

REPORT FOR Q4
AND PRELIMINARY
YEAR-END RESULTS
2018

OLAV THON
EIENDOMSELSKAP



KEY FIGURES

Amounts in NOK million	Q4 2018	Q4 2017	31.12.18	31.12.17
Net rental income	636	642	2 492	2 460
Fair value adjustments in investment properties and interest rate derivatives ¹⁾	166	394	1 015	2 438
Profit before taxes	654	861	2 877	4 193
Profit before tax and fair value adjustments ¹⁾	489	466	1 863	1 755
Equity per share (NOK)			249	228
Equity ratio			46 %	44 %
Non-current net asset value per share (NOK) ²⁾			298	276
Net cash flow from operations	409	438	1 668	1 640
Cash reserves ³⁾			7 168	8 137
Amortisation next 12 months			6 137	7 578
Interest-bearing debt ⁴⁾			21 597	21 713
Interest rate as at 31.12			3,04 %	2,98 %
Loan to value ratio ⁵⁾			40 %	42 %
Net investments ⁶⁾	398	469	1 305	1 734
Investment properties			53 371	51 435
Annual rental income ⁷⁾			3 100	2 910
Yield			5,10 %	5,17 %
Sales, owned shopping centres	15 858	15 738	51 669	50 985
Sales, managed shopping centres	2 943	4 122	9 603	13 273
Share price as at 31.12 (NOK)			140,0	163,0

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 6%)) / Number of shares

3) Bank deposits etc. + Undrawn borrowing facilities

4) Unsecured part of interest-bearing debt NOK 4,864 million (31.12.2018) and NOK 6,399 million (31.12.2017), respectively

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

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

7) Includes market rent for vacant premises



OLAV THON EIENDOMSSELSKAP ASA

Report for Q4 and preliminary year-end results 2018

Olav Thon Eiendomsselskap achieved a good result in the fourth quarter as well, with rental income growth and increased property values.

The highlights of the interim report are as follows: ¹⁾

- Rental income was NOK 725 (699) million. Annual rental income at the end of the year was NOK 3,100 (2,910) million and the vacancy rate 2.5% (2.7%).
- Profit before tax amounted to NOK 654 (861) million
- Profit before tax and fair value adjustments amounted to NOK 489 (466) million.
- Net cash flow from operations was NOK 409 (438) million.
- At the end of the year, the Group's equity ratio was 46% (44%), and equity per share had risen to NOK 249 (228).
- Cash reserves at the end of the year amounted to NOK 7,168 (8,137) million.
- Retail sales in the shopping centre portfolio owned by the Group were NOK 15,858 (15,741) million.
- The Board proposes a dividend payment of NOK 4.4 (2.20) per share for 2018.

¹⁾ The figures in parentheses concern the corresponding period/date last year.

Photo front-page and below: Lagunen Storsenter, Bergen



Financial position/balance sheet as at 31 December 2018

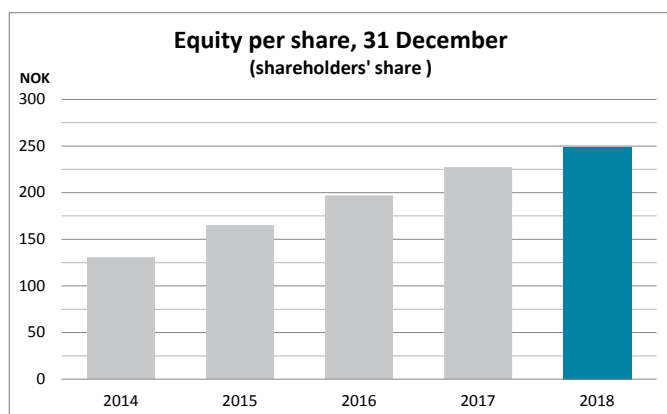
The Group's total assets were NOK 58,637 (56,493) million, with investment properties accounting for NOK 53,178 (51,435) million of that figure.

Total equity was NOK 26,817 (24,580) million and the equity ratio was 46% (44%).

Equity per share (majority share) was NOK 249 (228), while the triple net asset value per share was calculated as being NOK 298 (276).

Interest-bearing debt was NOK 21,597 (21,713) million, with a loan to value ratio²⁾ of 39% (42%).

The Group's share of the equity in joint ventures and associated companies was NOK 2,828 (2,838) million.



Equity per share increased by 90 % during the period.

Summary of results for Q4

Profit before tax amounted to NOK 654 (861) million.

Fair value adjustments in investment properties and interest rate derivatives totalled NOK 166 (394) million.³⁾

Profit before tax and fair value adjustments therefore amounted to NOK 489 (466) million.

Rental income and property-related expenses

Rental income was NOK 725 (699) million.

Other property-related income amounted to NOK 235 (243) 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 324 (300) million, including the above-mentioned service charges of NOK 225 (222) million. The increase since last year is largely explained by higher maintenance expenses for the property portfolio than in the fourth quarter last year.

Maintenance expenses for the property portfolio amounted to NOK 24 (-1) million.

Net rental income was therefore NOK 636 (642) million.

Fair value adjustments, investment properties

The value of the Group's investment properties increased by NOK 433 (357) million in the fourth quarter.

The increase in value was due to both the completion of property projects and increases in the value of commercial properties in the Oslo area, although the increase was set off by value reduction for some parts of the shopping centre portfolio.

Also see note 8 of this interim report.

Share of results of joint ventures and associated companies

The Group's share of the results from joint ventures and associated companies amounted to NOK -34 (40) million. The decrease is explained by falls in value for some shopping centre properties owned through joint ventures and associated companies.

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

²⁾ See page 2 for definitions.

³⁾ Includes joint ventures and associated companies.

Other operating income and expenses

Other operating income amounted to NOK 52 (54) 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 102 (92) million, while scheduled depreciation amounted to NOK 3 (7) million.



Financial income and expenses

Net financial expenses amounted to NOK 177 (176) million.

Compared with the same period last year, both the Group's interest-bearing debt and the average interest rate remained relatively unchanged.

The Group's average interest rate for the fourth quarter was 3.04% (3.02%).

Fair value adjustments, interest rate derivatives

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

In Norway, the 10-year swap rate fell by 0.21 of a percentage point to 2.10%, while the corresponding rate in Sweden rose by 0.13 of a percentage point to 1.13%.

Interest rate movements and greater volatility in the financial markets contributed to the fair value of the Group's interest rate derivatives decreasing by NOK 152 (44) million.

Preliminary annual results for 2018

Rental income amounted to NOK 2,830 (2,770) million. The increase was due to both the completion of property projects and rental income growth in the property portfolio.

The value of the Group's investment properties rose by NOK 862 (2,216) million due to both a lower yield and somewhat higher rental income in the property portfolio.

Net financial expenses amounted to NOK 652 (689) million. The decrease was mainly due to a reduction in the Group's average interest rate.

The fair value of the Group's interest rate derivatives increased by NOK 273 (165) million due to higher long-term market rates in Norway and Sweden in 2018 for the year as a whole.

Apartments Skovly, Jessheim Storsenter



Profit before tax amounted to NOK 2,877 (4,193) million.

Fair value adjustments in investment properties and interest rate derivatives amounted to NOK 1,015 (2,438) million (inclusive of joint ventures and associated companies).

Profit before tax and fair value adjustments therefore amounted to NOK 1,863 (1,755) million.

Cash flow and liquidity

Q4

Net cash flow from operations was NOK 409 (438) million.

Net cash flow from operating activities was NOK 92 (850) million.

Investment activities reduced cash by NOK 353 (797) million, while financing activities increased cash by NOK 35 (71) million.

Currency effects amounted to NOK -29 (-15) million and the Group's cash thereby decreased by NOK 255 (110) million in the fourth quarter.

2018

Net cash flow from operations was NOK 1,668 (1,640) million for the full year 2018.

Net cash flow from operating activities was NOK 1,551 (1,626) million.

Net cash flow from investing activities was NOK -1,323 (-1,551) million, while financing activities reduced cash by NOK 261 (-29) million.

Currency effects amounted to NOK -27 (-5) million in 2018 and the Group's cash thereby decreased by NOK 61 (41) million.

Liquidity reserves were NOK 7,168 (8,137) million at the end of the year and consisted of short-term investments of NOK 305 (366) million and undrawn long-term credit facilities of NOK 6,863 (7,771) million.

⁴⁾ Over 50 million NOK

Investments and sales

The Group's net investments for the fourth quarter were NOK 398 (469) million. Total investments in 2018 amounted to NOK 1,305 (1,734) million.

Major property acquisitions

Klokkergårdsveien 32, Sarpsborg

A retail property of 5,000 sq. m. next to the Group's Amfi Borg shopping centre was taken over in the fourth quarter.

Major property projects ⁴⁾

Completed

- **Phase 4, Vitaminveien 11, Oslo**
Phase 4 of the Storo Storsenter development opened in November 2018 with more new shops and restaurants.
- **Amfi Moa, Ålesund**
The new building at Amfi Moa opened in November 2018 with total space of around 35,000 sq. m. This expanded the centre's provision of goods and services with a number of new shops and restaurants, as well as a new cinema complex with six screens and a library.
- **Oasen Storsenter, Haugesund**
The shopping centre has been refurbished and expanded by around 4,200 sq. m. of retail space and 3,000 sq. m. of parking space.
- **Amfi Steinkjer, Steinkjer**
The centre has been expanded with a new 5,200 sq. m. building. An older section of the centre was demolished, meaning that the retail space has increased by around 3,400 sq. m.

Completed projects in joint ventures and associated companies

- **Jessheim Storsenter, Ullensaker**
In connection with the part of Jessheim Storsenter in which the Group has a stake of 34%, 105 residential units have now been constructed for onwards sale in various construction phases. At the end of the quarter, 96 of the residential units had been sold and handed over to buyers.

- **Lagunen Storsenter, Bergen (42 % stake)**
The first part of the expansion of around 40,000 sq. m., plus 10,000 sq. m. of parking space, was opened in November 2018 when a number of new shops and restaurants were opened.

Under construction

- **Vitaminveien 11, Oslo**
The last phase of the project in Stortunet with residential units and retail spaces will be completed in the first quarter of 2019.
- **Amfi Moa, Ålesund**
Phase 2 of the expansion involving office space and a number of restaurants will be completed in 2019.

Under construction in joint ventures and associated companies

- **Lagunen Storsenter, Bergen (42 % stake)**
Phase 2 of the expansion of Lagunen Storsenter will be completed in the fourth quarter of 2019 when a gym and a new nine-screen cinema complex open.

For more information about the Group's property projects, please see the company's website: www.olt.no

Property portfolio as at 31 December 2018

Investment properties are carried at fair value. Information on the valuation model and the variables used in the valuation can be found in the Norwegian 2017 annual report.

The property portfolio was valued at NOK 53,571 (51,435) million, based on an average yield of 5.10% (5.17%).

Average yields by property segment were as follows:

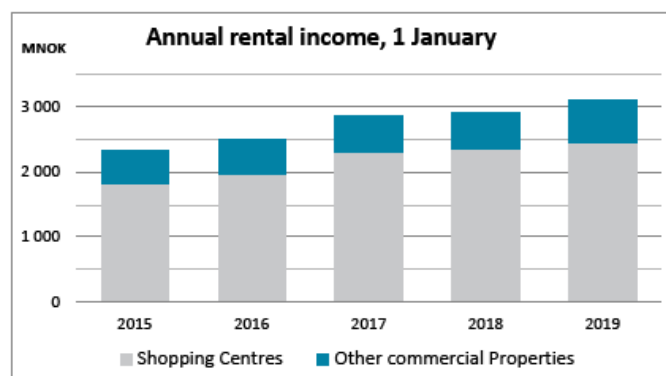
- Shopping centre property 5.28 % (5.23)
- Other commercial property 4.53 % (4.93)

Annual rental income was NOK 3,100 (2,910) million, with the following segment distribution:

- Shopping centre property 79 % (81)
- Other commercial property 21 % (19)

The vacancy rate in the property portfolio was 2,5 % (2,7).

The increase in rental income was due to completed property projects and general growth in rental income.



The rental income of the property portfolio increased by 34 % during the period.

The property portfolio owned through joint ventures and associated companies.

In addition to the property portfolio, which is recognised in the Group's balance sheet, the Group's share of the rental income of joint ventures and associated companies was NOK 280 (280) million. The Group's share of the property values in these companies was NOK 4,706 (4,598) million.

Shopping centres

At the end of the year, the shopping centre portfolio comprised 88 shopping centres, 20 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 seven of the country's eight largest shopping centres.

Shopping centres owned by the Group

Retail sales in the shopping centre portfolio owned by the Group were NOK 15,858 (15,740) million for the fourth quarter, while retail sales for the full year 2018 were NOK 51,669 (50,985) million

Norway

The Group's Norwegian shopping centres reported sales of NOK 14,866 (14,682) million for the fourth quarter, and 48,122 (47,304) million for the full year 2018.

Sweden

Retail sales in the Group's shopping centres in Sweden amounted to SEK 1,062 (1,079) million in the fourth quarter and SEK 3,788 (3,804) million for the full year 2018.

Shopping centres managed for other owners

Retail sales in this part of the portfolio were NOK 2,943 (4,127) million in the fourth quarter, and NOK 9,603 (13,273) million for the full year 2018. The decrease was linked to a number of large management agreements ending in 2018.

Risk factors

The most important 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 in the Norwegian 2017 annual report and on the company's website: www.olt.no.

The valuation as at 31 December 2018 was based on an average yield of 5.10%. The yield has varied between 5.10% and 5.32% over the last three years.

The financial markets

The biggest financial risk for Olav Thon Eiendomsselskap is considered to be the Group's access to financing in the banking and capital markets. The risk is mitigated by maintaining a low loan to value ratio, a balanced debt portfolio and significant cash reserves.

The Group's financing is described in more detail in the next section, and further information about financial risk management can be found in the Norwegian 2017 annual report and on the company's website: www.olt.no.

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

At year end, the portfolio of interest rate swaps entered into for this purpose was NOK 11,110 (11,139) million and had a fair value of NOK -1,492 (-1,765) million.



Fair value is affected by both 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 around 0.50 of a percentage point. Net annual interest expenses would be changed by NOK 100-110 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, even though the capital markets in both Norway and Sweden performed weakly in the fourth quarter. The Group's sources of financing in the fourth quarter were the capital markets in both Norway and Sweden, as well as the Nordic bank market. New lending of NOK 1,400 million and SEK 900 million was raised in the capital markets. A long-term loan agreement was also entered into with a Nordic bank with a credit limit of NOK 2,000 million.

At year end, the outstanding certificate and bond debt amounted to NOK 11,850 (13,159) million, distributed as follows:

Norge : 8.485 millioner NOK (9.410)
Sverige: 3.365 millioner SEK (3.750)

Total credit facilities were NOK 28,460 (29,484) million, NOK 6,863 (7,771) million of which was undrawn.

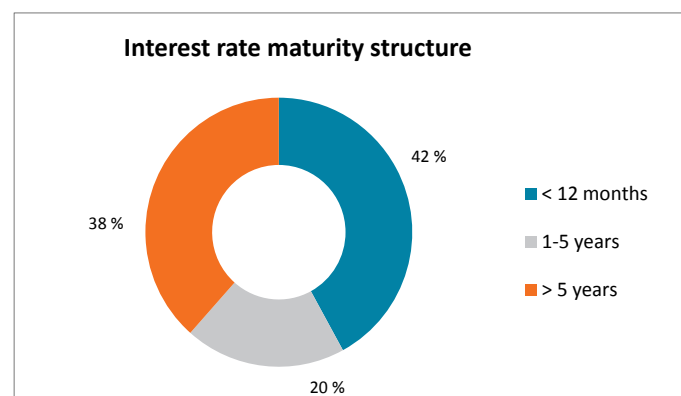
For details of the Group's interest-bearing debt, see notes 6 and 7 in the interim report.

The debt had an average remaining term of 2.1 (2.4) years. 31% (35%) of the debt falls due for repayment within 1 year.

At the end of the year, the Group had a fixed-rate ratio of 54% (58%), with an average fixed-rate period of 3.8 (3.8) years.

The Group's average interest rate was 3.04% (2.98%), divided into the following currencies:

Currencies	Share of debt	Average interest rate
NOK	84 %	3,48 %
SEK	16 %	0,78 %

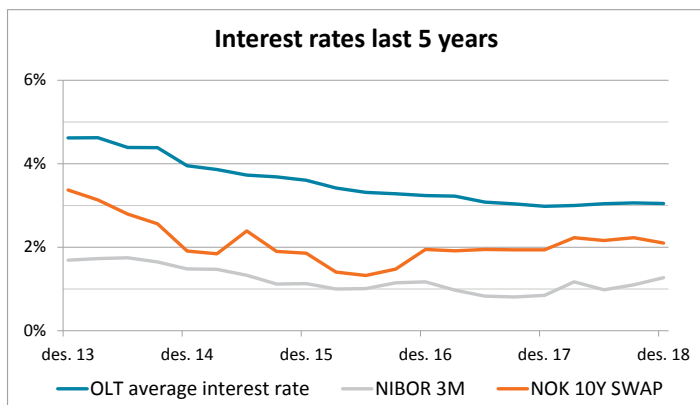


42 % of interest-bearing debt has an fixed-interest period of over five years, and the average fixed-interest period is 3,8 years.

5) From Q3 2014 loans in NOK and SEK.

Thon Flex, Vika Atrium, Oslo





At 31 December 2018, the Group's average interest rate 3,05 % 5)

Shares and shareholders

The price of the Olav Thon Eiendomsselskap share was NOK 140 at the end of the fourth quarter, down from NOK 149.4 at the start of the quarter.

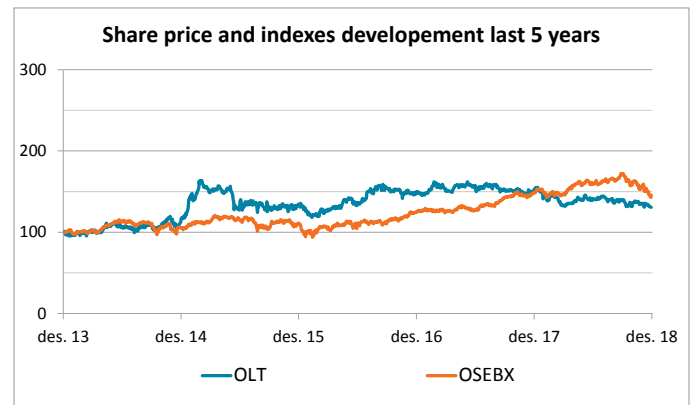
In 2018, shares in the company generated a total return of -15% (inclusive of the dividend), while the main index of the Oslo Stock Exchange fell by 2%.

5.8 (6.3) million shares were traded in 2018 with 22,973 (19,050) trades in the share on the Oslo Stock Exchange.

The highest and lowest prices in 2018 were NOK 166 and NOK 140, respectively.

The company's market capitalisation at the end of the year was NOK 14.9 (17.4) billion, and the company's largest shareholders were:

Olav Thon Gruppen AS and subsidiaries	71.9%
Folketrygdfondet	3.8%
VPF Nordea Norge	2.4%
MP Pensjon	2.2%
Otto Olsen Invest AS	1.4%
Other shareholders	18.3%
TOTAL	100.0%



Over the past five years, the price of Olav Thon Eiendomsselskap share has increased by 39 % incl. dividends.

Dividend

The Board proposes a dividend payment of NOK 4.40 (2.20) per share for 2018.

With effect from the 2018 financial year, the company's dividend policy will be adjusted to provide shareholders with a higher return on their equity investments.



The company will continue to practise a prudent dividend policy where the size of the dividend is at all times tailored to the Group's investment plans and the goal of a high level of equity and substantial cash reserves.

Given a satisfactory equity ratio and liquidity, the ambition is to give the shareholders a dividend corresponding to 30-40% of the Group's profit, exclusive of fair value adjustments.

Outlook

The Norwegian economy is developing well and relatively high growth is expected going forward. Norges Bank increased the key interest rate from 0.50% to 0.75% in September and is indicating that the rate will gradually be increased in the next few years, albeit at a moderate tempo.

Demand for commercial property remains high, but investors' interest in shopping centre property has declined. Overall, demand for commercial property as an investment object is expected to remain high in 2019 as well, including because of moderate interest rate movements.

Private consumption is expected to rise in the next few years and retail trade is also expected to develop positively in the time ahead.

Online shopping is expected to grow faster than the physical retail trade going forward, although it currently accounts for just a small proportion of the total retail trade.

The Group's shopping centres are adapting to the digitalisation of the retail trade, both by making use of new technology and by expanding the range of goods and services offered in the shopping centres.

The vacancy rate in the Oslo area office market is falling and rental prices are showing a positive trend. A low level of new construction and high demand for office premises are expected to result in a continued positive office market.

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

Oslo, 13 February 2019

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 2nd quarter is true translation. However, in case of any discrepancy, the Norwegian version takes place.

AMFI Steinkjer



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Rental income	5, 8	725	699	2 830	2 770
Other property-related income	8	235	243	871	845
Property-related expenses	8	-324	-300	-1 209	-1 155
Net rental income		636	642	2 492	2 460
Fair value adjustments, investment property	9	433	357	862	2 216
Results from joint ventures and associates	11	-34	40	94	199
Other operating income	8	52	54	179	193
Other operating expenses	8	-45	-49	-159	-160
Administrative expenses	5, 8	-57	-44	-191	-164
Depreciation		-3	-7	-20	-27
Operating profit		982	993	3 257	4 717
Financial income	12	2	1	8	6
Fair value adjustments, interest rate derivatives		-152	44	273	165
Financial expenses	12	-179	-177	-660	-695
Profit before tax		654	861	2 877	4 193
Income taxes		124	68	-372	-712
Profit for the period		779	928	2 505	3 482
Other Comprehensive income					
<i>Items to be reclassified to P&L in subsequent periods:</i>					
Exchange differences from foreign operations		90	39	-43	77
Hedging of net investment		-88	-34	42	-72
Income taxes on other comprehensive income		21	7	-9	16
Total comprehensive income		802	941	2 494	3 503
Profit for the periode attributable to:					
Shareholders of the parent		803	898	2 508	3 406
Non-controlling interests		-24	31	-3	76
Total comprehensive income attributable to:					
Shareholders of the parent		826	910	2 497	3 427
Non-controlling interests		-24	31	-3	76
Earnings per share, basic and diluted (NOK)		8	9	24	32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	31.12.2018	31.12.2017
ASSETS			
Deferred tax asset		418	412
Investment properties	3, 9	53 178	51 435
Owner-occupied properties		193	0
Other fixed assets		78	99
Investments in joint ventures and associates	11	2 828	2 838
Other non-current assets		594	294
Total non-current assets		57 289	55 078
Trade and other current receivables		1 043	1 050
Bank deposits and cash		305	366
Total current assets		1 348	1 415
Total assets		58 637	56 493
EQUITY AND LIABILITIES			
Share capital		106	106
Share premium reserve		318	318
Other equity		25 898	23 637
Non-controlling interests		494	518
Total equity		26 817	24 580
Deferred tax liabilities		7 010	6 945
Non-current liabilities	6	17 017	15 701
Income tax payable	7	305	116
Interest-bearing current liabilities	7		
Trade payables and other current liabilities	7	1 297	1 515
Total liabilities		31 820	31 914
Total equity and liabilities		58 637	56 493

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	Share capital	Share premium reserve	Exchange differences from foreign operations	Retained earnings	Hedging reserve	Shareholders of the parent	Non-controlling interests	Total
Equity 31.12.2016	106	318	-120	20 565	81	20 950	447	21 397
Profit for the period			-	3 406	-	3 406	76	3 482
Other comprehensive income			77	-	-55	21	-	21
Acquisitions of own shares			-	-100	-	-100	-	-100
Dividends paid			-	-214	-	-214	-	-214
Other changes			-	-1	-	-1	-5	-6
Equity 31.12.2017	106	318	-43	23 655	26	24 062	518	24 580
Profit for the period			-	2 508	-	2 508	-3	2 505
Other comprehensive income			-43	-	32	-11	-	-11
Dividends paid			-	-233	-	-233	-24	-256
Other changes			-	-3	-	-3	2	-1
Equity 31.12.2018	106	318	-86	25 927	58	26 323	494	26 817

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Net cash flow from operations	409	438	1 668	1 640
Expensed interest	167	165	633	666
Interest paid	-169	-166	-637	-652
Income tax paid	-49	-	-124	-19
Change in working capital	-267	413	11	-9
Net cash flow from operating activities	92	850	1 551	1 626
Payment on the sale of tangible fixed assets	-	-	-	-
Acquisition of investment properties	-284	-727	-1 121	-1 452
Acquisition of subsidiaries	-	-	-22	-9
Other investments	-70	-69	-	-90
Net cash flow from investing activities	-353	-797	-1 323	-1 551
Proceeds from interest-bearing liabilities	3 772	2 136	18 617	10 894
Repayment of interest-bearing liabilities	-3 763	-2 065	-18 622	-10 609
Dividends paid	26	1	-256	-214
Acquisition of own shares	-	-	-	-100
Net cash flow from financing activities	35	71	-261	-29
Net change in cash	-226	125	-33	46
Cash at beginning of period	560	256	366	325
Currency effects	-29	-15	-27	-5
Cash at end of period	305	366	305	366

NOTES TO THE ACCOUNTS 31st DECEMBER 2019

(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 new accounting standards, IFRS 9 - Financial instruments and IFRS 15 - Revenue from Contracts with Customers, were implemented with effect from 1. January 2018 and no consequences for the Group have been identified.

With the exception of the implementation of the new standards, IFRS 9 and IFRS 15, the accounting principles that were used as a basis for the interim report are in accordance with the principles used when preparing the 2017 annual report and should be read together with this.

The interim financial statements were adopted by the Board February 13th 2019.

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

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 2017.

Note 5 RELATED PARTY TRANSACTIONS

Transactions	Counterparty	Counterparty associate of	31.12.2018	31.12.2017
Current leases	Companies in Olav Thon Gruppen AS	Olav Thon Foundation	66	52
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	122	98

Note 6 NON-CURRENT LIABILITIES

	31.12.2018	31.12.2017
Bonds	5 771	6 384
Other interest-bearing liabilities	9 688	7 751
Non-interest-bearing liabilities (fair value interest rate swaps)	1 492	1 543
Other liabilities	65	23
Total	17 017	15 701

Note 7 CURRENT LIABILITIES

	31.12.2018	31.12.2017
Commercial paper debt	3 118	4 399
Bonds	2 960	2 375
Interest-bearing current liabilities	60	804
Trade payables	152	203
Accrued interest	54	58
Duties payable	111	104
Income tax payable	305	116
Other current liabilities	1 033	1 208
Total	7 794	9 267

Note 8 BUSINESS SEGMENTS

At 31.12.2018, the Group has activities within two strategic business segments and two geographical areas.

The two operating segments are:

- * Shopping centres
- * Commercial property

The two geographical areas are:

- * Norway
- * Sweden

Segment reporting is based on internal management reporting.

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Q4 2018							
Rental income	519	207	-	725	675	50	725
Other property-related income	219	16	-	235	218	18	235
Property-related expenses	-248	-76	-	-324	-292	-32	-324
Net rental income	490	147	-	636	601	36	636
Fair value adjustments, investment property	-535	968	-	433	455	-22	433
Results from joint ventures and associates	-34	-	-	-34	-34	-	-34
Other operating income	24	-	27	52	52	-	52
Other operating expenses	-20	-	-25	-45	-45	-	-45
Administrative expenses	-52	-5	-	-57	-54	-3	-57
Depreciation	-1	-2	-	-3	-3	-0	-3
Operating profit	-127	1 107	3	982	972	10	982

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Q4 2017							
Rental income	540	158	-	699	646	53	699
Other property-related income	226	16	-	243	221	21	243
Property-related expenses	-258	-41	-	-300	-269	-30	-300
Net rental income	508	133	-	642	598	43	642
Fair value adjustments, investment property	145	212	-	357	372	-16	357
Results from joint ventures and associates	40	-	-	40	40	-	40
Other operating income	25	-	29	54	54	-	54
Other operating expenses	-24	-	-25	-49	-49	-	-49
Administrative expenses	-39	-5	-	-44	-40	-3	-44
Depreciation	-5	-2	-	-7	-7	-0	-7
Operating profit	650	339	4	993	968	24	993

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
31.12.2018							
Rental income	2 155	676	-	2 830	2 628	202	2 830
Other property-related income	803	67	-	871	800	71	871
Property-related expenses	-942	-268	-	-1 209	-1 092	-117	-1 209
Net rental income	2 016	475	-	2 492	2 335	156	2 492
Fair value adjustments, investment property	-565	1 427	-	862	845	17	862
Results from joint ventures and associates	94	-	-	94	94	-	94
Other operating income	92	-	88	179	179	-	179
Other operating expenses	-79	-	-80	-159	-159	-	-159
Administrative expenses	-164	-27	-	-191	-178	-14	-191
Depreciation	-11	-9	-	-20	-19	-0	-20
Operating profit	1 382	1 867	8	3 257	3 097	160	3 257

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
31.12.2017							
Rental income	2 154	616	-	2 770	2 564	206	2 770
Other property-related income	779	66	-	845	769	76	845
Property-related expenses	-955	-200	-	-1 155	-1 042	-113	-1 155
Net rental income	1 978	482	-	2 460	2 291	169	2 460
Fair value adjustments, investment property	1 343	873	-	2 216	2 247	-31	2 216
Results from joint ventures and associates	199	-	-	199	199	-	199
Other operating income	101	-	92	193	193	-	193
Other operating expenses	-81	-	-79	-160	-160	-	-160
Administrative expenses	-140	-24	-	-164	-150	-14	-164
Depreciation	-19	-8	-	-27	-27	-0	-27
Operating profit	3 380	1 324	13	4 717	4 593	124	4 717

Note 9 INVESTMENT PROPERTY

31.12.2018 31.12.2017

	31.12.2018	31.12.2017
Opening balance	51 435	47 695
Acquisitions/expenditure on properties	1 164	1 499
Change in fair value recognised in the period	862	2 216
Investment property from companies bought in the period	22	9
Effect of currency exchange differences i foreign operations	-110	181
Other changes	-194	-165
Closing balance	53 178	51 435

Note 10 SUBSEQUENT EVENTS

The parent company is a party to an ongoing legal dispute concerning the final settlement in connection with a property purchase. Oslo District Court found in favour of Olav Thon Eiendomsselskap ASA in the judgment that was handed down on 19 March 2018. The opposing party has since appealed the judgment. No provisions have been made for the claim.

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.

Joint ventures	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Net rental income	102	97	375	351
Fair value adjustments, investment property	-98	-21	-123	26
Fair value adjustments, interest rate derivatives	-4	1	32	5
Expenses	-43	-60	-231	-235
Profit	-43	17	53	147
Investment properties			3 845	3 641
Other assets			367	256
Total assets			4 212	3 897
Equity			2 325	2 298
Non-current liabilities			1 757	1 488
Current liabilities			130	111
Total equity and liabilities			4 212	3 897

Associated companies	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Net rental income	28	17	191	58
Fair value adjustments, investment property	-14	14	-29	26
Fair value adjustments, interest rate derivatives	-	-	-	-0
Expenses	-6	-8	-121	-32
Profit	9	23	41	52
Investment properties			881	957
Other assets			117	211
Total assets			998	1 168
Equity			507	540
Non-current liabilities			460	628
Current liabilities			31	-
Total equity and liabilities			998	1 168

Note 12 FINANCIAL INCOME AND FINANCIAL EXPENSES

	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Renteinntekter	2	1	6	5
Finansinntekter	0	1	2	1
Total financial income	2	1	8	6
Rentekostnader	-167	-165	-633	-666
Finanskostnader	-12	-12	-27	-29
Total financial expenses	-179	-177	-660	-695

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 understanding of the company's underlying financial results.

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 exogenously determined than the other income statement

	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Fair value adjustments, investment property from profit and loss	433	357	862	2 216
Fair value adjustments, investment property - Joint ventures	-98	-21	-123	26
Fair value adjustments, investment property - Associated companies	-14	14	-29	26
Fair value adjustments, interest rate derivatives from profit and loss	-152	44	273	165
Fair value adjustments, interest rate derivatives - Joint ventures	-4	1	32	5
Fair value adjustments in investment property and interest rate derivatives	166	394	1 015	2 438

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 derivatives affect the company's profit before tax, both in the Group's accounts and in joint ventures and associated companies.

	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Profit before tax	654	861	2 877	4 193
Adjusted for fair value adjustments in investment property and interest rate derivatives	-166	-394	-1 015	-2 438
Profit before tax and fair value adjustments	489	466	1 863	1 755

Non-current net asset value per share

Normalised net asset value per share after taking into account a fair value

	31.12.2018	31.12.2017
Majority share of equity	26 323	24 061
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 004	6 945
Fair value of debt - deferred tax liabilities - 6 %	-1 827	-1 812
Non-current net asset value	31 499	29 195
Number of shares (own shares not included)	105 745 320	105 745 320
Non-current net asset value per share in NOK	298	276

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 deducting the Group's bank deposits and cash from its interest-bearing debt. Net interest-bearing debt is used in, among other things, the calculation of the Group's loan to value ratio.

	31.12.2018	31.12.2017
Bonds, non-current	5 771	6 384
Bonds, current	2 960	2 375
Commercial paper debt, current	3 118	4 399
Other interest-bearing liabilities, non-current	9 688	7 751
Other interest-bearing liabilities, current	60	804
Interest-bearing debt	21 597	21 713
Bank deposits and cash	-305	-366
Net interest-bearing debt	21 292	21 348

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