2013

OLAV THON EIENDOMSSELSKAP
ANNUAL REPORT

OLAV THON EIENDOMSSELSKAP IN BRIEF

HISTORY

Olav Thon Eiendomsselskap ASA was established in 1982, and the company's shares were listed on the Oslo Stock Exchange in 1983.

The company has undergone significant growth since 1982, and the annual rental value for the company's properties has increased from NOK 27 million originally to NOK 2,300 million. The company's market capitalisation rose from NOK 200 million to NOK 11.4 billion during the same period.

Since the early 1990s, the main focus area has been shopping centre property, and Olav Thon Eiendomsselskap is currently Norway's largest shopping centre player.

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. 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 further development, effective management and satisfied lessees.

In a capital-intensive industry, emphasis is placed on the fact that the company must have a strong financial position.

A combination of high ongoing returns on the property portfolio and economic growth as a result of active property development is expected to help maximise increase in value in both the short and the long term.

BUSINESS GOALS

The overall goal for Olav Thon Eiendomsselskap's business is to achieve maximum growth in equity per share so that, over time, shareholders will achieve a return that is competitive relative to 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**
Elin Ørjasæter, **Board Member**
Dag Tangevald-Jensen, **CEO**

The parent company does not have its own senior management, but instead has a business management agreement with the Olav Thon Group's central management company, Thon Holding AS, which ensures that the company draws on the overall administrative resources of the Olav Thon Group at all times.

Just under half of the Group's properties are managed by its subsidiaries.

2013 HIGHLIGHTS

OLAV THON EIENDOMSSELSKAP AGAIN EXPERIENCED GOOD DEVELOPMENT IN 2013.

- Pre-tax profit rose by 27% to NOK 2,138 million.
- The share price rose by 20% to a closing price of NOK 1,070, and the shares therefore gave a total return (including dividend) of 22%.
- Equity per share increased by 14% to NOK 1,209.
- The property operations were characterised by increases in property values and rental income. The value of the Group's property portfolio increased by 8% to NOK 33.0 billion, and the annual rental value for the property rose by 7% to NOK 2.3 billion. The vacancy rate in the property portfolio was maintained at 2%.
- Turnover in the Group's shopping centre portfolio owned by the Group increased by 6% to NOK 38.8(?) billion. At the year-end, the Group had 60 shopping centres and managed 27 shopping centres for external owners.
- Financially, development was characterised by an increase in interest-bearing debt by 6% to NOK 15,178, while the loan-to-value ratio fell to 46%. The Group's average interest rate fell to 4.61%.

KEY FIGURES

(Figures in NOK million)	2013	2012	2011
Net rental income	1,930	1,853	1,700
Pre-tax profit	2,138	1,686	1,051
Equity per share (NOK)	1,209	1,061	943
Equity ratio	37%	35%	33%
Liquidity reserves [1]	4,206	4,438	4,988
Amortisation next 12 months	5,322	2,580	2,681
Net cash flow from operations [2]	1,030	1,016	1,008
Interest-bearing debt	15,178	14,298	14,024
Interest rate as at 31 December	4.56%	4.70%	4.80%
Net investments	1,863	1,279	853
Book value of property portfolio	33,025	30,490	28,304
Rental value [3]	2,300	2,150	2,025
Net yield	6.2%	6.2%	6.4%
Turnover of owned shopping centres	38,808	36,436	34,663
Turnover of managed shopping centres	10,858	12,926	12,772
Stock exchange quotation as at 31 December (NOK)	1,070	890	788
Dividend per share (NOK) [4]	14	12	10

A change in accounting principles, etc. has meant that some figures differ from those given in previous annual reports.

1) Bank deposits, etc. + Unutilised borrowing facilities
2) Net cash flow from operational activities - Change in working capital
3) Including share of rental income from associated companies
4) Proposed dividend for 2013

OLAV THON EIENDOMSSELSKAP ANNUAL REPORT 2013

Olav Thon Eiendomsselskap again recorded a solid financial result during 2013. The result was characterised by a growth in rental income and a positive development in the value of the Group's investment properties.

The key points of the Group's annual accounts are as follows:

- **Gross rental income amounted to NOK 2,122 million (1,986) and net rental income was NOK 1,930 million (1,853).**
- **Changes in value of investment properties and financial instruments amounted to NOK 952 million (546).**
- **Pre-tax profit amounted to NOK 2,138 million (1,686).**
- **Cash flow from operations amounted to NOK 1,030 million (1,016).**
- **In 2013, equity per share rose by 14% to NOK 1,209 (1,061) and the equity ratio at the year-end was 37% (35).**
- **The Group's liquidity reserve at the year-end was NOK 4,206 million (4,438).**

STATEMENT OF ACCOUNTS

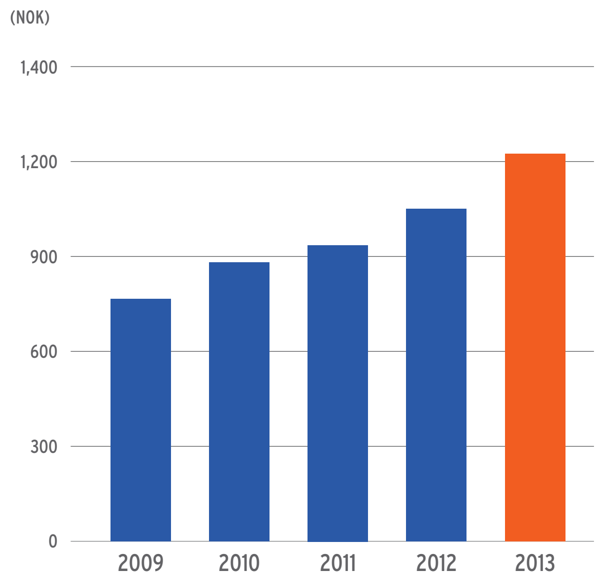
The Group's annual accounts are prepared in accordance with the International Financial Reporting Standards (IFRS), and the accounting principles have been applied consistently for all periods presented.

GOING CONCERN

The Board of Directors confirms that the conditions for the going concern assumption are met in accordance with the requirements of the Norwegian Accounting Act. The annual accounts for 2013 have been prepared on the basis of this assumption.

No circumstances have arisen since the end of the financial year which significantly affect the assessment of the Group's position and results as at 31 December 2013.

EQUITY PER SHARE



Equity per share increased by 57% during the period.

RESULT AND BALANCE SHEET SUMMARY

BALANCE SHEET AS AT 31 DECEMBER 2013

The Group's assets had a combined value of NOK 34,780 million (32,772), of which the value of investment properties amounted to NOK 33,025 million (30,490).

The Group's total equity was NOK 13,006 million (11,552) and the equity ratio was 37% (35). Equity per share (shareholders' share) was NOK 1,209 (1,061). The triple net asset value per share (EPRA NNNAV) has been calculated at NOK 1,514 (1,348). The Group's interest-bearing debt amounted to NOK 15,178 million (14,298) and the loan-to-value ratio, which indicates the amount of debt in relation to property values, was 46% (47).

RESULTS FOR 2013

Pre-tax profit amounted to NOK 2,138 million (1,686), while the annual profit after tax was NOK 1,682 million (1,218).

The operating result before changes in the value of investment properties amounted to NOK 1,882 million (1,795), while the operating result amounted to NOK 2,657 million (2,697).

Profit before changes in the value of investment properties, financial instruments and estimated tax amounted to NOK 1,187 million (1,140).

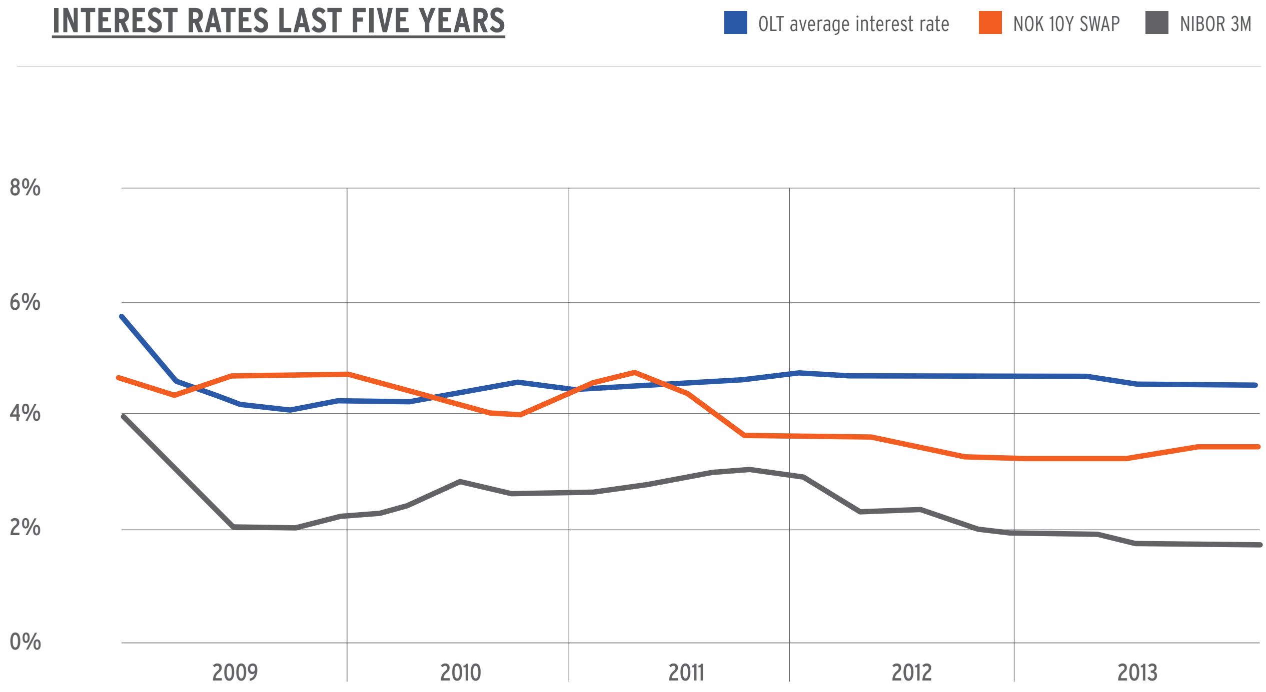
RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Gross rental income amounted to NOK 2,122 million (1,986). Rental income increased as a result of the completion of a number of property projects and new properties.

The Group's net rental income thus amounted to NOK 1,930 million (1,853).

Other property operating income amounted to NOK 736 million (667) and primarily consisted of payments from the Group's lessees to cover property service charges.

INTEREST RATES LAST FIVE YEARS



The Group's average interest rate during the period varied between 4.1% and 5.7%.

Property-related expenses amounted to NOK 928 million (800), including the aforementioned service charges of NOK 651 million (580).

OTHER OPERATING INCOME AND COSTS

The value of the Group's investment properties was adjusted upwards by NOK 775 million (902) net in 2013. This increase in value has arisen as a result of a combination of a reduction in the return requirement, completed property projects and increased rental income.

The share of net income of associated companies was NOK 19 million (18).

Other operating income amounted to NOK 172 million (157) and relates primarily to sales income from other activity and fees for property management for external owners. Fees for property management for external owners amounted to NOK 46 million (45). Other operating expenses, administration costs and ordinary depreciation amounted to NOK 239 million (234).

FINANCIAL INCOME AND EXPENSES

Net financial expenses, excluding the change in value of financial instruments, amounted to NOK 695 million (655). Finance costs have increased over last year primarily as a result of an increase in interest-bearing debt (NOK 700 million).

The average interest rate in 2013 was 4.6% (4.70).

The value of the Group's financial instruments increased by NOK 177 million (-356) as a result of an increase in the long-term interest rate level.

The total financial expenses thus amounted to NOK 518 million (1,011).

CASH FLOW AND LIQUIDITY

During 2013, net cash flow from operations was NOK 1,030 million (1,016), while change in working capital amounted to NOK -360 million (229). Net cash flow from operating activities was therefore NOK 670 million (1,245).

Net cash flow from investment activities was NOK -1,806 million (-1,239), while net cash flow from financing activities increased liquidity by NOK 957 million (-177).

During 2013, liquid assets were therefore reduced by NOK 179 million (-111).

At the year-end, the Group's liquidity reserve stood at NOK 4,206 million (4,438) and consisted of short-term investments of NOK 456 million (635) and committed long-term credit lines of NOK 3,750 million (3,803).

PARENT COMPANY ACCOUNTS AND DISTRIBUTION OF THE PROFIT FOR THE YEAR

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

The parent company's operating income amounted to NOK 874 million (853), and the pre-tax profit amounted to NOK 104 million (217).

The annual profit after tax was NOK -8 million (94).

The Board of Directors recommends that the profit for the year of the parent company be distributed as follows:

Dividend, NOK 14 per share	NOK 149 million
Transferred from other equity	NOK -157 million
Allocated net profit	**NOK - 8 million**

At the year-end, the parent company's assets had a book value of NOK 11,037 million (10,152).

At the same time, the book equity was NOK 1,055 million (1,212), and the equity ratio was 10% (12).

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Eiendomsselskap is a workplace that practises equality and does not tolerate any form of discrimination or harassment of employees.

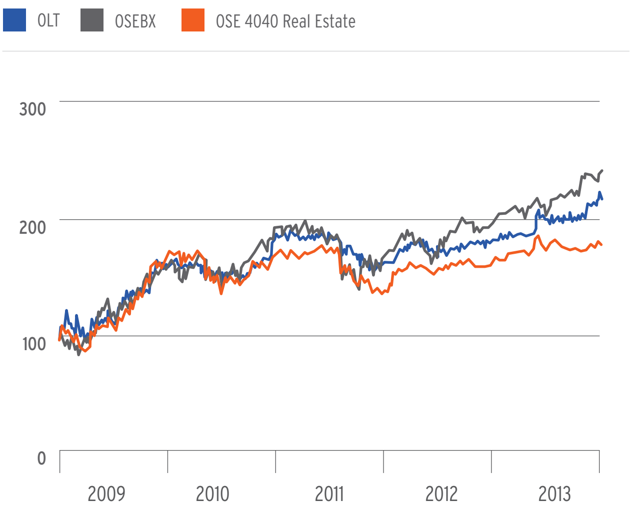
All employees are entitled to equal and fair treatment regardless of age, ethnic origin, functional impairment, skin colour, nationality, political views and religion or other belief.

Work is underway 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 abovementioned conditions and the working environment in general to be satisfactory.

At the end of 2013, 393 full-time equivalents (399) were employed by the Group. Of the Group's employees, 42% are women and 58% are men.

SHARE PRICE DEVELOPMENT AND INDEXES OVER THE PAST FIVE YEARS



Over the past five years, the price of Olav Thon Eiendomsselskap shares has developed somewhat more sluggishly than the main index (OSEBX), but has been better than the property index of Oslo Stock Exchange (OSE 4040 Real Estate).

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

Sickness absence was 3.5% (4.0%) in 2013. There were no work-related injuries or accidents due to operational circumstances during the period. Nor have any deficiencies in staff safety or the working environment in general been identified.

ENVIRONMENTAL STATUS

The Group's pollution of the external environment is minimal. The Group makes every effort to minimise the damage operations cause to the external environment, for instance by following environmentally friendly procedures in the carrying out of operational activities. A focus on environmental considerations is a natural and integral part of operations in Olav Thon Eiendomsselskap.

Emphasis is placed on environmentally friendly measures in the Group's own activities and for the lessees' use of the properties. Examples of such measures include energy-saving programmes for the Group's properties and environmentally acceptable waste management.

Parts of the property portfolio have been 'Eco-lighthouse Program certified' as a part of the Group's targeted work concerning health, safety and the environment (HSE).

This means that many specific environmental measures have been implemented. Examples of this include the reduction of waste, environmentally acceptable waste management and significant energy savings.

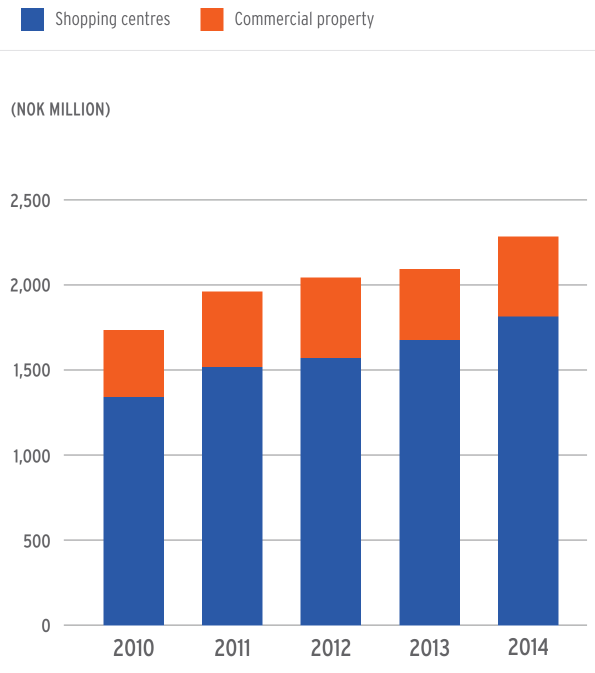
Olav Thon Eiendomsselskap manages a substantial property portfolio and thus has an influence on the local environment in which the properties are situated. Major contributions to the development of public space are made through refurbishment, maintenance and new construction. Operations satisfy the requirements that are adopted as regards limiting pollution of the external environment.

CORPORATE SOCIAL RESPONSIBILITY

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

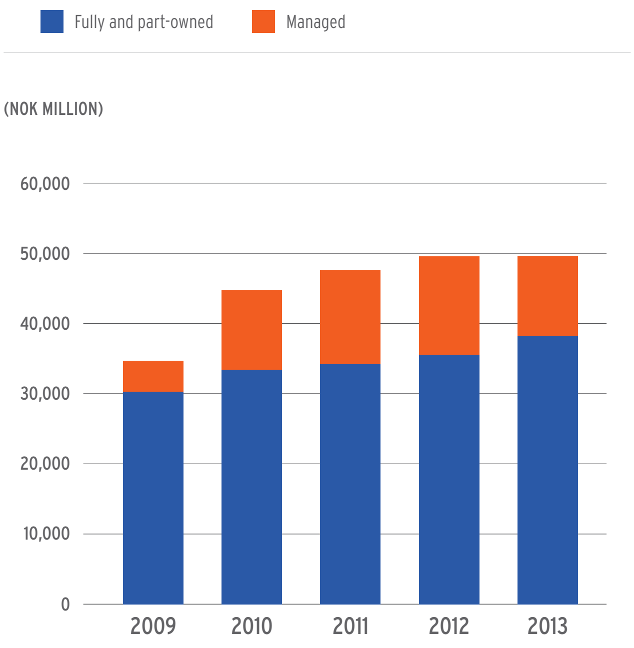
Therefore, Olav Thon Eiendomsselskap works systematically with regard to corporate social responsibility in the areas of human rights, working conditions, the environment, anti-corruption and social responsibility.

RENTAL VALUE



The rental value of the property portfolio increased by 32% during the period.

SHOPPING CENTRE TURNOVER



Shopping centre turnover for the Group's owned and managed shopping centres has increased by 44% during the period.

The Group is affiliated with the UN's Global Compact and Global Reporting Initiative, which is a network for companies wishing to actively promote sustainable development.

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

STATEMENT CONCERNING CORPORATE GOVERNANCE

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

The management of the Group builds on the principles outlined in the 'Norwegian Code of Practice for Corporate Governance' issued by the Norwegian Corporate Governance Board (NCGB).

Five board meetings were held in Olav Thon Eiendomsselskap during 2013.

A supplementary statement concerning corporate governance can be found on the company's website at www.olt.no.

SHARES AND SHAREHOLDERS

SHARE PRICE DEVELOPMENT

The price of Olav Thon Eiendomsselskap shares rose during 2013 by 20% to a closing price of NOK 1,070 as at 30 December 2013. Therefore, the company's shares gave a total return (including dividends) of 22% in 2013, while the main index of Oslo Stock Exchange rose by 24%. At the year-end, the company's market capitalisation amounted to NOK 11.4 billion, making Olav Thon Eiendomsselskap one of the largest listed property companies in the Nordic region.

DIVIDEND

At the company's Annual General Meeting in May, it was decided that a dividend of NOK 12 per share should be paid for 2012. The Board proposes that the dividend be increased to NOK 14 per share for 2013.

Further information on shares and shareholders can be found on pages 68-71 of the annual report.

PROPERTY OPERATIONS

THE PROPERTY PORTFOLIO AS AT 31 DECEMBER 2013

At the year-end, the value of the property portfolio was estimated to be NOK 33,025 million (30,490), based on an average net return requirement of 6.2% (6.2).

The property portfolio is broken down into the following property segments:

Segment	Share of rental income	Yield rate
Shopping centres	78%	6.1% (6.1)
Commercial property	22%	6.4% (6.8)

Investment properties are recognised at fair value (market value). For information on the valuation model and the variables used in the valuations, see note 16 of the 2013 annual report.

The rental value of the property portfolio rose by NOK 150 million in 2013 to NOK 2,300 million. This increase can be explained by both new properties and completed property projects.

Shopping centres

At the year-end, shopping centres comprised the management of 87 shopping centres, of which 27 are managed for external owners.

The Group's market position in the Norwegian shopping centre market is strong, and the portfolio includes Norway's three largest, as well as no fewer than six of the country's ten largest shopping centres in 2013.

Shopping centres owned by the Group

The rental value of the shopping centre properties rose by 6% in 2013 to NOK 1,802 million. Store turnover in the centres rose by 6% to NOK 38.8 billion.

In line with the general trend in the Norwegian retail sector, turnover growth was low during 2013, and organic growth is estimated to be 0.5%.

Shopping centres managed for other owners

Store turnover in centres managed for other owners amounted to NOK 10.9 billion (12.9). Store turnover in this part of the portfolio has fallen as a result of a major management contract terminating during the first half of the year.

COMMERCIAL PROPERTY

The rental value for the Group's commercial property (excluding shopping centre property) rose by 10% in 2013 to NOK 498 million.

Further information on property operations can be found on pages 78-85 of the 2013 annual report.

INVESTMENTS

The Group's net investments during 2013 amounted to NOK 1,863 million (1,279) and concerned property acquisitions, investments in property projects under construction and refurbishment of the existing property portfolio.

MAJOR PROPERTY ACQUISITIONS

During 2013, the Group's position as the country's leading shopping centre player was strengthened further through the acquisition of holdings in the following shopping centres:

- Sandens Kristiansand (50%)
- Amfi Moss (50%)
- Mosseporten Senter (50%)
- Lompen senteret, Svalbard (75%)

The centres have a total retail space of around 80,000 square metres.

In addition, the Group has increased its holding in Vestkanten Storsenter in Bergen from 70% to 89%.

PROPERTY DEVELOPMENT

Property development represents a significant part of the Group's activities, and 2013 was an active year.

Upgrades and expansions were carried out at three shopping centres during the year, which added around 49,000 square metres of new retail space.

At the start of 2014, alterations and expansions are being made to a further seven shopping centres, in addition to the refurbishment and construction of two properties in central Oslo. In addition, an office/warehouse property is being expanded in Gardermoen Park.

Further information on the Group's projects can be found on pages 85-87 of the 2013 annual report.

FINANCING

The Group's debt portfolio consists of long-term credit lines arranged with Nordic banks and loans raised directly within the Norwegian capital market.

Access to financing in the banking and capital market improved considerably in 2013 and is now considered to be extremely good.

2013 was an extremely active year, and much of the Group's debt was refinanced. New financing agreements were entered into over the course of the year with total credit lines amounting to NOK 5,915 million kroner. At the year-end, total loans and credit lines amounted to NOK 18,929 (18,100).

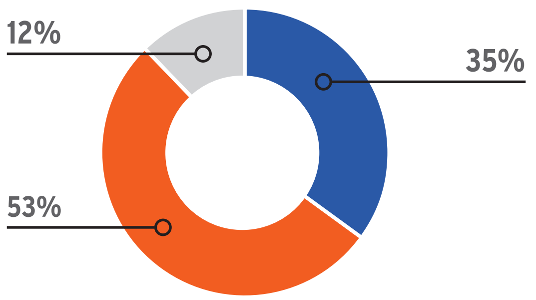
The Norwegian capital market is an increasingly important source of financing, and at the year-end, the Group had outstanding certificate and bond debt amounting to NOK 5,175 million (3,410).

At the year-end, the debt had an average remaining life of 3.8 years (3.6). 35% of the debt will fall due for payment in 2014. The due debt will be covered through both existing liquidity reserves and new borrowing.

Further information on financial matters can be found on pages 72-77 of the 2013 annual report.

PAYMENT STRUCTURE

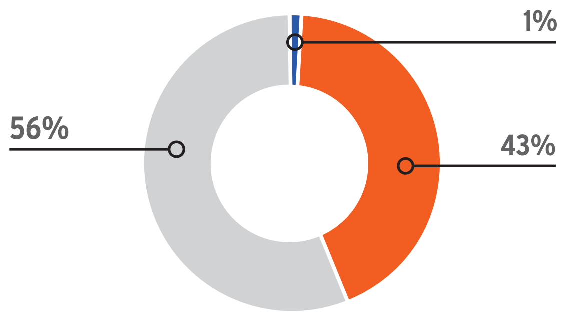
< 12 MONTHS 1-5 YEARS > 5 YEARS



35% of interest-bearing debt falls due during the next 12 months, while the average remaining life is 3.8 years.

CREDIT LINES

< 12 MONTHS 1-5 YEARS > 5 YEARS



1% of committed credit lines falls due during the next 12 months, while the average remaining life is 6.3 years.

OLAV THON EIENDOMSSELSKAP ASA'S RISK FACTORS

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

- Market risk
- Financial risk
- Operational risk

MARKET RISK

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

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

Changes in the market's return requirement employed in connection with property sales and market rent for the properties have a direct effect on property values.

THE MARKET FOR COMMERCIAL PROPERTY

Growth in the Norwegian economy fell significantly during 2013, and the Norwegian economy is now experiencing an economic downturn.

Despite lower growth levels in the Norwegian economy, 2013 was a good year for commercial property, partly as a result of improved access to debt capital.

The rental market

In general, rental prices for shopping centres indicated a stable development.

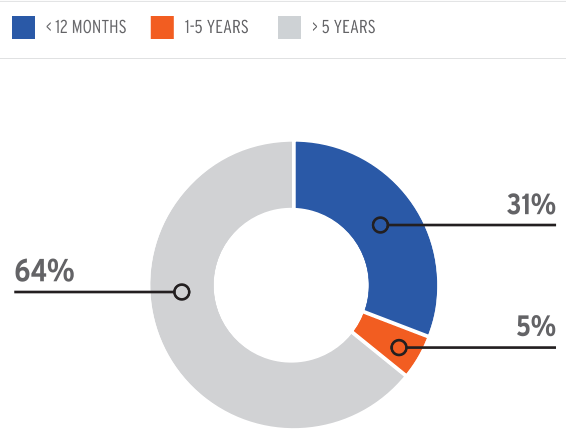
The key trend for the office market in Oslo was a slight rise in the vacancy rate, but rental prices continued to show an upward trend.

For the last three years as a whole, office rental prices in the Oslo area have increased by around 20-30%, with the highest price growth occurring in the most central office areas.

The transaction market

The total volume of transactions in the market for commercial property (with a value of over NOK 50 million) fell in 2013 by 20% from the previous year to NOK 42 billion. The principal reason for the decline is the fact that there were fewer larger transactions, while the number of transactions has increased since 2013.

INTEREST RATE MATURITY STRUCTURE



31% of interest-bearing debt will be subject to interest rate adjustment during the next 12 months, while the average remaining life is 4.7 years.

Furthermore, prices indicated a stable tendency, with a slight upward trend for the largest and most attractive properties.

The major factor behind this price rise for the most attractive properties was a drop in the return (yield) requirement and an increase in rental expectations.

THE GROUP'S MARKET RISK

Shopping centres generate 79% of the Group's rental income, with most coming from shopping centres in the major towns and cities. A substantial proportion of lessees are international and national chains within the retail sector, and the lease agreements have a balanced maturity structure.

Growth in consumer spending in Norway during 2013 remained at a low level, and the Group's own shopping centres recorded turnover growth roughly in line with the performance of the Norwegian retail sector. Relatively modest growth in consumer spending is also anticipated during the coming period and the operating conditions for the Group's shopping centres are therefore regarded as stable.

Commercial properties in the Oslo region generate 22% of rental income, the majority being office properties. The properties are leased to a large number of lessees from various sectors, and the lease agreements also have a balanced maturity structure in this segment.

The risk of a significant increase in vacancy rates and a substantial fall in this part of the portfolio is considered to be moderate. Sensitivity linked to the way in which a change in return requirements and rental incomes affects property values and the solvency ratio is discussed in note 16.

FINANCIAL RISK

The greatest financial risk for Olav Thon Eiendomsselskap is linked to the Group's access to and the price of financing in the banking and capital markets.

The price of financing depends on short-term and long-term market interest rates and the specific credit margin which the Group must pay. The credit margin is linked to the Group's credit rating and the general credit supply and demand situation.

INTEREST RATE DEVELOPMENTS

Both the short-term and long-term market interest rates displayed somewhat different trends during 2013. The short-term market rate (three-month NIBOR) fell to 1.69% (1.83), while the long-term market rate (10-year swap) increased to 3.37% (3.13).

THE CREDIT MARKET

The indicated credit margin for Olav Thon Eiendomsselskap's five-year bond loans fell to 1.15% (1.50), while the credit margin for certificate loans with a 12-month term increased to 0.45% (0.30).

The Group's financial risk can be broken down into:

– **Liquidity risk**
– **Interest rate risk**
– **Credit risk**

LIQUIDITY/REFINANCING RISK

Liquidity risk is linked to the Group's ability to fulfil payment and other debt obligations as they fall due.

This risk is mitigated by having substantial available liquidity reserves, a moderate loan-to-value ratio, long-term loan agreements and the use of various financing sources and markets.

The liquidity reserve is adapted to future financing requirements in both a short-term and a medium-term perspective.

At the year-end, the Group's liquidity reserve stood at NOK 4,206 million (4,438) and consisted of short-term investments of NOK 456 million (635) and committed long-term credit lines of NOK 3,750 million (3,803). The long-term interest-bearing debt was 15,178 million (14,298), and 35% (18) of this debt will fall due for payment within one year. The refinancing requirement will be covered through both existing liquidity reserves and new borrowing.

At the year-end, the debt portfolio had an average remaining life of 3.8 years (3.6).

INTEREST RATE RISK/DEVELOPMENTS IN THE VALUE OF THE GROUP'S FINANCIAL INSTRUMENTS

Interest rate risk is linked to changes in cash flow, financial results and equity as a result of interest rate changes in short-term and long-term interest rate markets.

The risk is partly managed through the use of financial instruments which are adapted to the Group's interest rate expectations and objectives for interest rate risk. For example, the cash flow impact of interest rate changes in the short-term interest rate market is reduced by having a proportion of long-term interest rate guarantees.

At the year-end, the Group had the following interest rate maturity structure:

At the year-end, the average fixed interest rate term was 4.7 years (5.3), and the average interest rate for the Group's portfolio of loans and financial instruments was 4.56% (4.70).

The Group's financial instruments (interest rate swaps) are recognised at market value as of the balance sheet date.

Interest rate swaps are primarily used to secure the Group long-term interest rate guarantees and a predictable cash flow. If the agreed fixed interest rate deviates from the market rate, an increase or reduction in value will arise, which is recognised as an income or a expense in the profit and loss account.

At the year-end, the Group's portfolio of long-term interest rate swaps established for this purpose was approximately NOK 10,532 million (9,972) and had a market value of NOK -1,332 million. (-1,309)

Further information on the Group's financial matters can be found on pages 72-77 of the annual report.

CREDIT RISK

The Group's credit risk largely relates to the risk of incurring losses as a result of the lessees failing to pay the agreed rent.
The properties are let to a large number of lessees from various sectors, and good routines have been established in connection with the establishment and follow-up of lease agreements.

In recent years, the Group has suffered relatively low losses on rent claims, and the risk of the Group suffering substantial losses as a result of bankruptcies among its lessees is considered to be moderate.

OPERATIONAL RISK

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

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

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

OUTLOOK

The global economy is developing positively, but growth remains low.

Growth in Norway fell significantly during 2013, and the Norwegian economy is now experiencing an economic downturn. Moderate growth is expected in the Norwegian economy in the coming period and interest rate rises by Norges Bank have therefore been postponed for the foreseeable future.

Development in the Norwegian retail sector is sluggish and this is reflected in the turnover figures for the shopping centres. Relatively modest growth in consumer spending is anticipated during the coming period and the operating conditions for the Group's shopping centres are therefore regarded as stable.

The vacancy rate in the office market is increasing somewhat, but rental prices show a slightly rising trend. With weaker development in the Norwegian economy, there is also reason to expect relatively stable developments in the coming period in this property segment.

Despite the lowered expectations regarding the Norwegian economy, the Board of Directors believes that the Group's sound market position in the property market and its strong financial position will contribute to further satisfactory development in the company's profits going forward.

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 COMPREHENSIVE INCOME / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Amounts in NOK million)	Note	2013	2012
Gross rental income	1, 16, 29, 30	2,122	1,986
Other property operating income	1, 6, 16	736	667
Property-related expenses	8, 9, 16, 29, 30	-928	-800
Net rental income		**1,930**	**1,853**
Change in value, investment properties	16	775	902
Share of profits of associated companies	4	19	18
Other operating income	7	172	157
Other operating expenses	8, 10	-128	-126
Administrative expenses	8, 11	-98	-97
Ordinary depreciation		-13	-11
Operating result		**2,657**	**2,697**
Financial income	12	25	23
Change in value of financial instruments	14	177	-356
Financial expenses	13	-720	-678
Pre-tax profit		**2,138**	**1,686**
Change in deferred tax	26	-341	-317
Current taxes	26	-115	-151
Taxes		**-457**	**-468**
Profit for the year		**1,682**	**1,218**
Other income and expenses		0	0
Comprehensive income		**1,682**	**1,218**
Total comprehensive income attributable to:			
Shareholders		1,648	1,121
Non-controlling interests		34	97
Earnings per share (in whole NOK)	28	154.78	105.27
Earnings per share (diluted)	28	154.78	105.27

STATEMENT OF FINANCIAL POSITION / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Amounts in NOK million)	Note	2013	2012
ASSETS			
Deferred tax assets	26	319	390
Investment property	16	33,025	30,490
Other fixed assets	15	66	74
Associated companies	4	345	329
Other investments	17, 29	145	58
Non-current assets		**33,899**	**31,341**
Trade receivables and other current assets	18	424	796
Cash and cash equivalents	19	456	635
Total current assets		**881**	**1,431**
Total assets		**34,780**	**1,431**
EQUITY AND LIABILITIES			
Majority share of shareholders' equity	21	12,864	11,289
Non-controlling interests		142	262
Total equity		**13,006**	**11,552**
Deferred tax liabilities	26	4,548	4,277
Non-current liabilities	20, 21, 22, 23	9,986	13,032
Current liabilities	24, 25, 29	7,241	3,912
Total liabilities		**21,774**	**21,220**
Total equity and liabilities		**34,780**	**32,772**

STATEMENT OF CASH FLOW / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Amounts in NOK million)	Note	2013	2012
Pre-tax profit		2,138	1,686
Change in value, investment properties		-775	-902
Change in value of financial instruments		-177	356
Expensed interest	13	720	678
Interest paid		-724	-720
Share of profits of associated companies	4	-19	-18
Income tax paid		-148	-72
Ordinary depreciation	15	13	11
Difference between expensed and paid pensions	8	0	-2
Change in operations-related accruals		-360	229
Net cash flow from operational activities		**670**	**1245**
Proceeds from the sale of fixed assets	16	80	1
Payments in connection with the purchase of investment property and fixed assets	15, 16	-922	-926
Proceeds from the sale of other investments		10	0
Acquisition of other investments		-974	-314
Net cash flow from investment activities		**-1,806**	**-1,239**
Proceeds from issuing of borrowings	23	5,788	4,580
Repayment of borrowings	23	-4,701	-4,590
Dividends paid	27	-130	-106
Net cash flow from financing activities		**957**	**-117**
Net change in cash and cash equivalents		-179	-111
Cash and cash equivalents as at 1 January	19	635	746
Cash and cash equivalents as at 31 December	19	**456**	**635**
Unutilised overdrafts and other drawing rights		3,760	3,813

STATEMENT OF CHANGES IN EQUITY / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Amounts in NOK million)	Note	Attributable to shareholders in the parent company Share capital	Reserves	Retained earnings	Non-controlling interests	Total
Equity as at 31 December 2011		**106**	**318**	**9,614**	**169**	**10,208**
Total comprehensive income				1,119	99	1,218
Reversal of previously recorded deferred tax	26			255		255
Dividends paid				-106		-106
Acquisitions of other companies	5			-17	-6	-23
Equity as at 31 December 2012		**106**	**318**	**10,865**	**262**	**11,552**
Total comprehensive income				1,648	34	1,682
Dividends paid				-131		-131
Acquisitions of other companies	5			59	-155	-96
Equity as at 31 December 2013		**106**	**318**	**12,440**	**142**	**13,006**

KEY FIGURES

(NOK million)	2013	2012	2011
Result			
Rental income	2,122	1,986	1,889
Changes in the value of property and interest rate instruments	952	546	-24
Net interest expenses	675	645	643
Pre-tax profit	2,138	1,686	1,051
Solvency ratio			
Equity per share (NOK)	1,209	1,061	943
Equity ratio	37%	35%	33%
Total assets	34,780	32,772	30,623
Liquidity			
Liquidity reserves [1]	4,206	4,438	4,988
Amortisation next 12 months	5,322	2,580	2,681
Net cash flow from operations [2]	1,030	1,016	1,008
Net interest-bearing debt/Net cash flow from operations	13.8	12.7	13.3
Interest coverage ratio [3]	2.8	2.8	2.6
Financing			
Interest-bearing debt	15,178	14,298	14,024
Loan-to-value ratio	46%	47%	50%
Remaining loan term (years)	3.8	3.6	4.4
Interest rate as at 31 December	4.56%	4.70%	4.80%
Interest rate hedging (over one year)	69%	69%	64%
Property			
Net investments	1,863	1,279	853
Book value of property portfolio	33,025	30,490	28,304
Rental value [4]	2,300	2,150	2,025
Net yield	6.2%	6.2%	6.4%
Turnover of owned shopping centres	38,808	36,436	34,663
Turnover of managed shopping centres	10,858	12,926	12,772
Share price (NOK)			
Stock exchange quotation as at 31 December	1,070	890	788
Market capitalisation as at 31 December	11,390	9,474	8,388
Dividend per share [5]	14	12	10
EPRA [6]			
EPRA Earnings [7]	1,055	917	958
EPRA NNNAV [8]	16,113	14,344	12,991
EPRA NIY (net initial yield)	6.2%	6.2%	6.4%
EPRA Vacancy rate	2.3%	2.5%	2.1%

A change in accounting principles, etc. has meant that some figures differ from those given in previous annual reports.

[1] Bank deposits, etc. + Unutilised borrowing facilities

[2] Net cash flow from operational activities - Change in working capital

[3] (Operating result - Ordinary depreciation - Share of net income of associated companies - Change in value, investment properties)/Net interest expenses

[4] Including share of rental income from associated companies

[5] Proposed dividend for 2013

[6] European Public Real Estate Association

[7] Majority share of result after current taxes without changes in value

[8] Majority share of equity + Deferred tax - Rated debt obligation (deferred tax 8%)

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