

# REPORT FOR THE THIRD QUARTER OF 2016

**OLAV THON**  
EIENDOMSSKAP ASA



## KEY FIGURES

Amounts in NOK million	Q3 2016	Q3 2016	30.09.16	30.09.15	31.12.15
Net rental income	577	506	1 688	1 512	2 023
Fair value adjustments in investment properties and interest rate derivatives <sup>1)</sup>	743	417	1 333	2 279	3 026
Profit before taxes	1 149	762	2 467	3 310	4 407
Profit before tax and fair value adjustments <sup>1)</sup>	406	345	1 134	1 031	1 381
Equity per share (NOK)			181	152	165
Equity ratio			40 %	39 %	40 %
Non-current net asset value per share (NOK) (EPRA NNAV) <sup>2)</sup>			223	191	202
Net cash flow from operations	296	275	886	828	1 085
Cash reserves <sup>3)</sup>			5 478	3 788	3 525
Amortisation next 12 months			6 789	2 466	1 571
Interest-bearing debt			19 704	16 698	18 006
Interest rate as at 30.09 / 31.12			3,28 %	3,68 %	3,61 %
Loan to value ratio <sup>4)</sup>			44 %	44 %	44 %
Net investments <sup>5)</sup>	421	392	2 023	656	2 699
Investment properties			44 403	37 357	40 177
Annual rental income <sup>6)</sup>			2 685	2 385	2 500
Yield			5,40 %	5,60 %	5,50 %
Sales, owned shopping centres	11 837	11 474	34 165	32 926	47 737
Sales, managed shopping centres	3 036	2 729	8 564	8 094	11 650
Share price as at 30.09 / 31.12 (NOK)			165,0	137,5	142,0

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

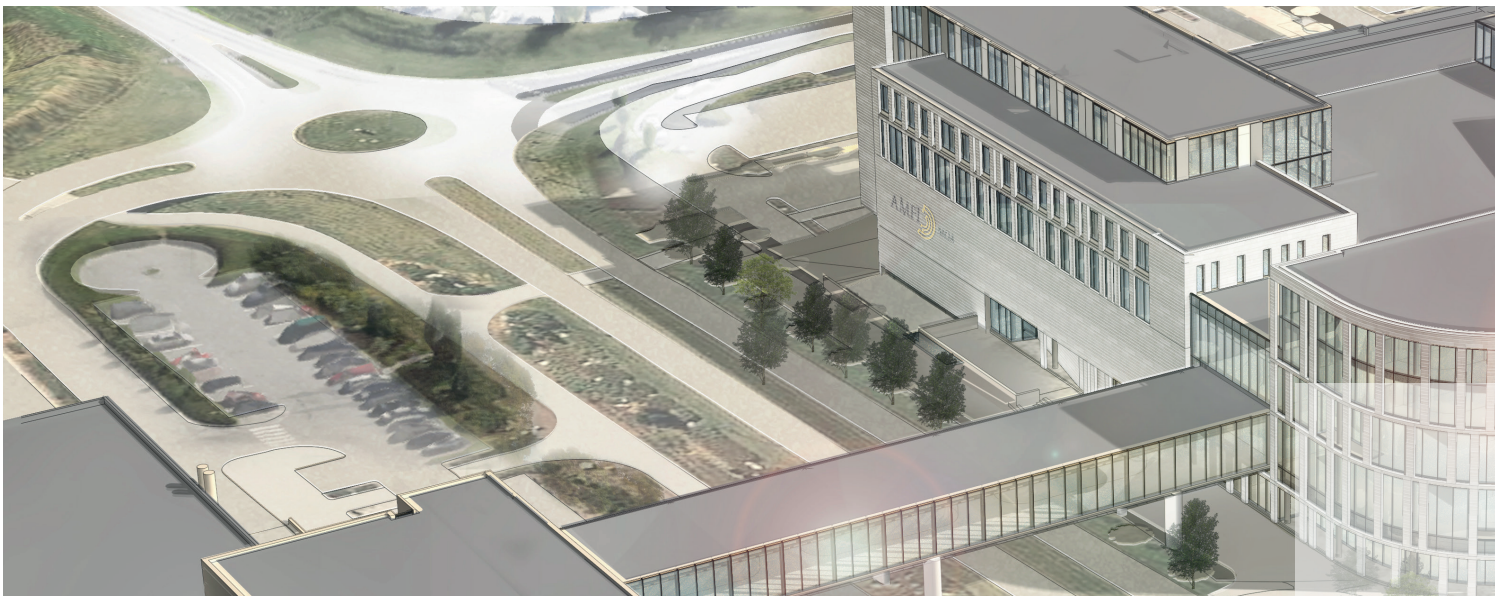
2) EPRA, European Public Real Estate Association, is an organisation for listed property companies and investors in Europe, which prepares recommendations for financial reporting. This report uses EPRA NNAV, which indicates the net asset value (majority share of equity) per share. This is calculated as majority share of equity + deferred tax liabilities - fair value of debt (deferred tax 7 % as at 30.09.16/31.12.15 and 8 % as at 30.09.15)

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 EIENDOMSSKAP ASA

## Report for the third quarter 2016

Olav Thon Eiendomsselskap posted a good result in the third quarter as well, marked by fair value adjustments for the Group's investment properties and increased rental income.

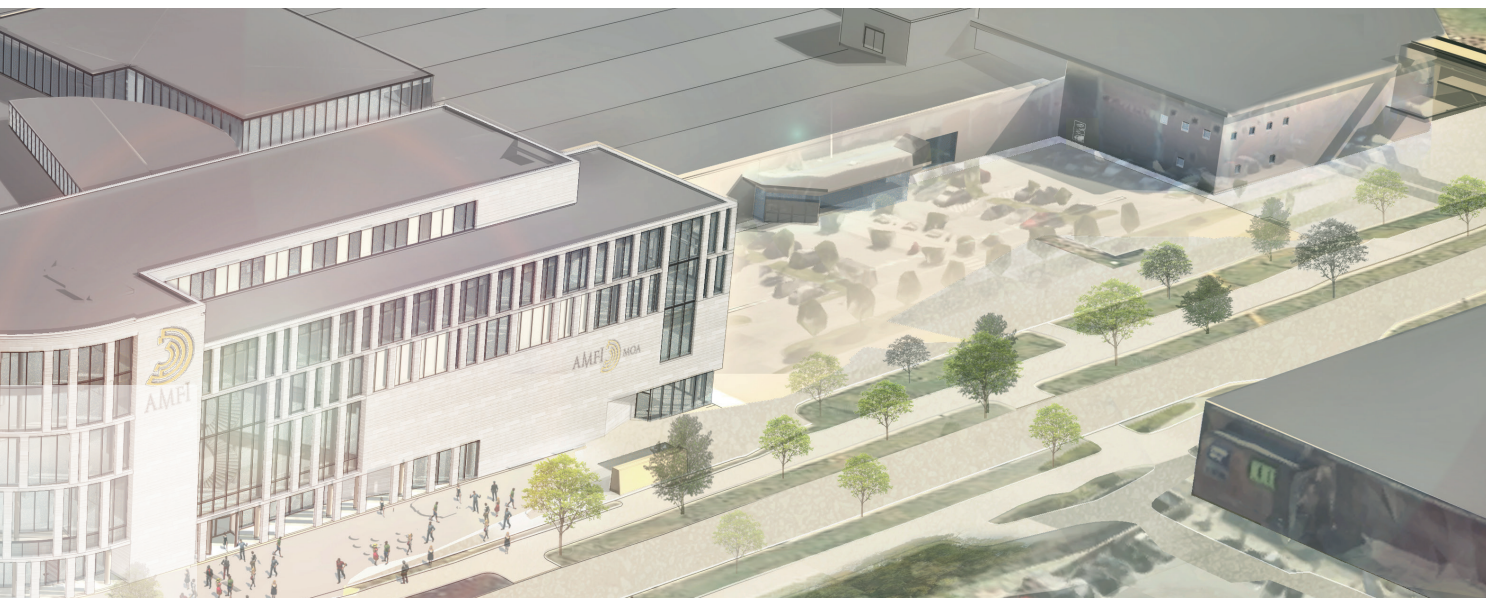
The highlights of the interim report are as follows:<sup>1)</sup>

- The Group's rental income was NOK 650 (566) million. Annual rental income <sup>2)</sup> was NOK 2,685 (2,385) million and the vacancy rate in the property portfolio was 3.1% (3.0%).
- Profit before tax amounted to NOK 1,149 (762) million.
- Net cash flow from operations was NOK 296 (275) million.
- The Group's equity ratio was 40% (39%) and equity per share increased in the third quarter to NOK 181 (152).
- The Group's cash reserves amounted to NOK 5,478 (3,788) million.
- Sales in the shopping centre portfolio owned by the Group were NOK 11.8 (11.5) billion.

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

<sup>2)</sup> See page 2 for definition.

Illustration: AMFI Moa, Syd-bygget



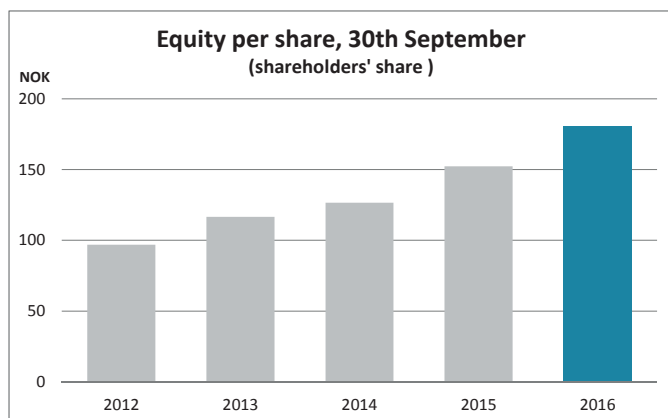
## Consolidated statement of financial position, 30 September 2016

The Group's total assets were NOK 48,897 (42,306) million, with investment properties accounting for NOK 44,403 (37,357) million of that figure.

The Group's investments in joint ventures and associated companies was NOK 2,484 (2,808) million.

Equity amounted to NOK 19,638 (16,349) million and the equity ratio was 40% (39%).

Equity per share (majority share) was NOK 181 (152). The triple net asset value per share was calculated at NOK 223 (191) (EPRA NNAV).<sup>2</sup>



Equity per share increased by 86 % during the period.

Interest-bearing debt was NOK 19,704 (16,698) million, with a loan to value ratio<sup>2</sup> of 45% (44%).

## Results for the third quarter

The Group's operating profit was NOK 1,129 (1,358) million.

Profit before tax for the quarter was NOK 1,149 (762) million, while total comprehensive income was NOK 840 (589) million.

Profit before tax and fair value adjustments amounted to NOK 406 (345) million.

<sup>3)</sup> Se side 2 for definisjoner.

## Rental income and property-related expenses

Rental income amounted to NOK 650 (566) 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 171 (181) million and consisted mainly of payments from the Group's tenants to cover property service charges and the operation of shopping centre associations.

Property-related expenses amounted to NOK 244 (241) million, including the above-mentioned service charges of NOK 181 (205) million, which meant that net rental income was NOK 577 (506) million

## Fair value adjustments of investment properties

The fair value adjustments of the Group's investment properties increased by NOK 560 (785) million in the third quarter.

The fair value adjustments increase is largely attributable to the fact that the average yield in the property portfolio was adjusted downwards by 0.04 (-0.15) percentage points as a result of high demand for commercial property as an investment object.

## Results from joint ventures and associated companies

The Group's share of the results from joint ventures and associated companies amounted to NOK 30 (90) 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 (36) million and consisted mainly of income from property management for external owners and sales revenue from other activities.

Other operating and administrative expenses and depreciation amounted to NOK 72 (59) million.

### Financial income and expenses

Net financial expenses amounted to NOK 170 (163) 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 third quarter was 3.30% (3.71%).

### Fair value adjustments, interest rate derivatives

Long-term market interest rate trends differed in Norway and Sweden in the third quarter. In Norway the ten-year swap rate rose by 0.15 percentage points, while in Sweden it fell by 0.11 percentage points. At the end of the third quarter, the ten-year swap rate was thus 1.48% in Norway and 0.63% in Sweden.

As a consequence of the interest rate movements in the third quarter, the fair value adjustments of the Group's interest rate derivatives increased by NOK 190 (-435) million.

### Cash flow and cash

#### Third quarter

Net cash flow from operations for the third quarter was NOK 296 (275) million. Changes in working



capital amounted to NOK 24 (-661) million, resulting in net cash flow from operating activities of NOK 319 (-386) million.

Net cash flow from investing activities was NOK -92 (-289) million, while financing activities reduced cash by NOK 173 (768) million.

Consequently, the Group's cash increased by NOK 55 (93) million.

#### First three quarters

Net cash flow from operations was NOK 886 (828) million for the first three quarters of the year.

Changes in working capital in the same period amounted to NOK 77 (-998) million, resulting in net cash flow from operating activities of NOK 963 (-170) million.

Net cash flow from investing activities was NOK -1,203 (-554) million, while financing activities increased cash by NOK 288 (725) million.

Illustration: Vitaminveien 11, Storo/Oslo



Consequently, the Group's cash for the first three quarters of the year increased by NOK 48 (1) million.

The Group's cash reserves amounted to NOK 5,478 (3,788) million at the end of the period.

The cash reserves consisted of short-term investments of NOK 236 (283) million and undrawn long-term credit facilities of NOK 5,242 (3,504) million

## Investments

The Group's net investments in the third quarter amounted to NOK 421 (392) million.

Total investments in the first three quarters of the year amounted to NOK 2,023 (656) million.

## Major property acquisitions after the reporting date

- **Åsane Storsenter, Bergen**

In the first half of November, the Group took over Åsane Storsenter, which is located about 13 kilometres north of the centre of Bergen. In 2015, Åsane Storsenter was Norway's 20th largest shopping centre with retail sales of around NOK 1.5 billion. The acquisition was based on a property value of NOK 1,928 million. The property's rental income is around NOK 115 million.

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

### 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 will be completed 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 the second quarter of 2017.

- **Vitaminveien 11, Oslo**

On a block next to Storo Storsenter in Oslo, a number of new buildings are being erected 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 2018/2019.

### 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.

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.

### Projects expected to commence in 2016/2017

- **Amfi Moa, Ålesund**

Construction of a new building and a bridge that will connect sections of the centre are planned for Amfi Moa Syd. The project involves the construction 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 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 be completed in 2018 and 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 September 2016

The property portfolio was valued at NOK 44,403 (37,357) million at the end of the quarter.

<sup>3)</sup> Over 50 millions

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 September 2016 was based on an average yield of 5.40% (5.60%).

The property segments were assessed using the following average yields:

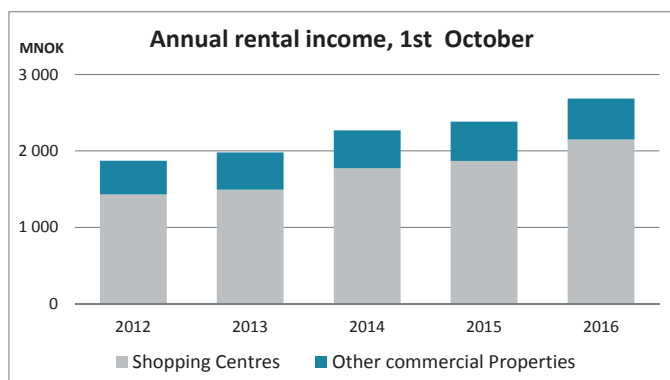
- Shopping centre property 5,39 % (5,56)
- Other commercial property 5,44 % (5,72)

Annual rental income was NOK 2,685 (2,385) million, with the following segment distribution:

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

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 (345) million, while the value of the property portfolio was NOK 4,047 (4,967) million.



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

## Shopping centres

At the end of the quarter, the shopping centre portfolio comprised 97 shopping centres, 29 of which are managed for external owners.

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

position. The shopping centre portfolio includes Norway's two largest shopping centres: Sandvika Storsenter in Bærum and Lagunen Storsenter in Bergen, as well as five of the country's six largest shopping centres in 2016.

## Shopping centres owned by the Group

### Norway

The Group's Norwegian shopping centres reported retail sales of NOK 10.9 (10.6) billion for the third quarter. Retail sales for the first three quarters of the year totalled NOK 31.4 (30.2) billion.

The organic growth since last year is estimated to be around 3%.

### Sweden

Retail sales for the Group's Swedish shopping centres were SEK 0.9 (0.9) billion in the third quarter. Sales for the year to date were SEK 2.8 (2.9) billion.

## Shopping centres managed for other owners

Retail sales in the third quarter were NOK 3.0 (2.7) billion and for the first three quarters of the year they were NOK 8.6 (8.1) billion.

## 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 September 2016 was based on an average net yield of 5.40%. The yield has varied between 5.44% and 6.08% over the last 3 years.

## Financial risk

Olav Thon Eiendomsselskap's financial risk is considered to derive mainly 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.

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

At the end of the quarter, the portfolio of interest rate swaps entered into for this purpose was NOK 11,074 (11,152) million and had a fair value of NOK -2,412 (-2,057) million.

Fair value is affected by changes in long-term interest rates and volatility in the financial markets in Norway and Sweden. It is estimated that a change of 1 percentage point in 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 very good and credit spreads in the capital markets contracted further in the third quarter. Short-term, certificates totalling NOK 2,600 million were issued in the capital markets in the third quarter.

Total credit facilities were NOK 24,949 (20,207) million at the end of the first three quarters of the year, NOK 5,242 (3,504) million of which was undrawn.

The capital markets 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 three quarters of the year, the outstanding certificate and bond debt amounted to NOK 8,692 (7,241) million, distributed between Norway and Sweden as follows:

Norway:	6.450 millioner NOK (6.329)
Sweden:	2.400 millioner SEK (600)

The debt has an average remaining term of 2.4 (2.8) years. 34% (15%) of the debt falls due for repayment within one year.

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





## Shares and shareholders

The price of the Olav Thon Eiendomsselskap share was NOK 165 at the end of the third quarter, having started the quarter at NOK 143.5.

The company's shares generated a total return of 17% (including dividend) in the first three quarters, while the main index of the Oslo Stock Exchange rose by 2%.

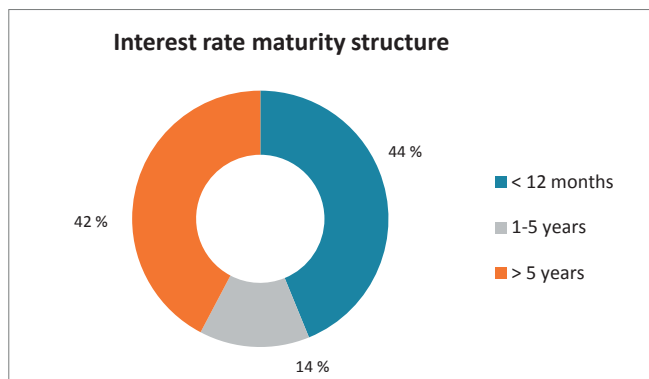
1.3 (1.6) million shares were traded in the third quarter with 2,260 (2,695) trades in the share on the Oslo Stock Exchange.

The highest and lowest prices in the quarter were NOK 170 and NOK 143, respectively.

The company had a market capitalisation of NOK 17.6 billion at the end of the first three quarters of the year, making Olav Thon Eiendomsselskap the Nordic region's largest listed property company.

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

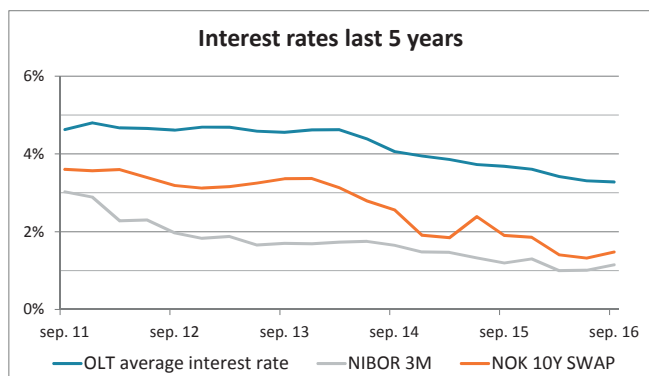
Olav Thon Gruppen AS and subsidiaries	71,9 %
Folketrygdfondet	5,1 %
MP Pensjon	1,8 %
Otto Olsen Invest AS	1,5 %
VPF Nordea Norge	1,4%
Other shareholders	18,4 %
<b>SUM</b>	<b>100,0 %</b>



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

The Group's average interest rate at the end of the first three quarters of the year was 3.28% (3.68%), divided into the following currencies:

Currencies	Share of debt	Average interest rate
NOK	83 %	3,78 %
SEK	17 %	0,89 %

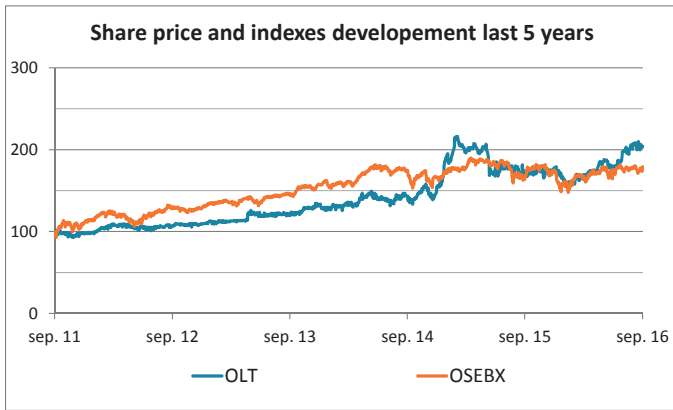


At 30 September 2016, the Group's average interest rate <sup>4)</sup> 3.28 %.

<sup>4)</sup> From Q3 2014 loans in NOK and SEK.

Sollentuna Centrum, Sweden





Over the past five years, the price of Olav Thon Eiendomsselskap share has increased by 104 %.

## Outlook

The Norwegian economy is performing relatively weakly, although growth is expected to rise again from 2017. However, the fall in oil prices contributed 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 that the interest rate will be kept low for a long period of time.

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 in the coming period.

The Board believes that the Group's solid market position and financial position will contribute to a satisfactory financial performance in the period ahead.

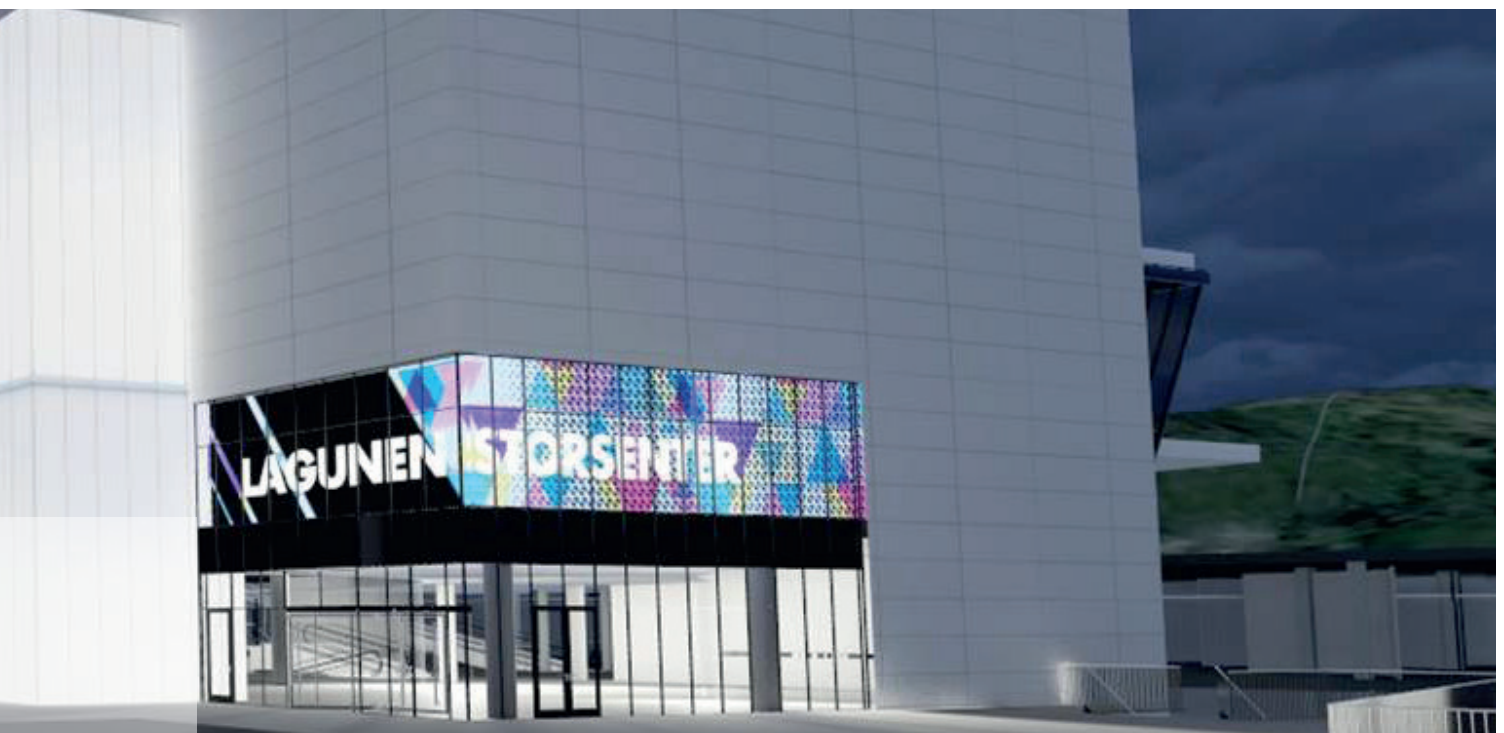
Oslo, 16.11.16

Styret i Olav Thon Eiendomsselskap ASA

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



Illustration: Lagunen Storsenter, Bergen



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Q3 2016	Q3 2015	30.09.2016	30.09.2015	31.12.2015
Rental income	5, 8	650	566	1 918	1 689	2 274
Other property-related income	8	171	181	596	603	822
Property-related expenses	8	-244	-241	-826	-780	-1 073
<b>Net rental income</b>		<b>577</b>	<b>506</b>	<b>1 688</b>	<b>1 512</b>	<b>2 023</b>
Fair value adjustments, investment property	9	560	785	1 619	2 024	2 806
Results from joint ventures and associates	11	30	90	154	246	238
Other operating income	8	34	36	107	123	171
Other operating expenses	8	-31	-28	-91	-103	-149
Administrative expenses	5, 8	-35	-28	-105	-92	-126
Depreciation		-6	-3	-18	-10	-15
<b>Operating profit</b>		<b>1 129</b>	<b>1 358</b>	<b>3 354</b>	<b>3 700</b>	<b>4 947</b>
Financial income		1	2	4	5	10
Fair value adjustments, interest rate derivatives		190	-435	-363	96	105
Financial expenses		-171	-165	-527	-492	-655
<b>Profit before tax</b>		<b>1 149</b>	<b>762</b>	<b>2 467</b>	<b>3 310</b>	<b>4 407</b>
Income taxes		-266	-187	-566	-859	-722
<b>Profit for the period</b>		<b>882</b>	<b>575</b>	<b>1 901</b>	<b>2 451</b>	<b>3 685</b>
<b>Other Comprehensive income</b>						
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>						
Exchange differences, from foreign operations		-43	14	-72	33	32
<b>Total comprehensive income</b>		<b>840</b>	<b>589</b>	<b>1 829</b>	<b>2 485</b>	<b>3 717</b>
<b>Profit for the periode attributable to:</b>						
Shareholders of the parent		889	574	1 884	2 439	3 666
Non-controlling interests		-7	1	17	12	19
<b>Total comprehensive income attributable to:</b>						
Shareholders of the parent		847	588	1 812	2 473	3 698
Non-controlling interests		-7	1	17	12	19
Earnings per share, basic and diluted (NOK)		8	6	17	23	35

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	30.06.2016	30.06.2015	31.12.2015
<b>ASSETS</b>				
Deferred tax asset		583	657	583
Investment properties	3, 9	44 403	37 357	40 177
Other fixed assets		83	58	94
Investments in joint ventures and associates	11	2 484	2 808	2 712
Other non-current assets		185	179	183
<b>Total non-current assets</b>		<b>47 738</b>	<b>41 060</b>	<b>43 750</b>
Trade and other current receivables		923	963	849
Bank deposits and cash		236	283	190
<b>Total current assets</b>		<b>1 159</b>	<b>1 246</b>	<b>1 040</b>
<b>Total assets</b>		<b>48 897</b>	<b>42 306</b>	<b>44 789</b>
<b>EQUITY AND LIABILITIES</b>				
Majority share of equity		19 208	16 223	17 610
Non-controlling interests		430	126	416
<b>Total equity</b>		<b>19 638</b>	<b>16 349</b>	<b>18 026</b>
Deferred tax liabilities		6 266	5 781	5 606
Non-current liabilities	6	15 357	16 325	18 510
Current liabilities	7	7 636	3 851	2 647
<b>Total liabilities</b>		<b>29 260</b>	<b>25 956</b>	<b>26 763</b>
<b>Total equity and liabilities</b>		<b>48 897</b>	<b>42 306</b>	<b>44 789</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	30.09.2016	30.09.2015	31.12.2015
Net cash flow from operations	886	828	1 085
Change in working capital	77	-998	-80
<b>Net cash flow from operating activities</b>	<b>963</b>	<b>-170</b>	<b>1 005</b>
Acquisition of investment properties	-767	-468	-459
Other investments	-436	-86	-1 367
<b>Net cash flow from investing activities</b>	<b>-1 203</b>	<b>-554</b>	<b>-1 826</b>
Proceeds from interest-bearing liabilities	6 740	5 678	6 908
Repayment of interest-bearing liabilities	-6 260	-4 782	-6 016
Dividends paid	-192	-170	-170
<b>Net cash flow from financing activities</b>	<b>288</b>	<b>725</b>	<b>723</b>
	6, 7		
<b>Net change in cash</b>	<b>48</b>	<b>1</b>	<b>-99</b>
Cash at beginning of period	190	283	283
Currency effects	-3	-1	6
Cash at end of period	236	283	190

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	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>
Total comprehensive income			3 698	19	3 717
Changes in non-controlling interests			164	281	445
Dividends paid			-170		-170
<b>Equity 31.12.2015</b>	<b>106</b>	<b>318</b>	<b>17 187</b>	<b>415</b>	<b>18 026</b>
Total comprehensive income			1 812	17	1 829
Acquisitions of other companies			-10	-2	-12
Acquisitions of own shares			-13		-13
Dividends paid			-192		-192
<b>Equity 31.09.2016</b>	<b>106</b>	<b>318</b>	<b>18 784</b>	<b>430</b>	<b>19 638</b>

## NOTES TO THE ACCOUNTS 30. SEPTEMBER 2016

(NOK million)

**Note 1 GENERAL INFORMATION**

Olav Thon Eiendomsselskap ASA is based in Norway and is listed on Oslo Stock Exchange. The head office is situated in Oslo.

The Group's consolidated financial statements encompass Olav Thon Eiendomsselskap ASA and subsidiaries, as well as the Group's interests in joint ventures and associated companies.

The Group has activities in Norway and Sweden.

**Note 2 ACCOUNTING PRINCIPLES**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB and as adopted by E). The consolidated accounts 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 16 of November 2016.

This interim report has not been subject to any external audit or review.

**Note 3 CHANGES IN GROUP STRUCTURE**

No significant changes in the third quarter.

**Note 4 ESTIMATES**

Preparation of interim financial statements involves the use of judgements, estimates and assumptions that affect the application of accounting principles and amounts recognised for assets, liabilities, income and expenses.

In preparing these interim financial statements, management has used the same judgements regarding application of accounting principles that were used in the consolidated financial statements for 2015.

**Note 5 RELATED PARTY TRANSACTIONS**

Transactions	Counterparty	Counterparty associate of	30.09.2016	30.09.2015	31.12.2015
Current leases	Companies in Olav Thon Gruppen AS	Olav Thon Foundation	42	39	53
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	59	59	82

**Note 6 NON-CURRENT LIABILITIES**

	30.09.2016	30.09.2015	31.12.2015
Bonds	4 771	5 091	5 123
Other interest-bearing liabilities	8 147	9 140	11 312
Non-interest-bearing liabilities (fair value interest rate swaps)	2 412	2 057	2 049
Other liabilities	27	37	26
<b>Total</b>	<b>15 357</b>	<b>16 325</b>	<b>18 510</b>

**Note 7 CURRENT LIABILITIES**

	30.09.2016	30.09.2015	31.12.2015
Commercial paper debt	2 751	1 800	1 050
Bonds	1 170	350	350
Interest-bearing current liabilities	2 865	318	171
Trade payables	145	83	185
Accrued interest	49	48	49
Duties payable	171	248	132
Income tax payable	-58	176	73
Other current liabilities	543	828	637
<b>Total</b>	<b>7 636</b>	<b>3 851</b>	<b>2 647</b>

## Note 8 BUSINESS SEGMENTS

At 30 September 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.

### Driftssegmenter

3. quarter 2016	Operating segments			Group	Geographical segments		
	Shopping centres	Commercial property	Other activity		Norway	Sweden	Group
Rental income	506	143		650	586	64	650
Other property-related income	150	21		171	161	10	171
Property-related expenses	-202	-42		-244	-212	-32	-244
<b>Net rental income</b>	<b>455</b>	<b>122</b>		<b>577</b>	<b>535</b>	<b>43</b>	<b>577</b>
Fair value adjustments, investment property	189	370		560	486	74	560
Results from joint ventures and associates	30	0		30	30		30
Other operating income	18		16	34	34		34
Other operating expenses	-15		-16	-31	-31		-31
Administrative expenses	-35	0	0	-35	-33	-2	-35
Depreciation	-4	-2	0	-6	-6	0	-6
<b>Operating profit</b>	<b>639</b>	<b>490</b>	<b>0</b>	<b>1 129</b>	<b>1 014</b>	<b>114</b>	<b>1 129</b>
<b>3. quarter 2015</b>							
Rental income	433	133		566	511	55	566
Other property-related income	165	16		181	163	18	181
Property-related expenses	-187	-54		-241	-212	-28	-241
<b>Net rental income</b>	<b>412</b>	<b>95</b>		<b>506</b>	<b>462</b>	<b>45</b>	<b>506</b>
Fair value adjustments, investment property	631	154		785	812	-27	785
Results from joint ventures and associates	90	0		90	90		90
Other operating income	18		18	36	36		36
Other operating expenses	-12		-16	-28	-28		-28
Administrative expenses	-23	-5	0	-28	-25	-3	-28
Depreciation	-1	-2	0	-3	-3	0	-3
<b>Operating profit</b>	<b>1 114</b>	<b>242</b>	<b>2</b>	<b>1 358</b>	<b>1 345</b>	<b>14</b>	<b>1 358</b>
<b>Per 30.09.2016</b>							
Rental income	1 486	431		1 918	1 760	158	1 918
Other property-related income	535	61		596	526	70	596
Property-related expenses	-663	-163		-826	-721	-105	-826
<b>Net rental income</b>	<b>1 358</b>	<b>330</b>		<b>1 688</b>	<b>1 565</b>	<b>123</b>	<b>1 688</b>
Fair value adjustments, investment property	999	620		1 619	1 479	140	1 619
Results from joint ventures and associates	154	0		154	154		154
Other operating income	55		52	107	107		107
Other operating expenses	-42		-48	-91	-91		-91
Administrative expenses	-137	17	16	-105	-96	-9	-105
Depreciation	-11	-7	0	-18	-18	0	-18
<b>Operating profit</b>	<b>2 375</b>	<b>960</b>	<b>20</b>	<b>3 354</b>	<b>3 100</b>	<b>254</b>	<b>3 354</b>



Per 30.09.2015	Operating segments				Geographical segments		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	1 294	395		1 689	1 536	153	1 689
Other property-related income	548	55		603	529	74	603
Property-related expenses	-625	-155		-780	-685	-95	-780
<b>Net rental income</b>	<b>1 217</b>	<b>295</b>		<b>1 512</b>	<b>1 379</b>	<b>133</b>	<b>1 512</b>
Fair value adjustments, investment property	1 437	587		2 024	1 970	54	2 024
Results from joint ventures and associates	246	0		246	246		246
Other operating income	63		60	123	123		123
Other operating expenses	-53		-50	-103	-103		-103
Administrative expenses	-77	-15	0	-92	-82	-10	-92
Depreciation	-5	-5	0	-10	-10	0	-10
<b>Operating profit</b>	<b>2 828</b>	<b>862</b>	<b>10</b>	<b>3 700</b>	<b>3 523</b>	<b>177</b>	<b>3 700</b>
<b>Per 31.12.2015</b>							
Rental income	1 736	537		2 274	2 068	206	2 274
Other property-related income	753	69		822	715	108	822
Property-related expenses	-861	-212		-1 073	-938	-135	-1 073
<b>Net rental income</b>	<b>1 629</b>	<b>394</b>		<b>2 023</b>	<b>1 844</b>	<b>178</b>	<b>2 023</b>
Fair value adjustments, investment property	1 975	831		2 806	2 625	181	2 806
Results from joint ventures and associates	238	0		238	238		238
Other operating income	92		79	171	171		171
Other operating expenses	-80		-69	-149	-149		-149
Administrative expenses	-107	-19	0	-126	-113	-13	-126
Depreciation	-7	-8	0	-15	-15	0	-15
<b>Operating profit</b>	<b>3 738</b>	<b>1 198</b>	<b>10</b>	<b>4 947</b>	<b>4 601</b>	<b>345</b>	<b>4 947</b>

#### Note 9 INVESTMENT PROPERTY

	30.09.2016	30.09.2015	31.12.2015
<b>Opening balance</b>	<b>40 177</b>	<b>34 661</b>	<b>34 661</b>
Acquisitions/expenditure on properties	2 601	656	2 699
Change in fair value recognised in the period	1 619	2 024	2 806
Other changes	5	17	11
<b>Closing balance</b>	<b>44 403</b>	<b>37 357</b>	<b>40 177</b>

#### Note 10 SUBSEQUENT EVENTS

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 financial position for joint ventures and associated companies.

<b>Joint ventures</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>31.12.2015</b>
Net rental income	82	93	251	282	382
Fair value adjustments, investment property	-3	91	55	147	89
Fair value adjustments, interest rate derivatives	5	-24	-5	4	4
Expenses	-50	-71	-181	-203	-274
<b>Profit</b>	<b>35</b>	<b>89</b>	<b>121</b>	<b>230</b>	<b>201</b>
Investment properties			3 233	4 277	4 225
Other assets			248	284	214
<b>Total assets</b>			<b>3 481</b>	<b>4 561</b>	<b>4 439</b>
Equity			2 009	2 407	2 282
Non-current liabilities			1 316	1 958	2 042
Current liabilities			155	196	115
<b>Total equity and liabilities</b>			<b>3 481</b>	<b>4 561</b>	<b>4 439</b>
<b>Associated companies</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>31.12.2015</b>
Net rental income	12	11	38	33	45
Fair value adjustments, investment property	-10	0	26	8	22
Expenses	-7	-10	-31	-25	-30
<b>Profit</b>	<b>-5</b>	<b>1</b>	<b>33</b>	<b>16</b>	<b>37</b>
Investment properties			814	690	730
Other assets			81	52	52
<b>Total assets</b>			<b>895</b>	<b>742</b>	<b>782</b>
Equity			476	401	431
Non-current liabilities			350	239	230
Current liabilities			69	102	121
<b>Total equity and liabilities</b>			<b>895</b>	<b>742</b>	<b>782</b>





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