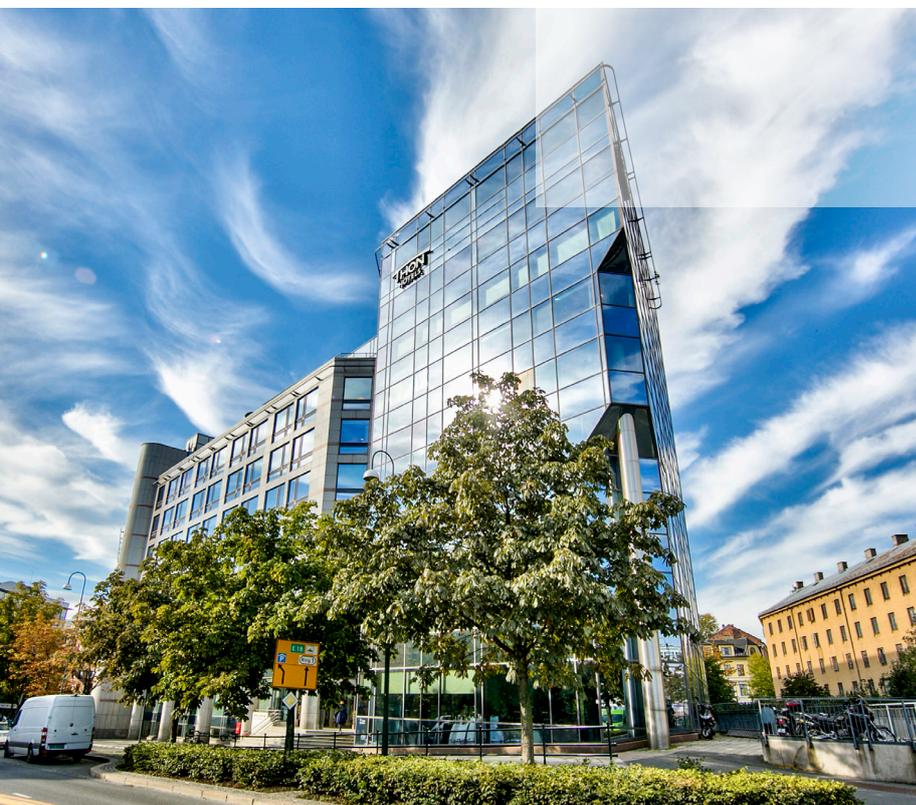


# REPORT FOR THE SECOND QUARTER AND FIRST HALF-YEAR 2016

**OLAV THON**  
EIENDOMSELSKAP ASA



## KEY FIGURES

Amounts in NOK million	Q2 2016	Q2 2016	30.06.16	30.06.15	31.12.15
Net rental income	550	501	1 110	1 005	2 023
Fair value adjustments in investment properties and interest rate derivatives <sup>1)</sup>	446	1 571	590	1 862	3 026
Profit before taxes	811	1 912	1 319	2 547	4 407
Profit before tax and fair value adjustments <sup>1)</sup>	365	341	729	685	1 381
Equity per share (NOK)			173	147	165
Equity ratio			39 %	39 %	40 %
Non-current net asset value per share (NOK) (EPRA NNAV) <sup>2)</sup>			214	184	202
Net cash flow from operations	280	285	590	553	1 085
Liquidity reserves <sup>3)</sup>			5 092	4 292	3 525
Amortisation next 12 months			4 871	3 656	1 571
Interest-bearing debt			19 923	16 779	18 006
Interest rate as at 31.03 / 31.12			3,31 %	3,73 %	3,61 %
Loan to value ratio <sup>4)</sup>			45 %	46 %	44 %
Net investments <sup>5)</sup>	287	141	1 602	265	2 699
Investment properties			43 796	36 172	40 177
Annual rental income <sup>6)</sup>			2 675	2 360	2 500
Yield			5,44 %	5,75 %	5,50 %
Sales, owned shopping centres	11 860	11 282	22 328	21 452	47 737
Sales, managed shopping centres	2 981	2 936	5 528	5 365	11 650
Share price as at 31.12 (NOK)			143,5	142,5	142,0

Changes to accounting policies etc. mean that some figures differ from those presented in previous interim and annual reports. Note that there may be figures and percentages that do not always add up correctly due to rounding differences.

1) Including value adjustments in joint ventures and associated companies

2) EPRA, European Public Real Estate Association, is an organisation for listed property companies and investors in Europe, which prepares recommendations for financial reporting. This report uses EPRA NNAV, which indicates the net asset value (majority share of equity) per share. This is calculated as majority share of equity + deferred tax liabilities - fair value of debt (deferred tax 7 % as at 31.03.16/31.12.15 and 8 % as at 31.03.15)

3) Bank deposits etc. + Undrawn borrowing facilities

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

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

6) Includes market rent for vacant premises



# OLAV THON EIENDOMSSELSKAP ASA

## Report for the second quarter and first half-year 2016

Olav Thon Eiendomsselskap achieved good results in the first half of the year, with growth in rental income and a substantial increase in the value of the Group's investment properties.

### The highlights of H1 were as follows:<sup>1)</sup>

- The Group's rental income was NOK 1,268 (1,123) million. Annual rental income<sup>2)</sup> was NOK 2,675 (2,360) million and the vacancy rate was 3.1% (3.1%).
- Profit before tax and fair value adjustments increased by 6% to NOK 725 million.
- Profit before tax amounted to NOK 1,329 (2,547) million.
- Net cash flow from operations was NOK 590 (553) million.
- The Group's equity ratio was 39% (39%) and book equity per share increased to NOK 173 (147).
- The Group's liquidity reserves were NOK 5,092 (4,292) million.
- Sales in the shopping centre portfolio owned by the Group were NOK 22.3 (21.5) billion.

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

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

Brages veg, Gardermoen Park



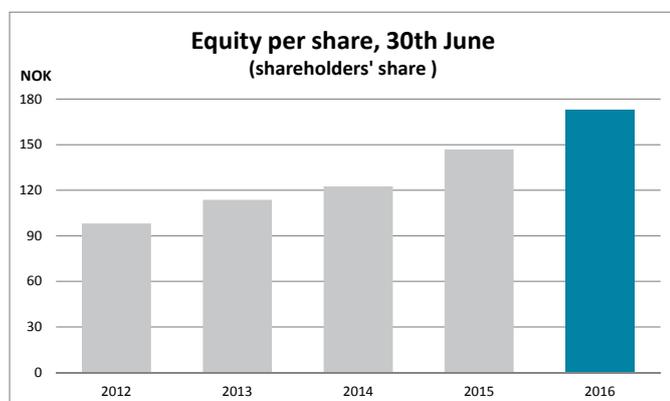
## Consolidated statement of financial position, 30 June 2016

The Group's total assets were NOK 48,359 (40,586) million, with investment properties accounting for NOK 43,796 (36,172) million of the figure.

The Group's share of the book equity in joint ventures and associated companies amounted to NOK 2,480 (2,714) million.

Equity amounted to NOK 18,892 (15,759) million and the equity ratio was 39% (39%).

Equity per share (majority share) was NOK 173 (147). The triple net asset value per share was calculated at NOK 214 (184) (EPRA NNAV)<sup>2)</sup>.



Equity per share increased by 77 % during the period.

Equity per share (majority share) was NOK 173 (147). The triple net asset value per share was calculated at NOK 214 (184) (EPRA NNAV)<sup>2)</sup>.

Interest-bearing debt ended the year at NOK 19,923 (16,779) million.

The loan to value ratio<sup>2)</sup> was 45% (46%).

## Results for Q2

The Group's operating profit was NOK 1,090 (1,522) million.

Profit before tax for the quarter was NOK 822 (1,912) million, while comprehensive income was NOK 627 (1,406) million.

Profit before tax and fair value adjustments amounted to NOK 361 (341) million.

<sup>3)</sup> See page 2 for definitions

## Rental income and property-related expenses

Rental income was NOK 633 (567) million. The increase from the corresponding period last year is attributable to new properties and completed property projects.

Other property-related income amounted to NOK 207 (214) million and consisted largely of payments from the Group's tenants to cover property service charges and operation of shopping centre associations.

Property-related expenses amounted to NOK 289 (279) million, including the above-mentioned service charges of NOK 205 (204) million, which meant that net rental income was NOK 550 (501) million.

## Fair value adjustments of investment properties

The fair value of the Group's investment properties increased by NOK 510 (929) million in the second quarter.

The fair value increase is largely attributable to the fact that the average yield in the property portfolio was adjusted downwards by 0.06 (0.13) percentage points as a result of high demand for commercial property as an investment object.

## 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 60 (119) million.

An overview of income statements and balance sheets for joint ventures and associated companies can be found in note 11 of this interim report

## Other operating income and expenses

Other operating income amounted to NOK 34 (45) million, the majority of which was income from property management for external owners and sales revenue from other activities.

Other operating and administrative expenses and scheduled depreciation amounted to NOK 64 (72) million.

## Financial income and expenses

Net financial expenses amounted to NOK 173 (156) million. The increase is attributable to higher interest-bearing debt, although the increase was moderated by a lower average interest rate. The Group's average interest rate in the second quarter was 3.37% (3.80%).

## Fair value adjustments, interest rate derivatives

Long-term market interest rates fell further in both Norway and Sweden in the second quarter.

The 10-year swap rate in Norway and Sweden fell by 0.08 and 0.40 percentage points, respectively, and at the end of the second quarter, the 10-year swap rate was thus 1.33% in Norway and 0.74% in Sweden.

The interest rate movements resulted in the fair value of the Group's interest rate derivatives dropping by NOK 95 (+546) million in the second quarter

## Results for H1

Rental income amounted to NOK 1,268 (1,123) million. The increase is attributable to new properties and completed property projects.

The value of the Group's investment properties rose by NOK 1.060 (1,239) million.

Operating profit was NOK 2,236 (2,340) million.



Net financial expenses before fair value adjustments of interest rate derivatives were NOK 353 (324) million. The average interest rate for the first 6 months was 3.44% (3.85%).

The fair value of the Group's interest rate derivatives decreased by NOK 554 (+531) million.

Profit before tax was NOK 1,329 (2,547) million, while comprehensive income was NOK 1,000 (1,893) million.

Profit before tax and fair value adjustments amounted to NOK 725 (685) million.

## Cash flow and liquidity

### Q2

Net cash flow from operations for the second quarter was NOK 280 (285) million. Changes in working capital amounted to NOK 9 (-410) million, resulting in net cash flow from operating activities of NOK 289 (-128) million.



Net cash flow from investing activities was NOK -688 (-141) million, while financing activities generated liquidity of NOK 400 (193) million.

The Group's cash and cash equivalents thus increased by NOK 2 (76) million.

## H1 2016

Net cash flow from operations was NOK 590 (553) million for the first 6 months.

Changes in working capital in the same period amounted to NOK 53 (-337) million, resulting in net cash flow from operating activities of NOK 643 (216) million.

Net cash flow from investing activities was NOK -1,111 (-265) million, while financing activities generated liquidity of NOK 461 (-43) million.

Consequently, the Group's cash and cash equivalents declined by NOK 7 (92) million in the first 6 months.

The Group's liquidity reserves at the end of the first 6 months amounted to NOK 5,092 (4,292) million.

The liquidity reserves consisted of short-term investments of NOK 187 (191) million and undrawn long-term credit facilities of NOK 4,905 (4,101) million.

## Investments

The Group's net investments for the first 6 months were NOK 1,602 (265) million.

Investments for the second quarter were NOK 287 (141) million.

## Large property purchases and investments in H1

In January, the Group's stake in Thon Reitan AS increased from 50% to 100%. The company's portfolio consists of the following shopping centres:

- Amfi Moss, Moss
- Mosseporten, Moss
- Rygge Storsenter, Moss
- Sandens, Kristiansand

The shopping centres have a total annual rental value of NOK 160 million and retail sales amounted to NOK 2.2 billion in 2015.

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

### Completed in H1

- **Amfi Moa, Ålesund**  
Two buildings adjoining the centre, with retail space of approx. 4,700 sq. m., were completed.
- **Sartor Storsenter, Fjell**  
The final construction phase was completed in June and the centre has thus been expanded by approx. 5,000 sq. m. of retail space.

### Under construction

- **Amfi Steinkjer, Steinkjer**  
The centre is being refurbished and expanded with a new 5,200 sq. m. building. An older section of the centre is also being demolished, meaning the retail space will increase by approx. 3,400 sq. m. The project is scheduled for completion in the fourth quarter of 2016.
- **Amfi Kanebogen, Harstad**  
The centre is being refurbished and expanded with a new building with approx. 10,000 sq. m. of retail space. The project will be completed in 2017.
- **Vitaminveien 11, Oslo**  
On a block right next to Storo Storsenter in Oslo, construction has commenced in a project comprised of a number of new buildings with a total area of approx. 60,000 sq. m. The properties will house 150 residential units, a 325-room hotel, and Norway's largest cinema complex, as well as other business premises and a parking facility. The project is scheduled for completion in the first half of 2019.

### Under construction in joint ventures and associated companies

- **Jessheim Storsenter, Ullensaker**  
A new, 18,000 sq. m. commercial property and a 32,000 sq. m. parking facility are being constructed in connection with the part of Jessheim Storsenter in which the Group has a 34% stake. The project will be completed in 2017.

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

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

## Project expected to commence in 2016

- Amfi Moa, Ålesund**  
 Construction of a new building and a bridge that will connect together sections of the centre are planned for Amfi Moa Syd. The project involves the construction of around a total of 24,000 sq. m. of commercial space and 12,000 sq. m. of parking space, as well as the demolition of older sections of buildings. The project is expected to commence in the second half of 2016 and be completed in the second half of 2018
- Lagunen Storsenter, Bergen (42 % eierandel)**  
 The plan is to expand the centre by around 40,000 sq. m. of rentable space, as well as by around 10,000 sq. m. for parking. The project is expected to commence in the second half of 2016 and be completed in 2018/2019.

More information about the Group's property projects can be found on the company's website: [www.olt.no](http://www.olt.no)

## Property portfolio, 30 June 2016

The property portfolio was valued at NOK 43,796 (36,172) million at the end of the first 6 months.

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

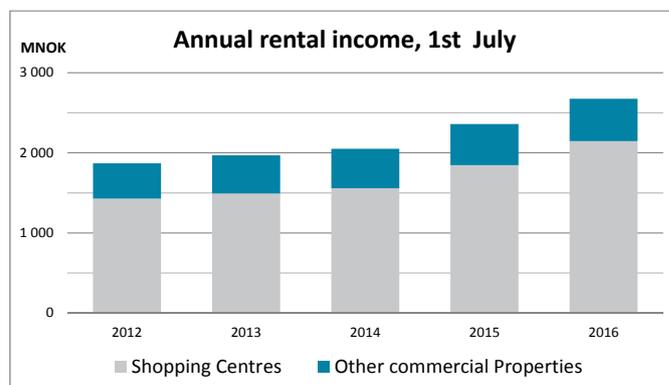
The valuation at 30 June 2016 was based on an average yield of 5.44% (5.74%).

Yields by property segment were as follows:

Shopping centre property	5.43% (5.72%)
Other commercial property	5.51% (5.83%)

Annual rental income was NOK 2,675 (2,360) million, with the following segment distribution:

Shopping centre property	80% (78%)
Other commercial property	20% (22%)



The rental income of the property portfolio increased by 43 % during the period.

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

In addition, the Group's share of the rental income of joint ventures and associated companies was NOK 265 (340) million, while the value of the property portfolio was NOK 4,025 (4,828) million.

## Shopping centres

At the end of the first 6 months, the shopping centre portfolio comprised 96 shopping centres, 28 of which are managed for external owners.

Olav Thon Eiendomsselskap is Norway's leading shopping centre player and has a solid market position.

The Group's ownership interests include stakes in Norway's two largest shopping centres: Sandvika Storsenter in Bærum and Lagunen Storsenter in Bergen, and it owns 5 of the country's 6 largest shopping centres.

## Shopping centres owned by the Group

### Norway

Retail sales for the first 6 months were NOK 20.4 (19.7) billion and for the second quarter NOK 10.9 (10.4) billion.

Organic growth from the same period the previous year is estimated at approx. 3%.

### Sweden

The Group's Swedish shopping centres reported retail sales of SEK 1.9 (1.9) billion for the first 6 months and SEK 1.0 (1.0) billion for the second quarter.

## Shopping centres managed for other owners

I 1. halvår var omsetningen 5,5 milliarder kroner (5,4), og i 2. kvartal 3,0 milliarder kroner (2,9).

## 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 on page 47 of the Norwegian 2015 annual report and on the company's website: [www.olt.no](http://www.olt.no).

The valuation at 30 June 2016 was based on an average net yield of 5.44%. In the last 3 years, the yield has varied between 5.44% and 6.08%.

## Financial risk

Olav Thon Eiendomsselskap's financial risk is generally considered to derive from the Group's access to financing in the banking and capital markets.

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

The Group's financial instruments (interest rate swaps) are recognised at fair value at the reporting date.

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

At the end of the first six months, the portfolio of interest rate swaps entered into for this purpose was NOK 11,126 (11,094) million and had a fair value of NOK -2,602 (-1,621) million.

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

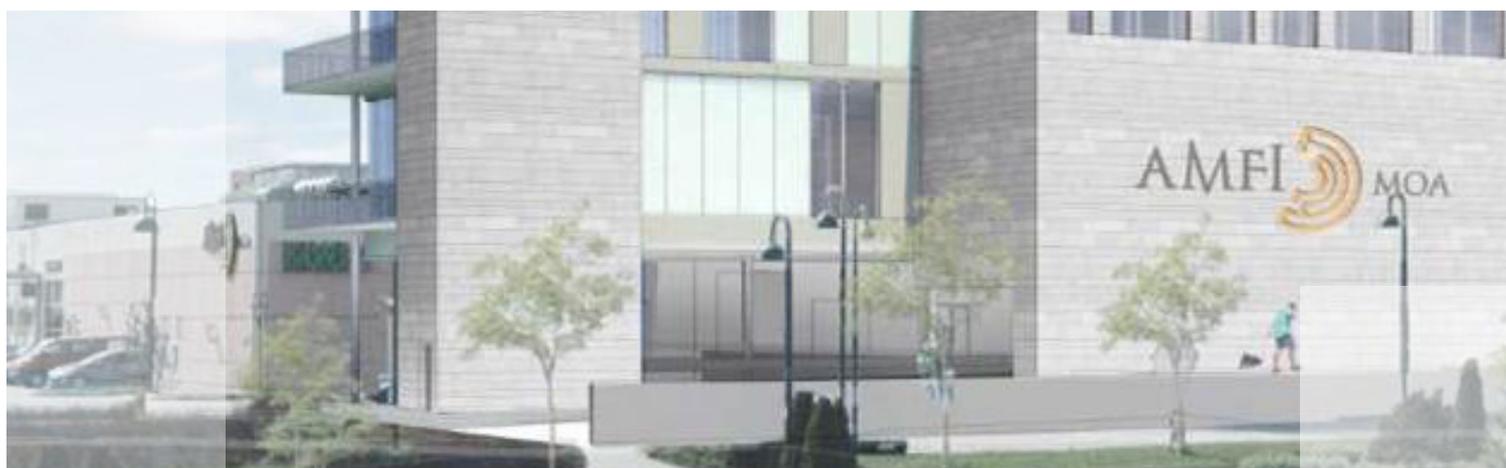
It is estimated that a change of 1 percentage point in the short-term interest rate would change the Group's average interest rate by less than 0.50 percentage points. Net annual interest expenses would then change by slightly less than NOK 100 million.

## Financing

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

Access to financing is still considered extremely good and credit spreads in both the capital and banking markets fell significantly in the second quarter.

Short-term certificates totalling SEK 1,500 million were issued in the Swedish capital market in the second quarter. A short-term, NOK 650 million



certificate and a 4-year, NOK 600 million bond were issued in Norway.

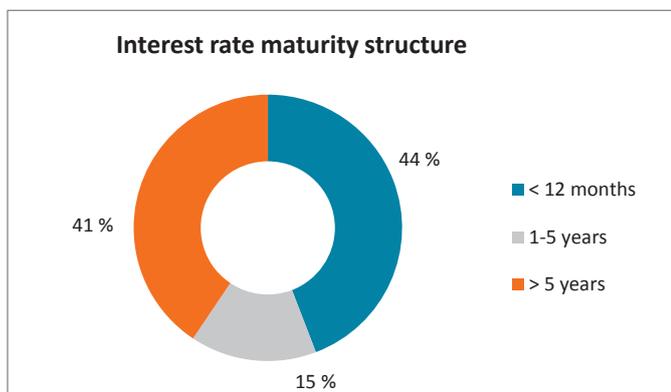
Total credit facilities were NOK 24,833 (20,880) million at the end of the first half of the year, NOK 4,905 (4,101) million of which was undrawn.

The capital markets in Norway and Sweden are important sources of financing and an increasing proportion of the Group's financing is raised directly in the Swedish capital market. At the end of the first half of the year, the outstanding certificate and bond debt amounted to NOK 8,419 (8,052) million, distributed in Norway and Sweden as follows:

Norway: NOK 6,050 (7,480) million  
 Sweden: SEK 2,400 (600) million

The debt has an average remaining term of 2.7 (2.9) years with 24% (22%) of the debt due for repayment within 1 year.

At the end of the second quarter, the Group had a fixed-rate ratio of 56% (66%), with an average fixed-rate period of 4.5 (5.4) years.

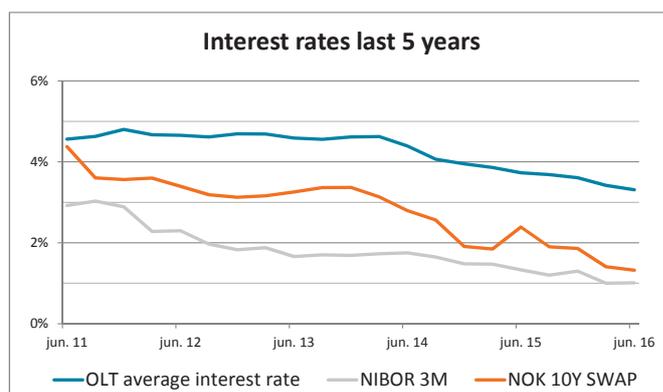


56 % of interest-bearing debt has an fixed-interest period of over five years, and the average fixed-interest period is 4,5 years.

<sup>5)</sup> From Q3 2014 loans in NOK and SEK.

The Group's average interest rate at the end of the first 6 months was 3.31% (3.73%), divided into the following currencies:

Currencies	Share of debt	Average interest rate
NOK	82 %	3,85 %
SEK	18 %	0,88 %



At 30 June 2016, the Group's average interest rate <sup>5)</sup> 3.31 %.

## Shares and shareholders

In line with the performance of the Oslo Stock Exchange, Olav Thon Eiendomsselskap's share price rose by 5% in the second quarter to a final price of NOK 143.5 at 30 June 2016.

2.5 (2.8) million shares were traded in the second quarter with 2,258 (2,204) trades in the share on the Oslo Stock Exchange.

The highest and lowest prices in the quarter were NOK 152 and NOK 135.5, respectively.

Illustration Amfi Moa, Ålesund

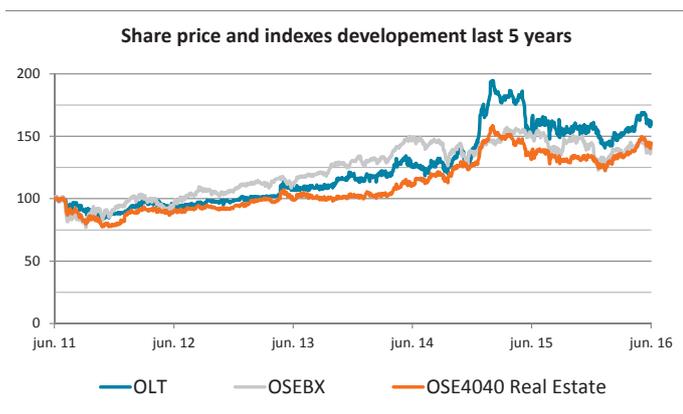


The share price rose by 1% in the first half of the year as a whole, and in June a dividend of NOK 1.8 per share was paid for 2015. The shares thus generated a total return of 2% in the first 6 months, which is better than the main index of the Oslo Stock Exchange, which fell by 1% during the same period.

The company had a market capitalisation of NOK 15.3 billion at the end of the 6-month period, making Olav Thon Eiendomsselskap the Nordic region's largest listed property company.

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

Olav Thon Gruppen AS and subsidiaries	71,9 %
Folketrygdfondet	5,1 %
VPF Nordea Norge	1,8 %
MP Pensjon	1,8 %
Otto Olsen Invest AS	1,6 %
Other shareholders	17,8 %
<b>SUM</b>	<b>100,0 %</b>



Over the past five years, the price of Olav Thon Eiendomsselskap share has increased by 59 %.

## Outlook

Growth in the Norwegian economy is low, and the decline in oil prices is contributing to relatively weak growth prospects for the next few years. Norges Bank cut the key policy rate to 0.5% in March and has signalled further interest rate cuts in autumn 2016.

Demand for commercial property in Norway from both Norwegian and international investors remains high. Given the prospect of continued low interest rates, the sales market for commercial property is expected to develop stably.

With growth in private consumption in Norway expected to remain stable or show a moderate increase in the period ahead, 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 stably in most areas of the city. A low level of new construction is expected to contribute to a stable office market, even with a somewhat more uncertain labour market.

The Board believes that the Group's solid market position and financial position will 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 interim financial statements for the period 1 January 2016 to 30 June 2016 have 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 and the company's assets, liabilities, financial position and performance as a whole.

The interim report, to the best of our knowledge, gives a fair: overview of important events in the accounting period and their impact on the 6-month 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, 23 August 2016

The Board of Directors,  
Olav Thon Eiendomsselskap ASA

*Every effort has been made to ensure that this translation of the Norwegian text and the report for the second quarter and first half-year 2016 is true translation. However, in case of any discrepancy, the Norwegian version takes place.*

Illustration Lagunen Storsenter, Bergen



## CONSOLIDATED INCOME STATEMENT

(NOK millions)	Note	Q2 2016	Q2 2015	30.06.2016	30.06.2015	31.12.2015
Rental income	5, 8	633	567	1 268	1 123	2 274
Other property-related income	8	207	214	425	422	822
Property-related expenses	8	-289	-279	-582	-539	-1 073
<b>Net rental income</b>		<b>550</b>	<b>501</b>	<b>1 110</b>	<b>1 005</b>	<b>2 023</b>
Fair value adjustments, investment property	9	510	929	1 060	1 239	2 806
Share of results of joint ventures and associated companies	11	49	119	124	156	238
Other operating income	8	34	45	73	87	171
Other operating expenses	8	-23	-38	-60	-75	-149
Administrative expenses	5, 8	-35	-31	-70	-64	-126
Depreciation		-6	-3	-12	-8	-15
<b>Operating profit</b>		<b>1 080</b>	<b>1 522</b>	<b>2 226</b>	<b>2 340</b>	<b>4 947</b>
Financial income		1	2	2	3	10
Fair value adjustments, interest rate derivatives		-95	546	-554	531	105
Financial expenses		-174	-158	-356	-327	-655
<b>Profit before tax</b>		<b>811</b>	<b>1 912</b>	<b>1 319</b>	<b>2 547</b>	<b>4 407</b>
Taxes		-192	-506	-300	-672	-722
<b>Profit before other comprehensive income</b>		<b>619</b>	<b>1 406</b>	<b>1 019</b>	<b>1 875</b>	<b>3 685</b>
Exchange differences, from foreign operations		-3	0	-30	18	32
<b>Other comprehensive income</b>		<b>617</b>	<b>1 406</b>	<b>989</b>	<b>1 893</b>	<b>3 717</b>
<b>Attributable to:</b>						
Shareholders of the parent		604	1 401	965	1 881	3 698
Non-controlling interests		13	5	24	11	19
Earnings per share, basic (NOK)		6	13	9	18	35
Earnings per share, diluted (NOK)		6	13	9	18	35

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK millions)	Note	30.06.2016	30.06.2015	31.12.2015
<b>ASSETS</b>				
Deferred tax asset		583	655	583
Investment properties	3, 9	43 796	36 172	40 177
Other fixed assets		83	59	94
Investments in joint ventures and associated companies	11	2 443	2 714	2 712
Other financial assets		194	234	183
<b>Total non-current assets</b>		<b>47 099</b>	<b>39 833</b>	<b>43 750</b>
Trade and other receivables		1 036	562	849
Bank deposits, cash and cash equivalents		187	191	190
<b>Total current assets</b>		<b>1 223</b>	<b>753</b>	<b>1 040</b>
<b>Total assets</b>		<b>48 322</b>	<b>40 586</b>	<b>44 789</b>
<b>EQUITY AND LIABILITIES</b>				
Non-controlling interests		18 412	15 633	17 610
Majority share of equity		443	125	416
<b>Equity</b>	<b>10</b>	<b>18 855</b>	<b>15 759</b>	<b>18 026</b>
Deferred tax		6 047	5 631	5 606
Non-current liabilities	6	17 685	14 678	18 510
Current liabilities	7	5 736	4 519	2 647
<b>Total liabilities and debt</b>		<b>29 467</b>	<b>24 828</b>	<b>26 763</b>
<b>Total equity and liabilities</b>		<b>48 322</b>	<b>40 586</b>	<b>44 789</b>

## CONSOLIDATED CASH FLOW STATEMENT

(NOK millions)	30.06.2016	30.06.2015	31.12.2015
Net cash flow from operations	590	553	1 085
Change in working capital	53	-337	-80
<b>Net cash flow from operating activities</b>	<b>643</b>	<b>216</b>	<b>1 005</b>
Acquisition of investment properties	-607	-183	-459
Other investments	-504	-82	-1 367
<b>Net cash flow from investing activities</b>	<b>-1 111</b>	<b>-265</b>	<b>-1 826</b>
Proceeds from interest-bearing liabilities	4 524	3 009	6 908
Repayment of interest-bearing liabilities	-3 871	-2 881	-6 016
Dividends paid	-192	-170	-170
<b>Net cash flow from financing activities</b>	<b>6, 7</b>	<b>461</b>	<b>723</b>
<b>Net change in cash and cash equivalents</b>	<b>-7</b>	<b>-92</b>	<b>-99</b>
Cash and cash equivalents at beginning of period	190	283	283
Currency effects	3	0	6
Cash and cash equivalents at end of period	186	191	190

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK millions)	Share capital	Share premium reserve	Retained earnings	Non-controlling interests	Total
<b>Equity 31.12.2014</b>	<b>106</b>	<b>318</b>	<b>13 495</b>	<b>115</b>	<b>14 035</b>
Other comprehensive income			1 881	11	1 893
Currency differences and other changes			1		1
Dividends paid			-170		-170
<b>Equity 31.06.2015</b>	<b>106</b>	<b>318</b>	<b>15 207</b>	<b>126</b>	<b>15 758</b>
Other comprehensive income			1 817	8	1 824
Changes in non-controlling interests			163	281	444
<b>Equity 31.12.2015</b>	<b>106</b>	<b>318</b>	<b>17 187</b>	<b>416</b>	<b>18 026</b>
Other comprehensive income			965	24	989
Acquisitions of other companies			40	4	44
Acquisitions of own shares			-13		-13
Dividends paid			-192		-192
<b>Equity 31.06.2016</b>	<b>106</b>	<b>318</b>	<b>17 988</b>	<b>443</b>	<b>18 855</b>

## NOTES TO THE ACCOUNTS 30. JUNE 2016

(NOK millions)

**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 enterprise's consolidated accounts 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 POLICIES**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated accounts for the first quarter have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial report represents an update on new circumstances arising after the most recent annual report was presented and is therefore intended to be read in connection with the 2015 annual report.

The interim financial statements were adopted by the Board 23 of August 2016.

A review has been performed in accordance with SBR 2410 - Review of Interim Financial information Performed by the independent Auditor of the Entity.

**Note 3 CHANGES IN GROUP STRUCTURE**

During the 6 first months the Group's stake in Thon Reitan AS was increased from 50 % to 100 %

**Note 4 ESTIMATES**

Preparation of interim financial statements involves the use of judgements, estimates and assumptions that affect the application of accounting policies 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 policies that were used in the consolidated financial statements for 2015.

**Note 5 RELATED PARTY TRANSACTIONS**

The following related party transactions had been conducted or agreed at 30. June 2016:

Transactions	Counterparty	Counterparty associate of	30.06.2016	30.06.2015	31.12.2015
Current leases	Companies in Olav Thon Gruppen AS	Olav Thon Foundation	28	27	53
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	41	40	82

**Note 6 NON-CURRENT LIABILITIES**

	30.06.2016	30.06.2015	31.12.2015
Bonds	5 668	4 752	5 123
Credit institutions	9 388	8 282	11 312
Non-interest-bearing liabilities (fair value interest rate swaps)	2 602	1 621	2 049
Other interest-bearing liabilities	27	23	26
<b>Total</b>	<b>17 685</b>	<b>14 678</b>	<b>18 510</b>

**Note 7 CURRENT LIABILITIES**

	30.06.2016	30.06.2015	31.12.2015
Commercial paper debt	2 430	2 350	1 050
Bonds	320	950	350
Interest-bearing current liabilities	2 117	445	171
Trade payables	179	110	185
Accrued interest	47	49	49
Duties payable	166	49	132
Income tax payable	-107	122	73
Other current liabilities	585	444	637
<b>Total</b>	<b>5 736</b>	<b>4 519</b>	<b>2 647</b>

Note 8 SEGMENTINFORMASJON

At 30 June 2016, the Group has activities within two strategic operating segments.

The two operating segments are:

- \* Shopping centres
- \* Commercial property

The two geographical segments are:

- \* Norway
- \* Sweden

Segment reporting is based on internal management reporting.

Operating segments

Income statement 30.06.2016	Shopping centres	Commercial property	Other activity	Unallocated	Group
Rental income	980	288			1 268
Other property-related income	384	40			425
Property-related expenses	-461	-121			-582
<b>Net rental income</b>	<b>903</b>	<b>207</b>			<b>1 110</b>
Fair value adjustments, investment property	810	250			1 060
Share of results of joint ventures and associated companies	124				124
Other operating income	37		36		73
Other operating expenses	-27		-32		-60
Administrative expenses	-58	-11			-70
Depreciation	-11	0			-12
<b>Operating profit</b>	<b>1 776</b>	<b>446</b>	<b>4</b>		<b>2 226</b>
Financial income				2	2
Fair value adjustments, interest rate derivatives				-554	-554
Financial expenses				-356	-356
<b>Profit before tax</b>	<b>1 776</b>	<b>446</b>	<b>4</b>	<b>-907</b>	<b>1 319</b>
Taxes				-300	-300
<b>Profit before other comprehensive income</b>	<b>1 776</b>	<b>446</b>	<b>4</b>	<b>-1 207</b>	<b>1 019</b>

Income statement 30.06.2015	Shopping centres	Commercial property	Other activity	Unallocated	Group
Rental income	861	262			1 123
Other property-related income	383	39			422
Property-related expenses	-438	-101			-539
<b>Net rental income</b>	<b>806</b>	<b>201</b>			<b>1 005</b>
Fair value adjustments, investment property	806	433			1 239
Share of results of joint ventures and associated companies	156				156
Other operating income	45		42		87
Other operating expenses	-41		-34		-75
Administrative expenses	-55	-10			-64
Depreciation	-8	0			-9
<b>Operating profit</b>	<b>1 709</b>	<b>623</b>	<b>8</b>		<b>2 340</b>
Financial income				3	3
Fair value adjustments, interest rate derivatives				531	531
Financial expenses				-327	-327
<b>Profit before tax</b>	<b>1 709</b>	<b>623</b>	<b>8</b>	<b>207</b>	<b>2 547</b>
Taxes				-672	-672
<b>Profit before other comprehensive income</b>	<b>1 709</b>	<b>623</b>	<b>8</b>	<b>-465</b>	<b>1 875</b>

<b>Income statement 31.12.2015</b>	<b>Shopping centres</b>	<b>Commercial property</b>	<b>Other activity</b>	<b>Unallocated</b>	<b>Group</b>
Rental income	1 736	537			2 274
Other property-related income	753	69			822
Property-related expenses	-861	-212			-1 073
<b>Net rental income</b>	<b>1 629</b>	<b>394</b>			<b>2 023</b>
Fair value adjustments, investment property	1 975	831			2 806
Share of results of joint ventures and associated companies	238				238
Other operating income	92		79		171
Other operating expenses	-80		-69		-149
Administrative expenses	-107	-19			-126
Depreciation	-15	0			-15
<b>Operating profit</b>	<b>3 731</b>	<b>1 206</b>	<b>10</b>		<b>4 947</b>
Financial income				10	10
Fair value adjustments, interest rate derivatives				105	105
Financial expenses				-655	-655
<b>Profit before tax</b>	<b>3 731</b>	<b>1 206</b>	<b>10</b>	<b>-540</b>	<b>4 407</b>
Taxes				-722	-722
<b>Profit before other comprehensive income</b>	<b>3 731</b>	<b>1 206</b>	<b>10</b>	<b>-1 262</b>	<b>3 685</b>

#### Geographical segment

<b>Income statement 30.06.2016</b>	<b>Norway</b>	<b>Sweden</b>	<b>Group</b>
Rental income	1 174	94	1 268
Other property-related income	365	60	425
Property-related expenses	-509	-73	-582
<b>Net rental income</b>	<b>1 031</b>	<b>80</b>	<b>1 110</b>
Fair value adjustments, investment property	993	66	1 060
Share of results of joint ventures and associated companies	124		124
Other operating income	73		73
Other operating expenses	-60		-60
Administrative expenses	-63	-7	-70
Depreciation	-12	0	-12
<b>Operating profit</b>	<b>2 087</b>	<b>139</b>	<b>2 226</b>
Financial income	2		2
Fair value adjustments, interest rate derivatives	-554		-554
Financial expenses	-356		-356
<b>Profit before tax</b>	<b>1 180</b>	<b>139</b>	<b>1 319</b>
Taxes	-271	-29	-300
<b>Profit before other comprehensive income</b>	<b>909</b>	<b>110</b>	<b>1 019</b>

Note 8  
Continued

Income statement 30.06.2015	Norway	Sweden	Group
Rental income	1 025	98	1 123
Other property-related income	365	57	422
Property-related expenses	-472	-66	-539
<b>Net rental income</b>	<b>918</b>	<b>88</b>	<b>1 006</b>
Fair value adjustments, investment property	1 159	80	1 239
Share of results of joint ventures and associated companies	156		156
Other operating income	87		87
Other operating expenses	-75		-75
Administrative expenses	-58	-6	-64
Depreciation	-7	-1	-9
<b>Operating profit</b>	<b>2 180</b>	<b>160</b>	<b>2 340</b>
Financial income	3		3
Fair value adjustments, interest rate derivatives	531		531
Financial expenses	-315	-12	-327
<b>Profit before tax</b>	<b>2 398</b>	<b>149</b>	<b>2 547</b>
Taxes	-639	-33	-672
<b>Profit before other comprehensive income</b>	<b>1 759</b>	<b>116</b>	<b>1 875</b>

Income statement 31.12.2015	Norway	Sweden	Group
Rental income	2 068	206	2 274
Other property-related income	715	108	822
Property-related expenses	-938	-135	-1 073
<b>Net rental income</b>	<b>1 844</b>	<b>178</b>	<b>2 023</b>
Fair value adjustments, investment property	2 625	181	2 806
Share of results of joint ventures and associated companies	238		238
Other operating income	171		171
Other operating expenses	-149		-149
Administrative expenses	-114	-13	-126
Depreciation	-15	0	-15
<b>Operating profit</b>	<b>4 601</b>	<b>346</b>	<b>4 947</b>
Financial income	10		10
Fair value adjustments, interest rate derivatives	105		105
Financial expenses	-655	0	-655
<b>Profit before tax</b>	<b>4 061</b>	<b>346</b>	<b>4 407</b>
Taxes	-644	-77	-722
<b>Profit before other comprehensive income</b>	<b>3 417</b>	<b>268</b>	<b>3 685</b>

**Note 9 INVESTMENT PROPERTY**

	30.06.2016	30.06.2015	31.12.2015
<b>Opening balance</b>	<b>40 177</b>	<b>34 661</b>	<b>34 661</b>
Acquisitions/expenditure on properties	2 557	273	2 699
Change in fair value recognised in the period	1 060	1 239	2 806
Other changes	2	-1	11
<b>Closing balance</b>	<b>43 796</b>	<b>36 172</b>	<b>40 177</b>

**Note 10 EVENTS AFTER THE REPORTING DATE**

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

**Note 11 JOINT VENTURES AND ASSOCIATED COMPANIES**

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

Joint ventures	Q2 2016	Q2 2015	30.06.2016	30.06.2015	31.12.2015
Net rental income	87	108	169	189	382
Fair value adjustments, investment property	15	85	58	70	89
Fair value adjustments, interest rate derivatives	-1	13	-10	14	4
Expenses	-66	-88	-131	-131	-274
<b>Profit</b>	<b>35</b>	<b>118</b>	<b>86</b>	<b>142</b>	<b>201</b>
Investment properties			3 230	4 162	4 225
Other assets			248	191	214
<b>Total assets</b>			<b>3 478</b>	<b>4 352</b>	<b>4 439</b>
Equity			1 973	2 315	2 282
Non-current liabilities			1 336	1 950	2 042
Current liabilities			170	87	115
<b>Total equity and liabilities</b>			<b>3 478</b>	<b>4 352</b>	<b>4 439</b>

Associated companies	Q2 2016	Q2 2015	30.06.2016	30.06.2015	31.12.2015
Net rental income	13	12	26	22	45
Fair value adjustments, investment property	18	-2	36	8	22
Expenses	-17	-9	-24	-15	-30
<b>Profit</b>	<b>14</b>	<b>1</b>	<b>38</b>	<b>15</b>	<b>37</b>
Investment properties			800	666	730
Other assets			67	53	52
<b>Total assets</b>			<b>867</b>	<b>719</b>	<b>782</b>
Equity			470	399	431
Non-current liabilities			350		
Current liabilities			47	320	352
<b>Total equity and liabilities</b>			<b>867</b>	<b>719</b>	<b>782</b>



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