinion in accordance with the Norwegian auditing standard SA 3802-1 "The auditor's opinions and statements pursuant to the Norwegian Company legislation" [office translation]. The standard requires that we plan and perform procedures to obtain adequate reassurance that the assets, rights and obligations received by the company has a value that is at least equivalent to the agreed consideration, and to give an opinion on the consideration to the shareholders. Our procedures include an assessment of the valuation of the deposit and the consideration, including the valuation principles and existence and belonging. In addition, we have assessed the valuation methods applied as well as the assumptions that form the basis for the valuation.

In our opinion, the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion the assets the company shall receive through the demerger, has a value at least equivalent to the agreed consideration of shares in OTE Transit 1 AS with a nominal value of NOK 48 169 160, share premium of NOK 147 989 886 and other equity of NOK 390 119 919, and in our opinion the rationale for the consideration to the shareholders of Olav Thon Eiendomsselskap ASA, of one share in OTE Transit 1 AS for each share owned in i Olav Thon Eiendomsselskap ASA, is reasonable and just based on the valuation of the companies as described above.

Gjettum 21 October 2019
Larsson AS

Eirik Larsson
state authorized auditor

To the General Meeting of
OTE Transit 1 AS

Statement on the merger plan for the transferring company OTE Transit 1 AS in the group merger

Upon request from the Board of Directors in OTE Transit 1 AS, we, as independent experts, issue this statement in accordance with the Norwegian Public Limited Liability Companies Act section 13-10 for the merger plan dated 21 October 2019 between OTE Transit 1 AS and OTE Eiendom AS, with consideration issued by Olav Thon Eiendomsselskap ASA in accordance with the Norwegian Public Limited Liability Companies Act section 10-2. Through the merger, OTE Transit 1 AS transfers all assets, rights and obligations to OTE Eiendom AS in return for Olav Thon Eiendomsselskap ASA issuing consideration in shares.

The Board of Directors' responsibility for the statement

The Board of Directors of the company is responsible for the information forming the basis of this statement as well as the valuations forming the basis for the consideration.

The independent expert's duties and responsibilities

Our responsibility is to issue a statement on stipulation of the consideration.

The following statement consists of two parts. The first part explains the methods applied when stipulating the consideration to the shareholders in the transferring company. The second part is our opinion on the consideration.

Part 1: Information on the deposit

Through a demerger of Olav Thon Eiendomsselskap ASA, OTE Transit 1 AS receives certain assets, rights and obligations related to Olav Thon Eiendomsselskap ASA's directly-owned operative business in Norway as described in the Demerger and Group Merger Appendix 1. These assets are then transferred to OTE Eiendom AS through the merger. The stipulation of the net value of the Business is based on an independent valuation prepared as of 21 October 2019. The valuation is prepared applying recognized valuation principles, with emphasis on expected future earnings.

The value of Olav Thon Eiendomsselskap ASA and the part transferred to OTE Transit 1 AS upon the demerger, is stipulated based on the fair market value stated in the group balance sheet, prepared in accordance with IFRS. The real estate portfolio accounts for more than 95 % of the value of the company assets, and the fair market value of the properties is continuously assessed by the group applying the yield method. As a starting point, the yield method entails calculating the value of a property by dividing normalized cash flow on the normalized yield on the property. In addition, the company collects independent valuations of all properties from NewSec and Cushman & Wakefield. NewSec and Cushman & Wakefield usually apply a valuation method based on discounted cash flows. The cash flows are calculated by estimating rental earnings, related costs and CAPEX, for several years in the future. The cash flow estimates are discounted using an estimated discount rate. The group's own valuations calibrate very well against the independent valuations, supporting that the values in the balance sheet constitute a robust estimate of the fair market value.

Where necessary, certain adjustments have been made in the values of the IFRS balance sheet to calculate fair market value. The only adjustment of a certain material significance is that deferred taxes, stated with nominal value in the balance sheet, is converted to fair market value. This is mainly done by calculating a present market value of the tax disadvantage applying a lower basis for tax depreciation than indicated by the fair market value of the properties.

The assets and obligations received by OTE Transit 1 AS through the demerger of Olav Thon Eiendomsselskap ASA, is booked at the same values as stated in the balance sheet of Olav Thon Eiendomsselskap ASA (continuity for accounting purposes), as of 30 September 2019 equivalent to NOK 586 278 964. The fair market value of the net assets is higher. Continuity for accounting purposes will also be applied in the merger, entailing that the same book values will be continued in OTE Eiendom AS, forming the basis for the receivable to be established between Olav Thon Eiendomsselskap ASA who issues the consideration in shares, and OTE Eiendom AS as the acquiring company.

The shareholders in OTE Transit 1 AS owns shares in the same ratio as they own shares in Olav Thon Eiendomsselskap ASA. Through the group merger between OTE Transit 1 AS and OTE Eiendom AS, OTE Transit 1 AS is dissolved, and the consideration in the merger is settled by way of an increase of the nominal value of each share in Olav Thon Eiendomsselskap ASA with NOK 0,46484931 from NOK 0,53515069 to NOK 1. The share capital increase amounts to a total of NOK 48 169 160 from NOK 55 454 011 to NOK 103 623 171; i.e. the total increase amount is equal to the share capital decrease in the initial demerger, and the share capital in Olav Thon Eiendom AS after implementing the demerger and the group merger will be equal to the share capital prior to the demerger.

In our opinion, the procedure for stipulating the consideration and the exchange ratio is appropriate. There have been no particular difficulties when stipulating the consideration.

Part 2: Opinion of the independent expert

We have conducted our assessment and issue our opinion in accordance with the Norwegian auditing standard SA 3802-1 "The auditor's opinions and statements pursuant to the Norwegian Company legislation" [office translation]. The standard requires that we plan and perform procedures to obtain adequate reassurance that the consideration to the shareholders in OTE Transit 1 AS is reasonable and just. Our procedures include an assessment of the valuation of the consideration. In addition, we have assessed the valuation methods applied as well as the assumptions that form the basis for the valuation, including an assessment of the basis for the valuation of intangible assets.

In our opinion, the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion the rationale for the consideration to the shareholders of OTE Transit 1 AS, by way of an increase of NOK 0,46484931 on the nominal value of each share in Olav Thon Eiendomsselskap ASA for each share in OTE Transit 1 AS, is reasonable and just based on the valuation of the companies as described above.

Gjettum 21 October 2019
Larsson AS

Eirik Larsson
state authorized auditor

To the General Meeting of
OTE Eiendom AS

Statement on the merger plan for the acquiring company OTE Eiendom AS in the group merger

Upon request from the Board of Directors in OTE Transit 1 AS, we, as independent experts, issue this statement in accordance with the Norwegian Public Limited Liability Companies Act section 13-10 for the merger plan dated 21 October 2019 between OTE Transit 1 AS and OTE Eiendom AS, with consideration issued by Olav Thon Eiendomsselskap ASA in accordance with the Norwegian Public Limited Liability Companies Act section 10-2. Through the merger, OTE Transit 1 AS transfers all assets, rights and obligations to OTE Eiendom AS in return for Olav Thon Eiendomsselskap ASA issuing consideration in shares.

The Board of Directors' responsibility for the statement

The Board of Directors of the company is responsible for the information forming the basis of this statement as well as the valuations forming the basis for the consideration.

The independent expert's duties and responsibilities

Our responsibility is to issue a statement on stipulation of the consideration.

The following statement consists of three parts. The first part is a presentation of information in accordance with the requirements in the Norwegian Public Limited Liability Companies Act section 13-10 and section 2-6, first paragraph, number 1 to 4. The second part explains the methods applied when stipulating the consideration to the shareholders in the transferring company. The third part is our statement.

Part 1: Information on the deposit

Through the demerger, the company shall receive certain assets, rights and obligations related to Olav Thon Eiendomsselskap ASA's directly-owned operative business in Norway (the "Business") as described in the Demerger and Group Merger plan as well as the distribution stated in Appendix 1 to this plan. These assets are the transferred to OTE Eiendom AS upon the merger.

Part 2: Method(s) for stipulating the consideration

The stipulation of the net value of Olav Thon Eiendomsselskap ASA is based on an independent valuation prepared as of 21 October 2019. The valuation is prepared applying recognized valuation principles, with emphasis on expected future earnings.

The value of Olav Thon Eiendomsselskap ASA and the part transferred to OTE Transit 1 AS upon the demerger, is stipulated based on the fair market value stated in the group balance sheet, prepared in accordance with IFRS. The real estate portfolio accounts for more than 95 % of the value of the company assets, and the fair market value of the properties is continuously assessed by the group applying the yield method. As a starting point, the yield method entails calculating the value of a property by dividing normalized cash flow on the normalized yield on the property. In addition, the company collects independent valuations of all properties from NewSec and Cushman & Wakefield. NewSec and Cushman & Wakefield usually apply a valuation method based on discounted cash flows.

The cash flows are calculated by estimating rental earnings, related costs and CAPEX, for several years in the future. The cash flow estimates are discounted using an estimated discount rate. The group's own valuations calibrate very well against the independent valuations, supporting that the values in the balance sheet constitute a robust estimate of the fair market value.

Where necessary, certain adjustments have been made in the values of the IFRS balance sheet to calculate fair market value. The only adjustment of a certain material significance is that deferred taxes, stated with nominal value in the balance sheet, is converted to fair market value. This is mainly done by calculating a present market value of the tax disadvantage applying a lower basis for tax depreciation than indicated by the fair market value of the properties.

The assets and obligations received by OTE Transit 1 AS through the demerger of Olav Thon Eiendomsselskap ASA, is booked at the same values as stated in the balance sheet of Olav Thon Eiendomsselskap ASA (continuity for accounting purposes), as of 30 September 2019 equivalent to NOK 586 278 964. The fair market value of the net assets is higher. Continuity for accounting purposes will also be applied in the merger, entailing that the same book values will be continued in OTE Eiendom AS, forming the basis for the receivable to be established between Olav Thon Eiendomsselskap ASA who issues the consideration in shares, and OTE Eiendom AS as the acquiring company.

The shareholders in Olav Thon Eiendom ASA owns the shares OTE Transit 1 AS in the same ratio as they own shares in Olav Thon Eiendomsselskap ASA. Through the group merger between OTE Eiendom AS and OTE Transit 1 AS, OTE Transit 1 AS is dissolved, and the consideration in the merger is settled by way of an increase of the nominal value of each share in Olav Thon Eiendomsselskap ASA with NOK 0,46484931 from NOK 0,53515069 to NOK 1. The share capital increase amounts to a total of NOK 48 169 160 from NOK 55 454 011 to NOK 103 623 171; i.e. the total increase amount is equal to the share capital decrease in the initial demerger, and the share capital in Olav Thon Eiendom AS after implementing the demerger and the group merger will be equal to the share capital prior to the demerger.

Part 3: Opinion of the independent expert

We have conducted our assessment and issue our opinion in accordance with the Norwegian auditing standard SA 3802-1 "The auditor's opinions and statements pursuant to the Norwegian Company legislation" [office translation]. The standard requires that we plan and perform procedures to obtain adequate reassurance that the assets, rights and obligations received by the company has a value that is at least equivalent to the agreed consideration, and to give an opinion on the consideration to the shareholders in OTE Transit 1 AS. Our procedures include an assessment of the valuation of the deposit and the consideration, including the valuation principles and existence and belonging. In addition, we have assessed the valuation methods applied as well as the assumptions that form the basis for the valuation, including an assessment of the basis for the valuation of intangible assets.

In our opinion, the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion the assets the company shall receive through the merger, has a value at least equivalent to the agreed consideration of shares in Olav Thon Eiendomsselskap ASA with a nominal value of NOK 48 169 160 as well as share premium of NOK 147 989 886 and other equity of NOK 390 119 919. In our opinion the rationale for the consideration to the shareholders of OTE Transit 1 AS, by way of an increase of NOK 0,46484931 on the nominal value of each share in Olav Thon Eiendomsselskap ASA for each share in OTE Transit 1 AS, is reasonable and just based on the valuation of the companies as described above.

Gjettum 21 October 2019
Larsson AS

Eirik Larsson
state authorized auditor