

# REPORT FOR Q1 2017

**OLAV THON**  
EIENDOMSSKAP ASA



## KEY FIGURES

Amounts in NOK million	31.03.17	31.03.16	31.12.16
Net rental income	608	560	2 243
Fair value adjustments in investment properties and interest rate derivatives <sup>1)</sup>	612	143	2 984
Profit before taxes	1 024	508	4 484
Profit before tax and fair value adjustments <sup>1)</sup>	412	365	1 500
Equity per share (NOK)	204	169	197
Equity ratio	42 %	39 %	41 %
Non-current net asset value per share (NOK) <sup>2)</sup>	249	207	241
Net cash flow from operations	365	310	1 234
Cash reserves <sup>3)</sup>	6 113	3 589	4 950
Amortisation next 12 months	5 974	3 003	4 669
Interest-bearing debt <sup>4)</sup>	21 249	19 630	21 252
Interest rate as at 31.03 / 31.12	3,22 %	3,42 %	3,24 %
Loan to value ratio <sup>5)</sup>	43 %	45 %	44 %
Net investments <sup>6)</sup>	443	1 298	4 239
Investment properties	48 473	42 943	47 695
Annual rental income <sup>7)</sup>	2 875	2 660	2 850
Yield	5,28 %	5,50 %	5,32 %
Sales, owned shopping centres	10 812	10 468	50 475
Sales, managed shopping centres	2 701	2 547	12 442
Share price as at 31.03 / 31.12 (NOK)	161,0	137,0	160,0

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

1) Including value adjustments in joint ventures and associated companies

2) (Majority share of equity + deferred tax liabilities - fair value of debt (deferred tax 7%)) / Number of shares

3) Bank deposits etc. + Undrawn borrowing facilities

4) Unsecured part of interest-bearing debt NOK 4,043 million (31.03.2017) and NOK 2,496 million (31.03.2016), respectively

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

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

7) Includes market rent for vacant premises



# OLAV THON EIENDOMSSSELKAP ASA

## Report Q1 2017

The positive earnings development at Olav Thon Eiendomsselskap continued in the first quarter and the company achieved considerable profit growth.

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

- Rental income was NOK 681 (635) million.
- Profit before tax amounted to NOK 1,024 (508) million.
- Profit before tax and fair value adjustments amounted to NOK 412 (365) million.
- Net cash flow from operations was NOK 365 (310) million.
- The Group's equity ratio at the end of the first quarter was 42 % (39%), and equity per share increased to NOK 204 (169).
- Liquidity reserves at the end of the quarter were NOK 6,113 (3,589) million.
- Sales in the shopping centre portfolio owned by the Group were NOK 10.8 (10.5) billion.

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

Illustration: SBL-kvartalet / Gunerius, Oslo



## Statement of financial position as at 31 March 2017

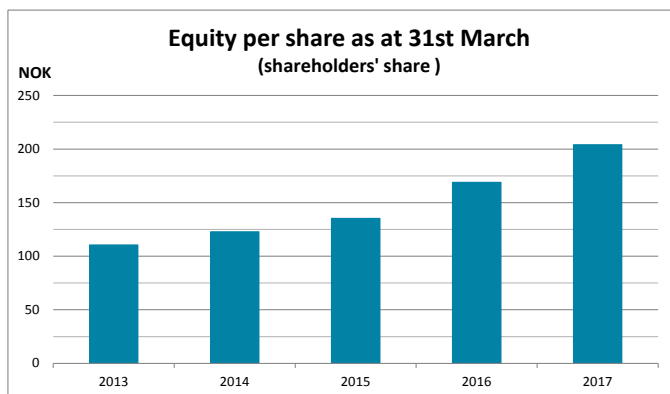
The Group's total assets were NOK 53,376 (47,315) million, with investment properties accounting for NOK 48,473 (42,943) million of that figure.

Total equity was NOK 22,188 (18,403) million and the equity ratio was 42% (39%).

Equity per share (majority share) was NOK 204 (169), while the triple net asset value per share was calculated at NOK 249 (207).

Interest-bearing debt was NOK 21,249 (19,630) million, with a loan to value ratio <sup>2)</sup> of 43% (45%).

The Group's share of the equity in joint ventures and associated companies was NOK 2,708 (2,391) million.



Equity per share increased by 85 % during the period.

## Summary of results

Profit before tax amounted to NOK 1,024 (508) million.

Value adjustments of investment properties and interest rate derivatives amounted to <sup>3)</sup> NOK 612 (143) million.

Profit before tax and fair value adjustments therefore amounted to NOK 412 (365) million.

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

<sup>3)</sup> Includes joint ventures and associated companies

## Rental income and property-related expenses kostnader

Rental income was NOK 681 (635) million. The increase from the previous year is attributable to new properties and completed property projects.

Other property-related income amounted to NOK 232 (218) million and consisted mainly of payments from the Group's tenants to cover property service charges and operation of shopping centre associations.

Property-related expenses amounted to NOK 305 (293) million, including the above-mentioned service charges of NOK 211 (200) million.

Maintenance expenses for the property portfolio amounted to NOK 23 (15) million.

Net rental income was NOK 608 (560) million.

## Fair value adjustments of investment properties

The value of the Group's investment properties increased by NOK 539 (549) million.

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

## Share of the results of joint ventures and associated companies

The Group's share of the results of joint ventures and associated companies amounted to NOK 63 (75) million.

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

## Other operating income and expenses

Other operating income amounted to NOK 36 (38) million and consisted mainly of income from property management for external owners and sales revenue from other activities.

Other operating and administrative expenses amounted to NOK 73 (71) million, while scheduled depreciation amounted to NOK 6 (5) million.

### Financial income and expenses

Net financial expenses amounted to NOK 180 (180) million. A decline in the Group's average interest rate has contributed to stable financial expenses despite increased interest-bearing debt.

The average interest rate for the first quarter was 3.23% (3.51%).

### Fair value adjustments, interest rate derivatives

During the first quarter there were minor changes in the long-term market interest rates in Norway and Sweden. In Norway, the 10-year swap rate fell by 0.04 of a percentage point to 1.91%, while the corresponding rate in Sweden rose by 0.02 of a percentage point to 1.12%.

As a consequence of the interest rate movements and shorter terms for the interest rate derivatives, the fair value of the Group's interest rate derivatives increased by NOK 37 (-458) million.

### Cash flow and liquidity

Net cash flow from operations was NOK 365 (310) million, while changes in working capital amounted to NOK -186 (44) million.



Net cash flow from operating activities was NOK 179 (354) million.

Net cash flow from investing activities was NOK -213 (423) million, while financing activities had an adverse effect of NOK -13 (61) million on liquidity.

Consequently, the Group's cash decreased by NOK -47 (-9) million.

Liquidity reserves were NOK 6,113 (3,589) million at the end of the quarter and consisted of short-term investments of NOK 279 (185) million and undrawn long-term credit facilities of NOK 5,834 (3,404) million.

### Investments

The Group's net investments for the first quarter were NOK 443 (1,298) million.



## Major property projects <sup>4)</sup>

### Completed

- **Amfi Kanebogen, Harstad**  
The centre is being refurbished and expanded by 9,300 sq. m. of retail space. New Amfi Kanebogen with retail space of 17,900 sq. m., opened at the beginning of April.

### Under construction

- **Vitaminveien 11, Oslo**  
On a block near Storo Storsenter in Oslo, a number of new buildings are under construction with a total area of approx. 60,000 sq. m., including 9,000 sq. m. of parking space. The properties will house 149 residential units, a 321-room hotel, and Norway's largest cinema complex, as well as other office and retail space. The project will be completed in 2018 and 2019.
- **Amfi Moa, Ålesund**  
A building is being constructed at Amfi Moa with 24,000 sq. m. of commercial space and 12,000 sq. m. for parking. The property will connect Amfi Moa Øst and Amfi Moa Syd, and is planned for completion in the fourth quarter of 2018.
- **Oasen Storsenter**  
The centre is being refurbished and expanded with approx. 4,200 sq. m. of retail space and 3,000 sq. m. for parking. The project is scheduled for completion in the fourth quarter of 2018.

### 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 under construction in connection with the part of Jessheim Storsenter in which the Group has a 34% stake. The project will be completed in the fourth quarter of 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.

- **Lagunen Storsenter, Bergen (42 % stake)**  
The centre will be expanded by around 40,000 sq. m. of rentable space, as well as approximately 10,000 sq. m. for parking. The project is expected to be completed in 2018 and 2019.

### Projects scheduled to commence in the second quarter of 2017

- **Amfi Steinkjer, Steinkjer**  
The centre will be refurbished and expanded with a new 5,200 sq. m. building. An older part of the centre will be demolished and the retail space will then be increased by approximately 3,400 sq. m. The project is scheduled for completion in the fourth quarter of 2018.

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 as at 31 March 2017

Investment properties are carried at fair value. Information on the valuation model and the variables used in the valuation can be found on pages 25 and 43 to 45 in the Norwegian 2016 annual report.

The property portfolio was valued at NOK 48,473 (40,177) million based on an average yield of 5.28% (5.50%).

The property segments were assessed using the following average yields:

- Shopping centre property 5,32 % (5,49)
- Other commercial property 5,15 % (5,55)

Annual rental income was NOK 2,875 (2,660) million, with the following segment distribution:

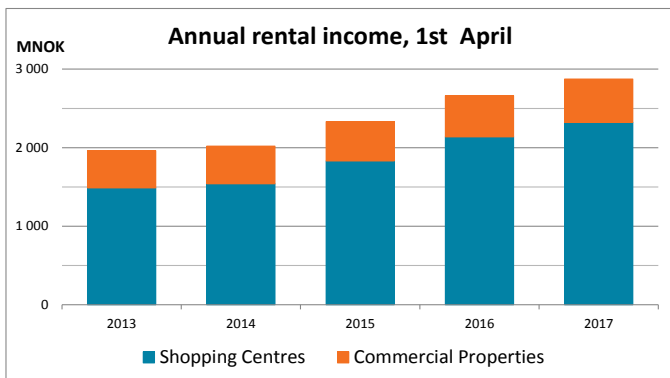
- Shopping centre property 81 % (80)
- Other commercial property 19 % (20)

The vacancy rate in the property portfolio was 3.5% (3.4%).

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 280 (265) million, while the value of the property portfolio was NOK 4,306 (3,957) million.

<sup>4)</sup> More than 50 million



The rental income of the property portfolio increased by 47 % during the period.

## Shopping centres

At the end of the first quarter, the shopping centre portfolio comprised 95 shopping centres, 26 of which are managed for external owners.

Olav Thon Eiendomsselskap is Norway's leading shopping centre player and has a solid market position. The shopping centre portfolio includes Norway's largest shopping centre, Sandvika Storsenter in Bærum, and a total of five of the country's six largest shopping centres.

### Shopping centres owned by the Group

Retail sales in the shopping centre portfolio owned by the Group were NOK 10.8 (10.5) billion for the first quarter.

#### Norway

The Group's shopping centres in Norway reported retail sales of NOK 10.0 (9.5) billion.

#### Sweden

The shopping centres in Sweden reported retail sales of SEK 0.9 (0.9) billion.

### Shopping centres managed for other owners

Retail sales in this part of the portfolio were NOK 2.7 (2.6) billion for the first quarter.

## 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 45 of the Norwegian 2016 annual report and on the company's website: [www.olt.no](http://www.olt.no).

The valuation as at 31 March 2017 was based on an average yield of 5.28%. The yield has varied between 5.28% and 6.10% over the last 3 years.

## The financial market

The most significant financial risk for Olav Thon Eiendomsselskap is considered to be 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 46 of the Norwegian 2016 annual report and the company's website: [www.olt.no](http://www.olt.no).

The Group's interest rate derivatives (interest rate swaps) are carried at fair value. Interest rate swaps are mainly used to hedge the Group's long-term fixed interest rates and ensure a predictable cash flow.

At the end of the first quarter, the portfolio of interest rate swaps entered into for this purpose was NOK 11,101 (11,160) million and had a fair value of NOK -1,893 (-2,507) 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 approx. 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 regarded as very good and the credit margins in the capital markets showed a downward trend during the first quarter.

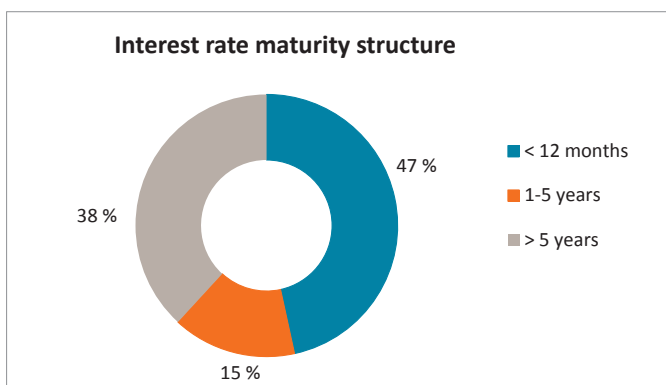
A long-term bond loan of NOK 250 million and short-term commercial paper debt of NOK 600 million were issued in the Norwegian capital market in the first quarter. Short-term commercial paper debt totalling SEK 1,150 million was issued in Sweden.

Total credit facilities were NOK 27,083 (23,033) million at the end of the first quarter, with the unused portion amounting to NOK 5,834 (3,404) million.

The outstanding commercial paper debt and bonds amounted to NOK 10,773 (6,568) million, distributed between Norway and Sweden as follows:

Norway: NOK 8,080 (5,580) million  
Sweden: SEK 2,800 (900) million

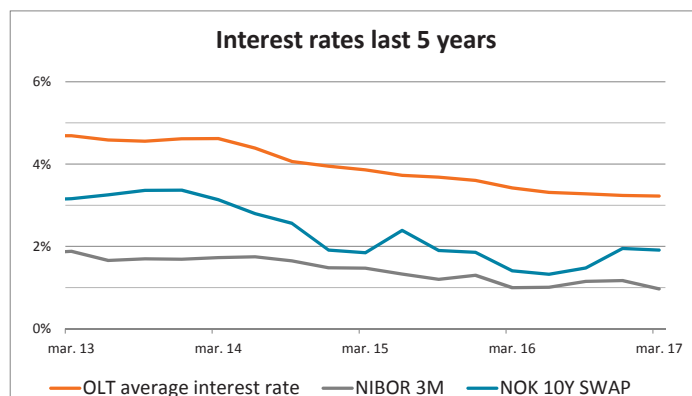
The debt has an average remaining term of 2.5 (2.9) years. 28 % (15%) of the debt falls due for repayment within one year.



53 % of interest-bearing debt has a fixed-interest period of over 1 year, and the average fixed-interest period is 4,1 years.

The Group's average interest rate was 3.22% (3.42%), divided into the following currencies:

Currencies	Debt	Interest rate
NOK	85 %	3,72 %
SEK	15 %	0,80 %



At 31 March 2017, the Group's average interest rate <sup>5)</sup> was 3.22 %.

## Shareholder matters

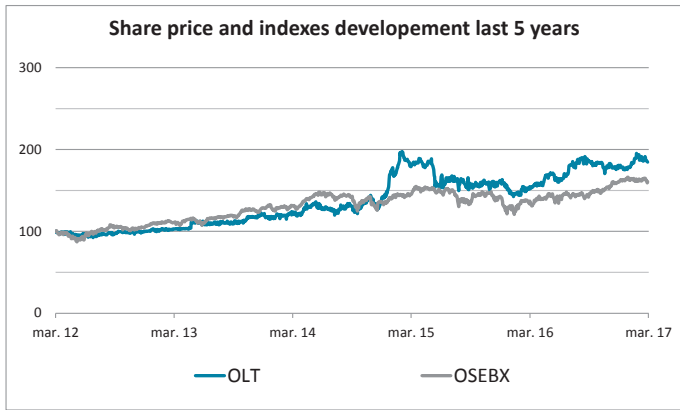
In line with developments on the Oslo Stock Exchange, the Olav Thon Eiendomsselskap share price increased by 0.6 % in the first quarter to a closing price of NOK 161 as at 31 March 2017.

1.8 (1.6) million shares were traded during the quarter, with 4,283 (2,132) trades in the share on the Oslo Stock Exchange.

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







Over the past five years, the price of Olav Thon Eiendomsselskap share has increased by 81 %.

The highest and lowest prices in the quarter were NOK 173.5 and NOK 155.5, respectively.

The company's market capitalisation at the end of the first quarter was NOK 17.1 (14.6) billion.

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	1,5%
Other shareholders	18,2 %
<b>TOTAL</b>	<b>100,0 %</b>

## Outlook

Growth in the Norwegian economy is increasing and the majority of areas in the economy are developing positively. However, the fall in oil prices is contributing to relatively weak growth prospects for the next few years and Norges Bank is indicating

that interest rates will be kept low for a long time.

The demand for commercial property in Norway remains high. Given the prospect of low interest rates, this is expected to continue in the time ahead. With growth in private consumption expected to 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 positively in most areas of the city. A low level of new construction and high demand for office premises are expected to contribute to a continued positive office market.

The Group's solid market position and financial position is expected to contribute to a satisfactory financial performance in the period ahead.

Oslo, 23.05.17

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 1st quarter is true translation. However, in case of any discrepancy, the Norwegian version takes place.*

Oasen Storsenter, Haugesund



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Per 31.03.2017	Per 31.03.2016	Per 31.12.2016
Rental income	5, 8	681	635	2 590
Other property-related income	8	232	218	835
Property-related expenses	8	-305	-293	-1 183
<b>Net rental income</b>		<b>608</b>	<b>560</b>	<b>2 243</b>
Fair value adjustments, investment property	9	539	549	2 651
Results from joint ventures and associates	11	63	75	315
Other operating income	8	36	38	153
Other operating expenses	8	-35	-37	-131
Administrative expenses	5, 8	-38	-34	-141
Depreciation		-6	-5	-28
<b>Operating profit</b>		<b>1 168</b>	<b>1 146</b>	<b>5 062</b>
Financial income		1	2	8
Fair value adjustments, interest rate derivatives		37	-458	119
Financial expenses		-182	-182	-704
<b>Profit before tax</b>		<b>1 024</b>	<b>508</b>	<b>4 484</b>
Income taxes		-238	-108	-868
<b>Profit for the period</b>		<b>787</b>	<b>400</b>	<b>3 616</b>
<b>Other Comprehensive income</b>				
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>				
Exchange differences, from foreign operations		0	-20	-39
Endring i utsatt skatt på utvidet resultat		4	-8	-22
<b>Total comprehensive income</b>		<b>791</b>	<b>373</b>	<b>3 556</b>
<b>Profit for the periode attributable to:</b>				
Shareholders of the parent		779	389	3 582
Non-controlling interests		8	11	34
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent		784	362	3 522
Non-controlling interests		8	11	34
Earnings per share, basic and diluted (NOK)		7	3	34

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	Per 31.03.2017	Per 31.03.2016	Per 31.12.2016
<b>ASSETS</b>				
Deferred tax asset		550	583	550
Investment properties	3, 9	48 473	42 943	47 695
Other fixed assets		95	94	98
Investments in joint ventures and associates	11	2 708	2 391	2 646
Other non-current assets		183	181	198
<b>Total non-current assets</b>		<b>52 009</b>	<b>46 192</b>	<b>51 187</b>
Trade and other current receivables		1 088	938	1 017
Bank deposits and cash		279	185	325
<b>Total current assets</b>		<b>1 367</b>	<b>1 123</b>	<b>1 342</b>
<b>Total assets</b>		<b>53 376</b>	<b>47 315</b>	<b>52 529</b>
<b>EQUITY AND LIABILITIES</b>				
Majority share of equity		21 733	17 978	20 950
Non-controlling interests		455	425	447
<b>Total equity</b>		<b>22 188</b>	<b>18 403</b>	<b>21 397</b>
Deferred tax liabilities		6 660	5 693	6 494
Non-current liabilities	6	17 171	19 148	18 516
Current liabilities	7	7 358	4 070	6 122
<b>Total liabilities</b>		<b>31 188</b>	<b>28 912</b>	<b>31 132</b>
<b>Total equity and liabilities</b>		<b>53 376</b>	<b>47 315</b>	<b>52 529</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	Share capital	Share premium reserve	Exchange differences, from foreign operations	Retained earnings	Non-controlling interests	Total
<b>Equity 31.12.2015</b>	<b>106</b>	<b>318</b>	<b>6</b>	<b>17 194</b>	<b>416</b>	<b>18 040</b>
Profit for the period				389	11	400
Other Comprehensive income			-20	-8		-27
Acquisitions of own shares				-13		-13
Other changes				4	-1	4
<b>Equity 31.03.2016</b>	<b>106</b>	<b>318</b>	<b>-14</b>	<b>17 567</b>	<b>425</b>	<b>18 403</b>
Profit for the period				3 193	23	3 216
Other Comprehensive income			-19	-14		-33
Dividends paid				-190		-190
Other changes				2	-2	0
<b>Equity 31.12.2016</b>	<b>106</b>	<b>318</b>	<b>-33</b>	<b>20 558</b>	<b>447</b>	<b>21 397</b>
Profit for the period				779	8	787
Other Comprehensive income			0	4		5
<b>Per 31.03.2017</b>	<b>106</b>	<b>318</b>	<b>-32</b>	<b>21 341</b>	<b>455</b>	<b>22 188</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	Per 31.03.2017	Per 31.03.2016	Per 31.12.2016
Net cash flow from operations	365	310	1234
Change in working capital	-186	44	546
<b>Net cash flow from operating activities</b>	<b>179</b>	<b>354</b>	<b>1 780</b>
Payment on the sale of tangible fixed assets	0	0	3
Acquisition of investment properties	-204	-100	-962
Acquisition of subsidiaries	-9	0	-2 168
Other investments	0	-324	-259
Acquisition of own shares	0	0	-13
<b>Net cash flow from investing activities</b>	<b>-213</b>	<b>-423</b>	<b>-3 400</b>
Proceeds from interest-bearing liabilities	2 186	2 211	11 549
Repayment of interest-bearing liabilities	-2 199	-2 150	-9 604
Dividends paid	0	0	-194
<b>Net cash flow from financing activities</b>	<b>-13</b>	<b>61</b>	<b>1 751</b>
		6, 7	
<b>Net change in cash</b>	<b>-47</b>	<b>-9</b>	<b>132</b>
Cash at beginning of period	326	191	191
Currency effects	0	4	3
Cash at end of period	279	186	326

## NOTES TO THE ACCOUNTS 31. MARCH 2017

(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 EU. 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 2016 annual report.

The interim financial statements were adopted by the Board Mayr 23th 2017.

There has been no audit of the interim financial information.

## Note 3 CHANGES IN GROUP STRUCTURE

There are no significant changes in the group structure during the quarter.

## Note 4 ESTIMATES

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

In preparing these interim financial statements, management has used the same judgements regarding application of accounting principles that were used in the consolidated financial statements for 2016.

## Note 5 RELATED PARTY TRANSACTIONS

Transactions	Counterparty	Counterparty associate of	31.03.2017	31.03.2016	31.12.2016
Current leases	Companies in Olav Thon Gruppen AS	Olav Thon Foundation	12	14	53
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	26	20	87

## Note 6 NON-CURRENT LIABILITIES

	31.03.2017	31.03.2016	31.12.2016
Bonds	6 937	5 098	6 681
Other interest-bearing liabilities	8 338	11 528	9 903
Non-interest-bearing liabilities (fair value interest rate swaps)	1 893	2 507	1 930
Other liabilities	4	15	3
<b>Total</b>	<b>17 171</b>	<b>19 148</b>	<b>18 516</b>

## Note 7 CURRENT LIABILITIES

	31.03.2017	31.03.2016	31.12.2016
Commercial paper debt	2 977	1 150	2 377
Bonds	859	320	855
Interest-bearing current liabilities	2 138	1 533	1 437
Trade payables	186	127	237
Accrued interest	51	50	44
Duties payable	119	251	109
Income tax payable	54	66	19
Other current liabilities	973	571	1 044
<b>Total</b>	<b>7 358</b>	<b>4 070</b>	<b>6 122</b>

## Note 8 BUSINESS SEGMENTS

At 31 March 2017, 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

	Operating segments			Group	Geographical segments		
	Shopping centres	Commercial property	Other activity		Norway	Sweden	Group
<b>Per 31.03.2017</b>							
Rental income	516	165		681	635	46	681
Other property-related income	213	19		232	210	22	232
Property-related expenses	-249	-56		-305	-277	-28	-305
<b>Net rental income</b>	<b>480</b>	<b>128</b>	<b>0</b>	<b>608</b>	<b>568</b>	<b>40</b>	<b>608</b>
Fair value adjustments, investment property	315	225		539	544	-5	539
Results from joint ventures and associates	63	0		63	63		63
Other operating income	13	0	23	36	36		36
Other operating expenses	-13	0	-22	-35	-35		-35
Administrative expenses	-32	-6		-38	-35	-4	-38
Depreciation	-4	-2		-6	-6	0	-6
<b>Operating profit</b>	<b>821</b>	<b>345</b>	<b>2</b>	<b>1 168</b>	<b>1 137</b>	<b>31</b>	<b>1 168</b>
<b>Per 31.03.2016</b>							
Rental income	493	142		635	582	53	635
Other property-related income	190	28		218	188	30	218
Property-related expenses	-233	-61		-293	-248	-45	-293
<b>Net rental income</b>	<b>451</b>	<b>109</b>	<b>0</b>	<b>560</b>	<b>522</b>	<b>38</b>	<b>560</b>
Fair value adjustments, investment property	407	142		549	509	41	549
Results from joint ventures and associates	75	0		75	75		75
Other operating income	17		21	38	38		38
Other operating expenses	-16		-21	-37	-37		-37
Administrative expenses	-29	-5		-34	-31	-4	-34
Depreciation	-3	-2		-5	-5	0	-5
<b>Operating profit</b>	<b>902</b>	<b>243</b>	<b>0</b>	<b>1 146</b>	<b>1 071</b>	<b>75</b>	<b>1 146</b>

Per 31.12.2016	Operating segments				Geographical segments		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	2 013	578		2 590	2 387	204	2 590
Other property-related income	755	80		835	739	96	835
Property-related expenses	-959	-224		-1 183	-1 040	-143	-1 183
<b>Net rental income</b>	<b>1 809</b>	<b>434</b>	<b>0</b>	<b>2 243</b>	<b>2 086</b>	<b>156</b>	<b>2 243</b>
Fair value adjustments, investment property	1 737	914		2 651	2 503	148	2 651
Results from joint ventures and associates	315	0		315	315		315
Other operating income	77		76	153	153		153
Other operating expenses	-57		-73	-131	-131		-131
Administrative expenses	-120	-21		-141	-126	-15	-141
Depreciation	-15	-13		-28	-28	0	-28
<b>Operating profit</b>	<b>3 746</b>	<b>1 313</b>	<b>3</b>	<b>5 062</b>	<b>4 773</b>	<b>289</b>	<b>5 062</b>

#### Note 9 INVESTMENT PROPERTY

	31.03.2017	31.03.2016	31.12.2016
<b>Opening balance</b>	<b>47 695</b>	<b>40 177</b>	<b>40 177</b>
Acquisitions/expenditure on properties	243	2 212	4 868
	0	0	0
Change in fair value recognised in the period	539	549	2 651
	0	0	0
Other changes	-4	5	-1
<b>Closing balance</b>	<b>48 473</b>	<b>42 943</b>	<b>47 695</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.

## ALTERNATIVE PERFORMANCE MEASURES

Amounts in NOK million

Olav Thon Eiendomsselskap ASA prepares financial information in accordance with the International Financial Reporting Standards (IFRS). The company also wishes to present alternative performance measures (APM) in order to provide readers with a better und

### Fair value adjustments in investment properties and interest rate derivatives

Fair value adjustments in investment properties and interest rate derivatives affect the company's profit before tax, both in the Group's accounts and in joint ventures and associated companies. These income statement items are considered to be more exoge

	<u>31.03.2017</u>	<u>31.03.2016</u>	<u>31.12.2016</u>
Fair value adjustments, investment property from profit and loss	539	549	2 651
Fair value adjustments, investment property - Joint ventures	23	43	179
Fair value adjustments, investment property - Associated companies	12	18	24
Fair value adjustments, interest rate derivatives from profit and loss	37	-458	119
Fair value adjustments, interest rate derivatives - Joint ventures	1	-9	12
<b>Fair value adjustments in investement property and interest rate deri</b>	<b>612</b>	<b>143</b>	<b>2 984</b>

### Profit before tax and fair value adjustments

Profit before fair value adjustments in investment properties and interest rate derivatives is intended to give readers a better understanding of the Group's operating business development. Fair value adjustments in investment properties and interest rate

	<u>31.03.2017</u>	<u>31.03.2016</u>	<u>31.12.2016</u>
Profit before tax	1 024	508	4 484
Adjusted for fair value adjustments in investement property and interest rate derivatives	-612	-143	-2 984
<b>Profit before tax and fair value adjustments</b>	<b>412</b>	<b>365</b>	<b>1 500</b>



## Non-current net asset value per share

Normalised net asset value per share after taking into account a fair value assessment of the deferred tax liabilities.

	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>31.12.2016</b>
Majority share of equity	21 733	17 978	20 950
Deferred tax liabilities	6 646	5 686	6 487
Fair value of debt - deferred tax liabilities - 7%	-1 938	-1 592	-1 816
<b>Non-current net asset value</b>	<b>26 440</b>	<b>22 072</b>	<b>25 621</b>
Number of shares	106 345 320	106 445 320	106 345 320
<b>Non-current net asset value per share in NOK</b>	<b>249</b>	<b>207</b>	<b>241</b>

## Interest-bearing debt

Splitting the Group's total debt into interest-bearing debt and non-interest-bearing debt is intended to give readers a better understanding of the Group's debt situation and the Group's financial position. Net interest-bearing debt is arrived at by deduc

	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>31.12.2016</b>
Bonds, non-current	6 937	5 098	6 681
Bonds, current	859	320	855
Commercial paper debt, current	2 977	1 150	2 377
Other interest-bearing liabilities, non-current	8 338	11 528	9 903
Other interest-bearing liabilities, current	2 138	1 533	1 437
<b>Interest-bearing debt</b>	<b>21 249</b>	<b>19 630</b>	<b>21 252</b>
Bank deposits and cash	-279	-185	-325
<b>Net interest-bearing debt</b>	<b>20 970</b>	<b>19 445</b>	<b>20 927</b>



Illustration: Stortunet, Vitaminveien 11, Oslo





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