

OLAV THON EIENDOMSSSELKAP

Report for first quarter 2012



OLAV THON EIENDOMSSELSKAP ASA

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The year 2012 has started well for Olav Thon Eiendomsselskap, and the financial results for the first quarter are marked by growth in rental income and an increased cash flow from operations.

The key points in the quarterly report are as follows:

- The group's rental income came to NOK 491 million (NOK 467 million). At the turn of the quarter, the (theoretical) rental value of the property portfolio was NOK 2,045 million (NOK 1,945 million), and the vacancy rate was 2% (3%).
- Pre-tax profits amounted to NOK 532 million (NOK 576 million).
- Net cash flow from operations came to NOK 279 million (NOK 247 million).
- The group's equity ratio at the turn of the quarter was 34% (35%) and book equity per share rose in the quarter by NOK 28 to NOK 973 (NOK 927).
- Liquidity reserves at the end of the quarter stood at NOK 3,957 million (NOK 3,951 million).
- Turnover in the shopping malls in the group's portfolio was NOK 10.7 billion (NOK 9.7 billion), of which NOK 2.9 billion (NOK 2.5 billion) was from malls managed for other owners.



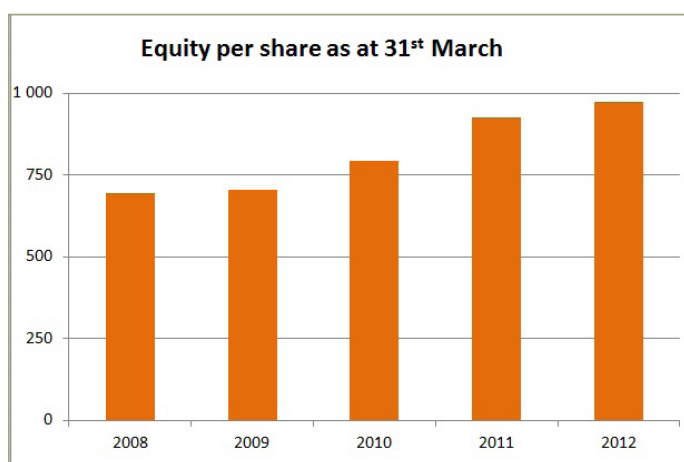
Balance sheet as at 31 March 2012 ¹

The aggregate value of the group's assets was NOK 31,281 million (NOK 29,099 million). Of this sum, the value of the investment properties was NOK 28,722 million (NOK 27,289 million).

Total shareholders' equity came to NOK 10,577 million (NOK 10,057 million) and the equity ratio was 34% (35%).

Equity per share (shareholders' share) amounted to NOK 973 (NOK 927), and long-term net asset value per share is estimated to be NOK 1,257 (NOK 1,186) (EPRA NNAV)².

The group's interest-bearing debt was NOK 14,112 million (NOK 13,792 million), and the loan-to-value ratio was 49% (51%).



Since 2008 equity per share has risen by 41%.

Results for the first quarter 2012

The group's operating profit came to NOK 659 million (NOK 562 million). The increase from last year is primarily attributable to a rise in rental income and higher fair value adjustments on the group's investment properties.

Pre-tax profits amounted to NOK 532 million (NOK 576 million), whilst profits for the quarter after tax came to NOK 383 million (NOK 415 million).

Rental income and property-related expenses.

Rental income in the first quarter was NOK 491 million (NOK 467 million). The increase is due to both the completion of property projects and a fall in the portfolio vacancy rate.

¹ The figures in brackets are figures from the same period/date last year.

² See page 11 for definition

Other property-related income was NOK 124 million (NOK 123 million) and involves payments from the group's lessees to cover the property service charges.

Property-related expenses came to NOK 165 million (NOK 192 million), including the aforementioned service charges of NOK 124 million (NOK 123 million).

Net rental income thus came to NOK 450 million (NOK 398 million).

Other operating income and expenses

In the first quarter, the value of the investment properties saw a net upward adjustment of NOK 216 million (NOK 159 million). The increase in value is the result of an upward revision of the value of projects in progress and higher rental income from some properties.

The share of the net income of associated companies was - NOK 1 million (NOK 3 million).

Other operating income amounted to NOK 99 million (NOK 122 million) and relates primarily to the group's income from sales and the management of properties for external owners.

Other operating expenses, administration costs and ordinary depreciation came to NOK 33 million (NOK 30 million).

Operating profit was therefore NOK 659 million (NOK 562 million).

Operating profit before fair value adjustment on the investment properties came to NOK 443 million (NOK 403 million).

Financial income and expenses

Net financial expenses were NOK 167 million (NOK 164 million). The average interest rate in the first quarter was 4.8%.

The market value of the financial instruments rose in the first quarter by NOK 40 million (NOK 178 million) as a result of slightly higher long-term market interest rates.

Cash flow and liquidity

In the first quarter, the net cash flow from operations was NOK 279 million (NOK 247 million), and the change in working capital came to NOK 71 million (NOK 58 million). Net cash flow from operational

activities was thus NOK 350 million (NOK 305 million).

Investment activities generated a net cash flow of - NOK 206 million (- NOK 114 million), whilst financing activities contributed NOK 189 million (- NOK 307 million).

This means that in the first quarter the group's liquid holdings rose by NOK 333 million (- NOK 116 million).

At the end of the quarter, the group's liquidity reserves stood at NOK 3,957 million (NOK 3,951 million), and consisted of short-term investments of NOK 1,080 million (NOK 482 million) and committed long-term credit lines of NOK 2,877 million (NOK 3,469 million).

Investments

The group's investments in the first quarter were NOK 206 million (NOK 127 million), and relate to both investments in property projects under construction and the rehabilitation of properties in the existing portfolio.

Major property projects under construction

Major extension and renovation work, due for completion in 2012 and 2013, has started at the following shopping malls:

- **The Vestkanten mall in Bergen (70%)**
This project involves the addition of about 10,000sqm of retail space and 12,000sqm of parking and public areas.
- **The Mart'n Senteret mall, Elverum (50%)**
The property is having 6,800sqm of retail



space and 7,000sqm of parking and public areas added to it.

- **The Amfi Moa Nord mall, Ålesund**
An additional 5,700sqm of retail space is being added to this property.
- **The Sogningen Storsenter mall, Sogndal (50%)**
This project consists of the addition of 4,500sqm of retail space and 3,800sqm of parking and public areas.
- **Calmeyers gate 8b, Oslo.**
A combined commercial and residential building of 2,700sqm is under construction in the centre of Oslo.
- **The Sørlandssenteret mall in Kristiansand S, (50%)**
Building phase 2 consists of about 33,000sqm of retail space.

Reference is also made to page 68 in the Annual Report for 2011.



The property portfolio as at 31 March 2012

The value of the property portfolio at the turn of the quarter is estimated to be NOK 28,722 million (NOK 27,289 million).

The investment properties are recorded at "actual value" (market value). For information regarding the valuation model and the variables included in the assessment, reference is made to notes 1 and 16 to the Annual Report for 2011.

The value assessment is based on an average required rate of return of 6.3% (6.5%), with the required rate of return on individual properties varying between 5.5% and 10.0%.

The average required rate of return per property segment is as follows:

- Shopping mall property 6.2% (6.3%)
- Other commercial property 7.0% (7.1%)

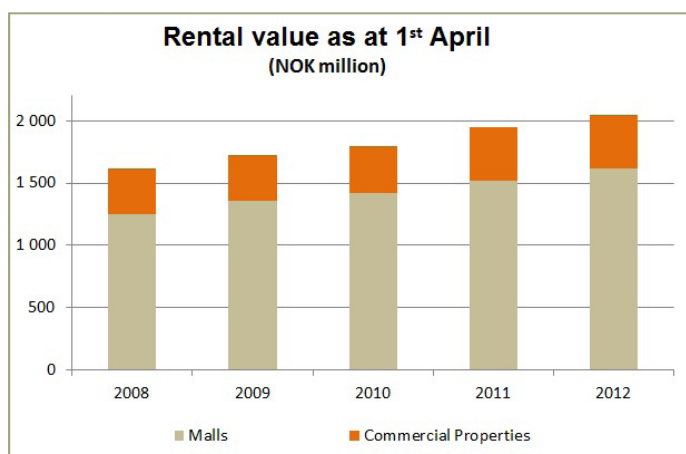
The annual (theoretical) rental value (including the share of rental income from associated companies) was NOK 2,045 million (NOK 1,945 million).

This increase on last year came about as a result of both new properties and a general growth in portfolio rents.

A breakdown of the rental value per property segment is as follows:

- Shopping mall property 79%
- Other commercial property 21%

The average remaining term for the lease agreements is about four years (four years).



The annual (theoretical) rental value of the group's property portfolio has risen by 26% since 2008.

The shopping malls

At the turn of the quarter, shopping mall operations comprised the management of 77 shopping malls. The group wholly or partly owns 52 of the malls, whilst 25 are managed for external owners.

The group's market position in the Norwegian shopping mall market is strong and its portfolio includes Norway's five largest malls and another two that are among the ten largest malls in the first quarter of 2012.

In the first quarter, the turnover in the malls was NOK 10.7 billion (NOK 9.7 billion). Of this sum, NOK 2.9 billion (NOK 2.5 billion) came from malls managed for other owners.

The organic growth in the group-owned malls is estimated to be about 2.5%, taking into account the number of shopping days and the timing of Easter in 2012 and 2011.

Risk factors

The major risk factors for Olav Thon Eiendomsselskap are market and financial risks related to the Norwegian property and financial market.

The property market

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

Changes in the market's required rate of return (yield) used in the sale of commercial property have a direct effect on the value of the property portfolio. As mentioned previously, the value assessment as at 31 March 2012 is based on an average required rate of return of 6.3%. In the last five years, this rate has varied between 6.3% and 6.8%.

Changes in the required rate of return and/or market rent affect the value of the group's investment properties. For a description of how a change in yield affects the market value of the property portfolio, reference is made to page 32 in the Annual Report for 2011.

The group's equity ratio is considered to be robust in relation to changed yield. For example, an increase of one percentage point in yield to 7.3% would reduce the equity ratio to 28%.



The risk of a substantial weakening of the group's financial solidity as a result of a higher yield is therefore considered to be moderate.

Financial risk

The greatest financial risk for Olav Thon Eiendomsselskap is related to the group's access to financing in the bank and credit markets.

The group's financing is described in more detail in the next section, and for further details regarding financial risk management, reference is made to pages 58-60 in the Annual Report for 2011.

Financial instruments (interest rate swaps) are recorded at market value on the balance date. The rate swaps are used primarily to secure long-term interest rate guarantees and a stable cash flow.

At the turn of the quarter, the group's long-term interest rate swap portfolio totalled NOK 9,370 million (NOK 8,350 million) and had a market value of - NOK 920 million.

A change of one percentage point in the long-term interest rate level is estimated to result in a change of about NOK 800 million in the market value of the rate swaps.

The estimated effect of a one percentage point change in the short-term interest rate level is a rise in the average interest rate of about 0.32 percentage points. Net annual interest expenses would then see a change of about NOK 50 million.

Financing

In the first quarter, the group took up a four-year bond loan of NOK 350 million and a certificate loan of NOK 150 million with a one-year term.

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

At the end of the quarter, total loans and credit lines were NOK 16,989 million (NOK 17,261 million), of which the drawn portion was NOK 14,223 million (NOK 13,792 million).

The Norwegian capital market is becoming an increasingly more important source of financing, and at the turn of the quarter the group had outstanding certificate and bond debts of NOK 2,540 million (NOK 2,200 million).

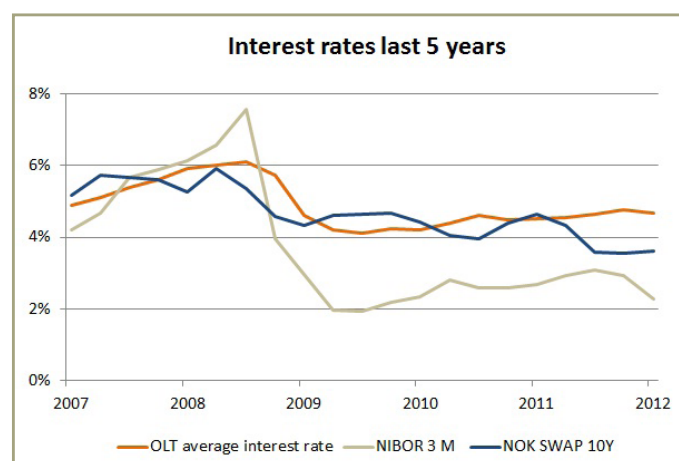
The debt portfolio has an average remaining life of 4.4 years (6.1 years). Eight percent of the debt falls due for payment in 2012, and the refinancing need could be covered in its entirety by existing liquidity reserves.

As at 31 March 2012, the average nominal interest rate (including credit margin) was 4.7% (4.5%).

At the turn of the quarter, the group had the following interest rate maturity structure:

Rate guarantee period 0 -1 yrs:	32% (34%)
Rate guarantee period 1 -5 yrs:	3% (3%)
Rate guarantee period 5 -10 yrs:	65% (63%)

The average interest rate guarantee period was 5.7 years (4.7 years).

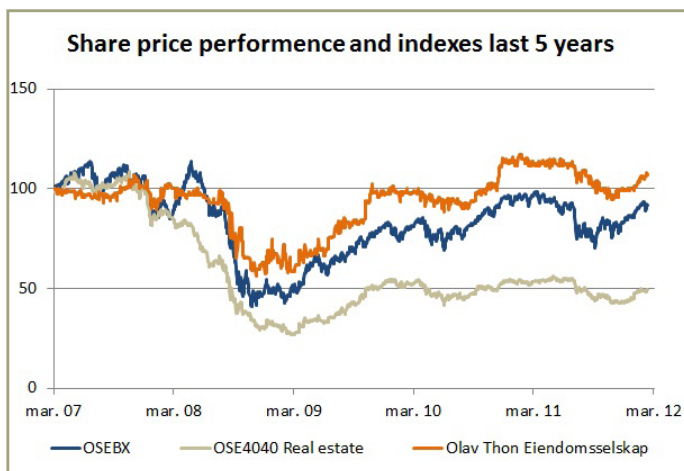


The group's average interest rate fell in the first quarter of 2012 from 4.8% to 4.7%.

Shares and shareholders

In the first quarter, the price of shares in Olav Thon Eiendomsselskap rose by 13% to a closing price of NOK 888 on 30 March 2012. The main index of the Oslo Stock Exchange rose by 11% in the same period.

The highest and the lowest share price in the first quarter were NOK 900 and NOK 790, respectively. The company's market capitalisation at the turn of the quarter was NOK 9.5 billion, making it the third largest listed property company in the Nordic countries.



During the last five years the price of shares in Olav Thon Eiendomsselskap has performed better than the main and property indexes of the Oslo Stock Exchange.

As at 31 March 2012, the company's major owners were:

• Thon Gruppen AS with subsidiaries	71.4%
• Folketrygdfondet (National Insurance Fund)	9.0%
• Otto Olsen Eiendom with related parties.	2.5%
• MP Pensjon	1.9%
• Skagen Vekst	1.7%
• <u>Other owners</u>	<u>14.0%</u>
• <u>TOTAL</u>	<u>100.0%</u>

Outlook

Growth in the global economy is slowing down, and substantial uncertainty continues to surround future macroeconomic developments.

There is still a risk that the government debt crisis will lead the industrialised countries into economic decline.

In Norway growth continues relatively high, and most areas of the Norwegian economy are performing well. However, international developments are also eroding the economic prospects of this country, and therefore the Central Bank of Norway lowered the key interest rate by 0.25 points to 1.50% in March.

The shopping malls in the group's ownership had an organic growth in turnover of about 2.5% in the first quarter, roughly in line with developments in the

Norwegian retail trade.

It is expected that consumer spending in Norway will continue to see relatively high growth in the future, and therefore the operating conditions for the group's shopping malls are regarded as positive.

The vacancy rate in the office market in Oslo has stabilised, and rental prices showed a stable or slightly rising tendency. The office rental market is judged to be cyclically sensitive, which means that there is an increased risk of the positive trend slowing down in the time ahead.

Despite the ongoing uncertainty in the global economy, the Board considers that Olav Thon Eiendomsselskap's sound market position in the property market and its strong financial position will contribute to continued satisfactory profit developments in the future.

Oslo, 24 May 2012

The Board of Directors
Olav Thon Eiendomsselskap ASA

Olav Thon
(Chairman)

Sissel Berdal Haga

Signe Moland

Stig O. Jacobsen

Kristian Leer- Salvesen

Every effort has been made to ensure that this translation of the report for the first quarter 2012 is a true translation.

However, in case of discrepancy, the Norwegian version takes precedence.

OLAV THON EIENDOMSSELSKAP ASA - KONSERNREGNSKAP

STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK	Q1 2012	Q1 2011	At 31.12.2011
Rental income	491	467	1 889
Other property related income	124	123	496
Property related expenses	-165	-192	-685
Net rental income	450	398	1 700
Fair value adjustments - investment properties	216	159	555
Income from associates	-1	3	54
Other operating income	99	122	449
Other operating expenses	-72	-90	-367
Administration expenses	-26	-23	-99
Ordinary depreciations	-7	-7	-27
Operating profit	659	562	2 265
Financial income	5	8	53
Fair value adjustments - financial instruments	40	178	-580
Financial expenses	-172	-172	-702
Profit/loss before taxes	532	576	1 036
Taxes	-149	-161	-281
Profit/ loss for the period	383	415	755
Allocated to:			
Shareholders	334	408	724
Minority interests	49	6	31
Earnings per outstanding share	31	38	68
Earnings per share, diluted	31	38	68

STATEMENT OF TOTAL INCOME

Amounts in NOK	Q1 2012	Q1 2011	At 31.12.2011
Profit/ loss for the period	383	415	755
Allocated to:			
Shareholders	334	408	724
Minority interests	49	6	31

BALANCE SHEET

Amounts in MNOK	Q1 2012	Q1 2011	At 31.12.2011
TOTAL ASSETS			
Deferred tax assets	287	140	287
Investment properties	28 722	27 289	28 304
Tangible assets	60	43	61
Financial fixed assets	388	335	393
Total fixed assets	29 457	27 807	29 045
Debtors	744	811	831
Bank deposits, cash in hand etc.	1 080	482	746
Total current assets	1 824	1 293	1 578
Total assets	31 281	29 099	30 623
EQUITY AND LIABILITIES			
Minority's share of shareholders equity	218	192	169
Majority's share of shareholders equity	10 359	9 865	10 039
Total equity	10 577	10 057	10 208
Deferred taxes	4 228	3 868	4 133
Non-current liabilities	13 944	13 781	13 751
Current liabilities	2 532	1 392	2 530
Total liabilities	20 704	19 041	20 415
Total equity and liabilities	31 281	29 099	30 623

STATEMENT OF CASHFLOW

Amounts in MNOK	Q1 2012	Q1 2011	At 31.12.2011
Net cashflow from operations	279	247	1 008
Change in working capital	71	58	244
Net cashflow from operational activities	350	305	1 252
Net cashflow from investment activities	-206	-114	-693
Cashflow from financing activities	189	-307	-304
Payment of dividends	0	0	-106
Net cashflow from financing activities	189	-307	-410
Net change in cash and cash equivalents	333	-116	149
Bank deposits at 01.01.	746	597	597
Bank deposits at 31.03	1 080	482	746

EQUITY ANALYSIS

(Shows transactions with owners)

Amounts in MNOK	Share capital	Premium fund	Accumulated equity	Minority intrests	Total
At 31.12.2010	106	318	9 045	186	9 656
Total profit/loss for the period			408	6	414
Acquisitions			-12		-12
At 31.03.2011	106	318	9 441	192	10 058
Total profit/loss for the period			316	25	341
Acquisitions			-36	-48	-84
Dividend distribution			-106	0	-107
At 31.12.2011	106	318	9 615	169	10 208
Total profit/loss for the period			334	49	383
Acquisitions			-14		-14
At 31.03.2012	106	318	9 935	218	10 577

EPRA NNAV *)

Amounts in MNOK	Q1 2012	Q1 2011	At 31.12.2011
Majority's share of shareholders' equity	10 359	9 865	10 039
Plus deferred taxes	4 228	3 868	4 133
Rated debt obligation (deferred tax 8%)	-1 208	-1 105	-1 181
Net asset value	13 379	12 628	12 991
Net asset value per share	1 257	1 186	1 220

*) EPRA, European Public Real Estate Association, is an organization for listed property companies and investors in Europe, that prepares recommendations for financial reporting.
In this report is used EPRA NNAV, that indicates net asset value (majority's share of shareholders' equity) per share.

NOTES TO INTERIM FINANCIAL STATEMENTS FOR OLAV THON EIENDOMSELSKAP ASA AT 31. MARCH 2012

(all figures are given in NOK millions)

Note 1 General Information

Olav Thon Eiendomsselskap ASA is resident in Norway and is listed at the Oslo Stock Exchange
The headquarter is located in Oslo
The group accounts includes Olav Thon Eiendomsselskap ASA with subsidiaries and the shares in associated companies.

Note 2 Accounting principles etc.

The consolidated financial statements for the 1st quarter 2012 have been drawn up in accordance with stock exchange rules and regulations and IAS 34 "Interim reporting".
The interim financial statements should be read in connection with the annual report 2011.

The interim financial statements were adopted by the Board of Directors on 24. March 2012
The interim financial statements are unauditet

Note 3 Change in group structure

There has been no changes in the Group structure in the 1st quarter 2012

Note 4 Estimates

The preparation of the interim reports means application of reviews, estimates and assumptions which affect the application of accounting principles and reported figures in association with assets and liabilities, income and expenses.

In the preparation of this interim report, the reviews, estimates and assumptions which affect the application of accounting principles are the same as in the Group accounts for 2011

Note 5 Transactions with related parties

The following transactions with related parties have been carried out or agreed as at 31 March 2012

Transactions	Counterparty	Counterparty to	Amount (MNOK)
Current lease agreement	Companies in Thon Gruppen AS	Olav Thon	13
Current operating and administrative agreements	Thon Eiendomsdrift AS	Olav Thon	14

Note 6 <u>Long term debt</u>	31.03.2012	31.03.2011	31.12.2011
Bonds	1 200	1 140	850
Credit Institutions	10 730	11 383	10 424
Commercial Papers	1 050	1 050	1 475
Other debt	48	457	48
Fair value - financial instruments	912	202	951
Total	13 940	14 232	13 748

Note 7 Segment information

Primary reporting format - operational segments
As at 31 March 2012 the group has activities in two main segments:
Shopping Mall
Commercial Property

Segment results 31.03.12

	Shopping Mall	Commercial Property	Other operations	Not Allocated	Group
Rental Income	378	113			491
Other property related income	111	13			124
Property related expenses	-132	-33			-165
Net rental income	357	93		0	450
Fair value adjustments - investment properties	222	-6			216
Income from associates	-1				-1
					0
Other operating income	74	11	14		99
Other operating expenses	-54	-10	-8		-72
Administration expenses	-22	-4		0	-26
Ordinary depreciations	-7	0			-7
					0
Operating profit	569	84	6	0	659

Net financial items			-167	-167
Profit before taxes	569	84	-127	532
Taxes			-149	-149
Profit/loss for the period				383

Note 8 **Investment properties**

	At 31.03.12	At 31.03.11	At 31.12.11
Opening balance	28 303	27 003	27 003
Acquisitions through purchases/expenditures	203	127	746
Fair value adjustments recorded as profit(loss) in the period	216	159	555
Changes due to reclassification	0	0	0
Other changes	0	0	-2
Closing balance	28 722	27 289	28 302

Note 9 **Shares**

There has not been issue of new shares in 2012

Note 10 **Events after 31.03.12**

There has not occurred events of significance for assessment of Olav Thon Eiendomsselskap ASA after 31.03.12

Olav Thon Eiendomsselskap ASA

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