

Report for the second quarter and first half-year



Key Figures

Amounts in NOK million	Q2 2019	Q2 2018	30.06.19	30.06.18	31.12.18
Net rental income	684	628	1 349	1 256	2 487
Fair value adjustments in investment properties and interest rate derivatives ¹⁾	-226	154	-368	535	1 022
Profit before taxes	274	628	628	1 476	2 880
Profit before tax and fair value adjustments ¹⁾	500	474	996	941	1 857
Equity per share (NOK)			251	236	249
Equity ratio			45 %	45 %	46 %
Non-current net asset value per share (NOK) ²⁾			300	284	297
Net cash flow from operations	466	432	922	861	1 665
Cash reserves ³⁾			6 490	7 720	7 168
Amortisation next 12 months			5 154	7 604	6 137
Interest-bearing debt ⁴⁾			22 001	21 500	21 597
Interest rate as at 30.06			3,05 %	3,04 %	3,04 %
Loan to value ratio ⁵⁾			41 %	41 %	40 %
Net investments ⁶⁾	270	246	531	656	1 287
Market value properties ⁷⁾			53 184	51 948	53 367
Annual rental income ⁸⁾			3 140	2 930	3 100
Yield			5,16 %	5,17 %	5,10 %
Sales, owned shopping centres	12 009	11 611	22 634	22 180	51 669
Sales, managed shopping centres	2 218	1 996	4 172	4 824	9 603
Share price as at 30.06 (NOK)			144,0	149,4	140,0

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 5,413 million (30.06.2019), NOK 6,380 million (30.06.2018) and 4.864 million (31.12.2018), respectively

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

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

7) Includes investment properties and owner-occupied properties

8) Includes market rent for vacant premises

OLAV THON EIENDOMSSELSKAP ASA

Report for the second quarter and first half-year 2019¹

Olav Thon Eiendomsselskap achieved good results for the first half-year.

The key points of the first half-year report are as follows:

- Rental income was NOK 1,488 million (1,398)
- Profit before tax and fair value adjustments increased by 6% to NOK 996 (941) million
- Profit before tax amounted to NOK 628 (1,476) million.
- Net cash flow from operations was NOK 921 (861) million.
- The Group's equity ratio at the end of the first half-year was 45% (45), and equity per share had risen to NOK 251 (236).
- Cash reserves at the end of the first half-year were NOK 6,490 (7,720) million.
- Retail sales in the shopping centre portfolio owned by the Group were NOK 22,630 (22,180) million.



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

Financial position/balance sheet as at 30 June 2019

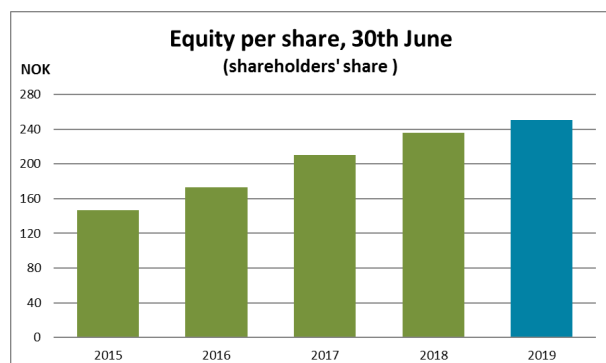
The Group's total assets were NOK 58,872 (57,051) million, with investment properties accounting for NOK 53,164 (51,948) million of that figure.

Total equity was NOK 26,438 (25,452) million and the equity ratio was 45% (45).

Equity per share (majority share) was NOK 251 (236), while non-current net asset value per share was calculated at NOK 300 (285).

Interest-bearing debt was NOK 22,001 (21,500) million, with the loan to value ratio² 41% (41).

The Group's share of the equity in joint ventures and associated companies was NOK 2,813 (2,880) million.



Equity per share increased by 71% during the period.

Summary of the results for Q2

Profit before tax amounted to NOK 273 (628) million.

Fair value adjustments in investment properties and interest rate derivatives amounted to NOK -226 (154) million.³

Profit before tax and fair value adjustments therefore amounted to NOK 500 (474) million.

Rental income and property-related expenses

Rental income was NOK 747 (700) million.

Other property-related income amounted to NOK 200 (206) 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 264 (278) million, including the above-mentioned service charges of NOK 171 (185) million.

Maintenance expenses for the property portfolio amounted to NOK 18 (18) million.

Net rental income was therefore NOK 683 (628) million.

Fair value adjustments, investment properties

The value of the Group's investment properties increased by NOK 176 (+206) million.

The Group's property portfolio consists of two different property segments:

- Shopping centre properties in Norway and Sweden.
- Commercial properties including rental housing, primarily in the Oslo area.

The property segments also saw different value development in Q2.

The value of the Group's shopping centre properties was adjusted downward by NOK 339 million, whereas the value of key commercial properties was adjusted upwards by NOK 163 million.

Reference is otherwise made to later sections and note 8 of the interim report.

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 34 (24) 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 40 (45) 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 81 (81) million, while scheduled depreciation amounted to NOK 5 (5) million.

² See page 2 for definitions

³ Includes joint ventures and associated companies

Operating income decreased from last year, due to a reduction of the scope of external management agreements.

Financial income and expenses

Net financial expenses amounted to NOK 170 (161).

Increases in the Group's net financial expenses are due to both higher interest-bearing debt and an increased average interest rate.

The average interest rate for Q2 was 3.08% (3.02).

Fair value adjustments, interest rate derivatives

Long-term market interest rates fell in both Norway and Sweden in Q2.

In Norway, the 10-year swap rate rose by 0.15 percentage points to 1.84%, while the corresponding rate in Sweden rose by 0.29 percentage points to 0.58%.

The interest rate movements resulted in the fair value of the Group's interest rate derivatives falling by NOK 46 (-28) million in Q2.

Summary of the results for the first half-year

Profit before tax amounted to NOK 628 (1,476) million.

Fair value adjustments in investment properties and interest rate derivatives amounted to NOK -368 (535) million.

Profit before tax and fair value adjustments therefore amounted to NOK 996 (941) million.

Cash flow and liquidity

Q2

Net cash flow from operations was NOK 466 (432) million.

Net cash flow from operating activities was 205 (231) million, while investment activities reduced cash by NOK 226 (332) million.

Financing activities reduced cash by NOK 25 (79) million, and cash reserves were thereby reduced by NOK 47 million in Q2 (-22).

1. Half-year

Net cash flow from operations was NOK 921 (861) million for the first half-year.

Net cash flow from operations was NOK 571 (671) million, while investment activities reduced cash by NOK 403 (-674) million.

Financing activities reduced cash by NOK 199 (109) million, and cash reserves were reduced by NOK 30 (-113) in the first half-year.

Cash reserves were NOK 6,490 (7,720) million at the end of the first half-year and consisted of short-term investments of NOK 281 (256) million and undrawn long-term credit facilities of NOK 6,209 (7,464) million.

Investments

The Group's net investments for the first half-year were NOK 531 (650) million.

Investments in Q2 were NOK 270 (246) million.

Major property acquisitions after the reporting date

Oscar Hanssens veg 5-7, Molde

An office and industry property of 3.000 sq. m. near the Group's shopping centres in Molde was taken over in Q3 2019.

Portfolio changes - jointly owned shopping centres

In connection with the cooperation that was terminated in the jointly controlled company LOT Eiendom AS (50% ownership) in April, the Group's ownership share in the shopping centres Amfi Orkanger and OTI Senteret and the land property Laksøra in Orkanger increased to 50%.

As part of the portfolio changes, the Group's ownership shares in the following 6 shopping centres were transferred to the other party: Amfi Førde, Amfi Svolvær, Amfi Ørsta, Amfi Nordfjord, Dombås Senter and Amfi Mandal.

The centres changed their names at the same time, and the management of the shopping centres was taken over by the other party.

Major property projects⁴

Completed

Amfi Moa, Ålesund

Final stage of construction for expansion of the centre, consisting of approx. 5.400 sq. m and several restaurants was completed in the first half-year.

Vitaminveien 11, Oslo

The last phase of the project in Stortunet with residential units and retail spaces was completed in the first half-year.

Under construction

Bernt Ankers gate 6, Oslo

Construction of new buildings in Oslo city centre with a total area of 5,600 sq. m. consisting of 46 residential rental units and 4 small commercial premises for rental. The project is planned to be completed in 2021.

Amfi Florø

The centre will be renewed and expanded with a new building of 3,000 sq. m. and the existing shopping centre will be upgraded. The project will be completed in autumn 2019.

Renewal of the shopping centre portfolio.

In addition to the major projects, minor upgrades and renewals will be carried out at several of the Group's shopping centres.

Under construction in joint ventures and associated companies

Lagunen Storsenter, Bergen (42% stake)

Phase 2 of the extension, which includes a multiplex cinema with 9 auditoriums and a fitness centre, will be completed in the second half-year 2019.

Under planning

Olav Thon Real Estate Company is working on several major real estate projects mainly related to further development of its own property portfolio. Implementation of these projects depends, among other things, on public permits and market conditions.

For more information about our real estate projects, [please see www.olt.no](http://www.olt.no).

Property portfolio as at 30 June 2019

Investment properties are carried at fair value. Information on the valuation model and parameters used in the valuation can be found in the 2018 annual report.

The property portfolio was valued at NOK 53,164 (51,948) million, based on an average yield of 5.16% (5.17%).

Average yields by property segment were as follows:

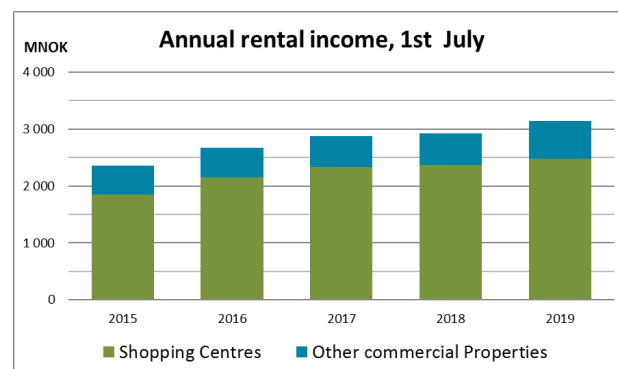
Shopping centre properties	5.39% (5.27)
Other commercial properties	4.46% (4.82)

Annual rental income was NOK 3,140 (2,930) million, with the following segment distribution:

Shopping centre properties	79% (81)
Other commercial properties	21% (19)

The vacancy rate in the property portfolio was 2.6% (2.6%).

The increase in rental income compared with the previous year was due to completed property projects and an increase in rents for parts of the property portfolio.



The increase in rental income in the property portfolio increased by 33%.

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 265 (290) million. The Group's share of the property values in these companies was NOK 4,741 (4,401) million.

⁴ Over NOK 50 million

The shopping centre business area

At the end of the first half-year, the shopping centre portfolio comprised 80 shopping centres, 18 of which are managed for external owners.

The number of shopping malls that are managed for external owners was reduced in Q2 due to the cancellation of administrative agreements.

Olav Thon Eiendomsselskap is Norway's leading shopping centre owner 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 nine largest shopping centres.

Shopping centres owned by the Group

Retail sales in the shopping centre portfolio owned by the Group were NOK 22,634 (22,180) million for H1, while sales were NOK 12,009 (11,161) million for Q2.

The comparative figures for 2018 have been corrected for retail sales in the Norwegian shopping centres that are no longer owned by the Group.

Similarly, the figures for the Swedish centres have been corrected for one shopping centre that is closed for reconstruction.

Norway

Retail sales in the Group's shopping centres in Norway for the first half-year were NOK 21,003 (20,530) million and NOK 11,159 (10,769) million for Q2.

Sweden

Retail sales in the shopping centres in Sweden for the first half-year were SEK 1,763 (1,745) million and SEK 928 (911) million for Q2.

Shopping centres managed for other owners

Retail sales in this shopping centre portfolio were NOK 4,824 (5,798) million for the first half-year and NOK 1,996 (3,097) for Q2.

The decrease is related to the cancellation of a major management agreement in Q2.

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 in the 2018 annual report and on the company's website: olt.no.

The valuation as at 30 June 2019 was based on an average yield of 5.16%. The yield has varied between 5.10% and 5.50% over the last 3 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.

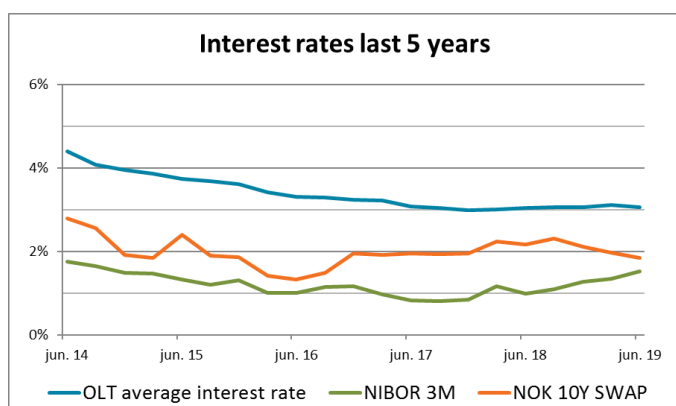
The Group's financing is described in more detail in the next section, and further information about financial risk management can be found in the 2018 annual report and on the company's website: www.olt.no.

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

At end of Q1, the portfolio of interest rate swaps entered for this purpose was NOK 11,013 (11,049) million and had a fair value of NOK -1,588 (-1,504) million.

Fair value is affected both by changes in long-term interest rates and the volatility in financial markets in Norway and Sweden. It is estimated that a change of one percentage point in interest rates will change the fair value of the portfolio by NOK 750–850 million.

It is estimated that a change of one percentage point in the short-term interest rate would change the Group's average interest rate by approximately 0.50 percentage points. Net annual interest expenses will then be changed by NOK 100-110 million.



As at 30 June 2019, the Group's average interest rate was 3,05%⁵.

Financing

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

Access to financing is still considered extremely good, despite some weakness in the capital markets in Q2.

The Group's primary sources of financing in Q2 were the capital markets in both Norway and Sweden, where new loans of NOK 1,300 million and SEK 2,115 million were raised.

At the end of Q2, the outstanding certificate and bond debt amounted to NOK 11,661 (13,915) million, distributed as follows:

Norway:	NOK 8,298 million (10,685)
Sweden:	SEK 3,665 million (3,550)

Total credit facilities were NOK 28,210 (28,964) million, NOK 6,209 (7,464) million of which was undrawn.

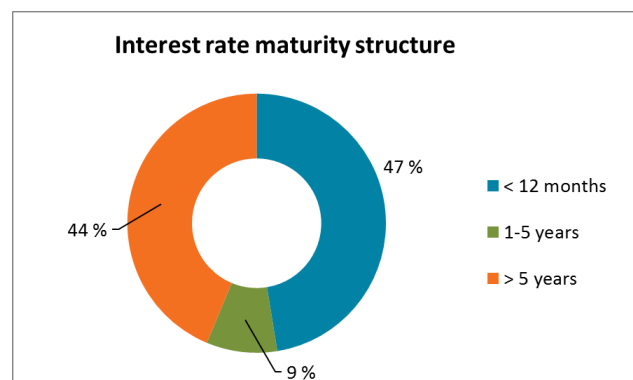
For details of the Group's interest-bearing debt, see notes 6 and 7 and "Alternative performance measures" in the half-year report.

The debt had an average remaining term of 2.3 (2.4) years. 23% (26) of the debt is due for repayment within one year.

At the end of the Q2, the Group had a fixed-rate ratio of 53% (55), with an average fixed-rate period of 3.7 (3.5) years.

The Group's average interest rate was 3.05% (3.04%), divided into the following currencies:

Currency	Share of debt	Average interest rate
NOK	84%	3.47%
SEK	16%	0.84%



53% of interest-bearing debt has a fixed-interest period of over 1 year, and the average fixed-interest period is 3.7 years.

Shares and shareholders

The price of the Olav Thon Eiendomsselskap share was NOK 144 at the end of Q2, down from NOK 151.6 at the start of the quarter. The highest and lowest prices were NOK 160.4 and NOK 140 respectively.

After Olav Thon Eiendomsselskap launched an offer for the buy-back of shares, 2.1 million shares were repurchased in April. The company's holding of treasury shares after this transaction is 2.8 million shares.

4.2 (2.0) million shares were traded during Q2, with 4,698 (5,507) trades in the share on the Oslo Stock Exchange.

In the first half-year as a whole, 5.0 (3.5) million shares were traded, with 8.990 (8,707) trades in the share on the Oslo Stock Exchange.

The share price rose by 3% in the first half-year and in June a dividend of NOK 4.40 per share was paid for 2018.

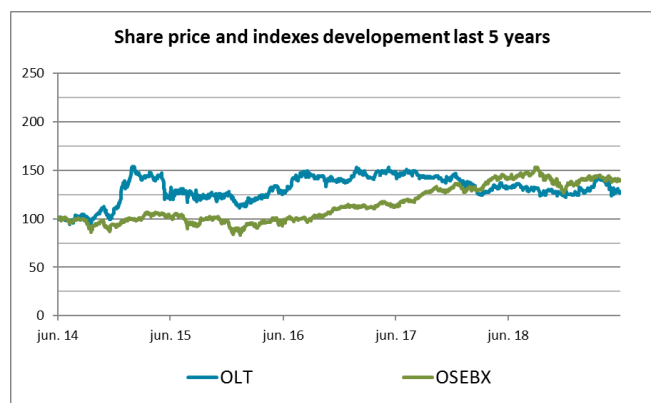
The share thus generated a total return of 6% in the first half-year, while the main index of the Oslo Stock Exchange rose by 7% in the same period.

At the end of the first half-year, the company's market capitalisation was NOK 15.3 (15.9) billion.

⁵ loans in NOK and SEK

On the same date, the company's largest owners were:

Olav Thon Gruppen AS and subsidiaries	71.9%
Folketrygdfondet	3.0%
Olav Thon Eiendomsselskap ASA	2.7%
VPF Nordea Norway	2.4%
MP Pension	2.2%
Otto Olsen Invest AS	1.4%
Other shareholders	16.4%
TOTAL	100.0%



Over the past five years, the price of the Olav Thon Eiendomsselskap share has increased by 27%.

Outlook

The Norwegian economy is developing well, and a relatively high growth is expected going forward. Norges Bank increased the key interest rate from 0.50% to 1.25% during the last year and is indicating that the rate will continue to be increased, albeit at a very moderate tempo.

Demand for commercial property remains high, but investors' interest in shopping centre property is relatively low. Overall, demand for commercial property as an investment object is expected to remain high in 2019 as well, due to the continued low interest rate and other factors.

Going forward, consumer spending is expected to increase and retail trade is expected to grow. The growth in online shopping is estimated to be higher than in the physical retail trade, but online trading still accounts for a low proportion of the overall retail trade.

The Group's shopping centres are gradually changing to adapt to consumer spending patterns and the digitalisation of the retail trade. This involves both the use of new technology and the further development of the range of products and services offered at the centres.

The vacancy rate in the Oslo area office market is falling and rental prices are showing a positive trend in most areas in the city. 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 is expected to contribute to a satisfactory financial performance in the period ahead.

Declaration by the Board and CEO

We confirm that, to the best of our knowledge, the report for first half-year 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting and that the disclosures in the financial statements give a true and fair view of the Group's assets, liabilities, financial position and performance as at 30 June 2019.

The half-year report, to the best of our knowledge, gives a fair:

- overview of important events in the accounting period and their impact on the half-year report.
- description of the principal risks and uncertainties the business faces in the next accounting period.
- description of significant related party transactions with the Group.

Oslo, 15 August 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 is true translation. However, in case of any discrepancy, the Norwegian version takes place.

OLAV THON EIENDOMSSELSKAP ASA

GROUP ACCOUNTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Rental income	5, 8	747	700	1 488	1 398	2 828
Other property-related income	8	200	206	450	437	874
Property-related expenses	8	-264	-278	-590	-579	-1 215
Net rental income		683	628	1 349	1 256	2 487
Other operating income	8	40	45	82	89	179
Other operating expenses	8	-35	-37	-73	-78	-159
Administrative expenses	5, 8	-46	-44	-93	-90	-191
Depreciation		-5	-5	-11	-11	-20
Net income from property management		637	587	1 254	1 166	2 296
Fair value adjustments, investment property	9	-176	206	-263	257	867
Results from joint ventures and associates	11	34	24	76	108	96
Operating profit		495	817	1 067	1 532	3 259
Financial income	12	7	1	18	8	8
Financial expenses	2, 12	-183	-162	-361	-324	-659
Fair value adjustments, interest rate derivatives		-46	-28	-96	261	273
Net financial items		-222	-189	-439	-55	-379
Profit before tax		273	628	628	1 476	2 880
Income taxes		-74	-156	-163	-328	-364
Profit for the period		199	472	465	1 148	2 516
Other Comprehensive income						
<i>Items to be reclassified to P&L in subsequent periods:</i>						
Exchange differences from foreign operations		-20	-49	-91	-149	-43
Hedging of net investment		18	49	87	148	42
Income taxes on other comprehensive income		-4	-11	-19	-34	-9
Total comprehensive income		194	461	441	1 113	2 505
Profit for the periode attributable to:						
Shareholders of the parent		192	467	460	1 135	2 516
Non-controlling interests		7	5	5	13	-1
Total comprehensive income attributable to:						
Shareholders of the parent		187	456	436	1 100	2 505
Non-controlling interests		7	5	5	13	-1
Earnings per share, basic and diluted (NOK)		2	4	4	10	24

The layout of the statement of comprehensive income has been changed from 2019, due to the intention of giving more relevant information.

There are no material changes. Some records has been moved without any changes of content. There have been added two new lines for summation. Comparative figures have been made for previous periods.

OLAV THON EIENDOMSSELSKAP ASA

GROUP ACCOUNTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	30.06.2019	30.06.2018	31.12.2018
ASSETS				
Deferred tax asset		327	411	328
Investment properties	3, 9	53 164	51 948	53 174
Right-of-use assets	2	361	-	-
Owner-occupied properties		192	-	193
Other fixed assets		77	89	82
Investments in joint ventures and associates	11	2 813	2 880	2 854
Other non-current assets		617	438	594
Total non-current assets		57 550	55 766	57 225
Trade and other current receivables		1 041	1 029	1 043
Bank deposits and cash		281	256	305
Total current assets		1 321	1 285	1 349
Total assets		58 872	57 051	58 573
EQUITY AND LIABILITIES				
Share capital		106	106	106
Share premium reserve		318	318	318
Other equity		25 545	24 519	25 906
Non-controlling interests		469	508	496
Total equity		26 438	25 452	26 827
Deferred tax liabilities		7 024	7 060	7 020
Lease liabilities	2	356	-	-
Non-current liabilities	6	18 506	15 442	16 844
Long term liabilities		25 886	22 502	23 864
Income tax payable	7	162	258	219
Interest-bearing current liabilities	7	5 207	7 664	6 192
Trade payables and other current liabilities	7	1 179	1 175	1 471
Long term liabilities		6 548	9 097	7 882
Total liabilities		32 433	31 599	31 746
Total equity and liabilities		58 872	57 051	58 573

OLAV THON EIENDOMSSSELKAP ASA

GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	Share capital	Share premium reserve	Exchange differences from foreign operations	Other Equity	Hedging reserve	Shareholders of the parent	Non-controlling interests	Total
Equity 31.12.2017	106	318	-43	23 655	26	24 062	518	24 580
Profit for the period			-	1 135	-	1 135	13	1 148
Other comprehensive income			-149	-	114	-35	-	-35
Dividends paid			-	-233	-	-233	-5	-237
Other changes			-	15	-	15	-18	-3
Equity 30.06.2018	106	318	-193	24 573	140	24 944	508	25 452
Profit for the period			-	1 381	-	1 381	-14	1 367
Other comprehensive income			106	-	-81	24	-	24
Dividends paid			-	-	-	-	-19	-19
Other changes			-	-19	-	-19	20	1
Equity 31.12.2018	106	318	-87	25 934	58	26 330	496	26 827
Profit for the period			-	460	-	460	5	465
Other comprehensive income			-91	-	68	-24	-	-24
Acquisitions of own shares			-	-341	-	-341	-	-341
Dividends paid			-	-456	-	-456	-18	-474
Other changes			-	-0	-	-0	-14	-15
Equity 30.06.2019	106	318	-178	25 597	126	25 970	469	26 439

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Net cash flow from operations	466	432	921	861	1 665
Expensed interest	173	155	336	309	633
Interest paid	-165	-150	-338	-308	-636
Income tax paid	-58	-56	-223	-73	-116
Change in working capital	-210	-151	-125	-118	42
Net cash flow from operating activities	205	231	571	671	1 586
Payment on the sale of tangible fixed assets	-	-	-	17	17
Acquisition of investment properties	-240	-318	-459	-614	-1 161
Acquisition of subsidiaries	-37	-	-37	-	-22
Other investments	51	-31	93	-77	-220
Net cash flow from investing activities	-226	-332	-403	-674	-1 386
Proceeds from interest-bearing liabilities	4 418	4 382	10 333	8 618	18 617
Repayment of interest-bearing liabilities	-3 635	-4 071	-9 719	-8 495	-18 622
Dividends paid	-467	-233	-472	-233	-256
Acquisition of own shares	-341	-	-341	-	-
Net cash flow from financing activities	-25	79	-199	-109	-261
Net change in cash	-47	-22	-30	-113	-61
Cash at beginning of period	326	275	305	366	366
Currency effects	1	3	5	3	-
Cash at end of period	281	256	281	256	305

OLAV THON EIENDOMSSELSKAP ASA GROUP ACCOUNTS

NOTES TO THE ACCOUNTS 30th JUNE 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 standard, IFRS 16 - Leases, was implemented with effect from 1. January 2019. The discount rate for these lease agreements is set in the interval 4.8 % - 9.3 %. The lease agreements applicable under IFRS 16 are mainly long term leases of real estate.

With the exception of the implementation of the new standard, IFRS 16, the accounting principles that were used as a basis for the interim report are in accordance with the principles used when preparing the 2018 annual report and should be read together with this.

The interim financial statements were adopted by the Board August 15th 2019. 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 2018.

Note 5 RELATED PARTY TRANSACTIONS

Transactions	Counterparty	Counterparty associate of	30.06.2019	30.06.2018	31.12.2018
Current leases	Companies in Olav Thon Gruppen AS	Olav Thon Foundation	63	27	66
Current operating and administration agreements	Thon Eiendomsdrift AS	Olav Thon Foundation	62	57	122

Note 6 NON-CURRENT LIABILITIES

	30.06.2019	30.06.2018	31.12.2018
Bonds	6 540	6 418	5 771
Other interest-bearing liabilities	10 307	7 478	9 688
Non-interest-bearing liabilities (fair value interest rate swaps)	1 588	1 504	1 320
Other liabilities	71	43	65
Total	18 506	15 442	16 844

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Note 7 CURRENT LIABILITIES

	30.06.2019	30.06.2018	31.12.2018
Commercial paper debt	3 532	4 742	3 118
Bonds	1 589	2 755	2 960
Interest-bearing current liabilities	33	107	60
Non-interest-bearing liabilities (fair value interest rate swaps)	-	-	172
Lease liabilities	5	-	-
Trade payables	127	173	152
Accrued interest	52	59	54
Duties payable	97	109	107
Income tax payable	162	258	219
Other current liabilities	950	893	1 040
Total	6 548	9 097	7 882

Note 8 BUSINESS SEGMENTS

At 30.06.2019, 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
Q2 2019							
Rental income	557	190	-	747	696	51	747
Other property-related income	181	20	-	200	184	16	200
Property-related expenses	-186	-78	-	-264	-237	-27	-264
Net rental income	551	132	-	683	643	40	683
Other operating income	21	-	19	40	40	-	40
Other operating expenses	-19	-	-16	-35	-35	-	-35
Administrative expenses	-38	-8	-	-46	-42	-3	-46
Depreciation	-2	-3	-	-5	-5	-0	-5
Net income from property management	512	121	3	637	600	37	637
Fair value adjustments, investment property *)	-339	163	-	-176	-133	-43	-176
Results from joint ventures and associates	34	-	-	34	34	-	34
Operating profit	207	285	3	495	501	-6	495

*) Fair value adjustments per segment was not correctly presented in the Q1 2019 report. The figures for Q2 2019 are presented as based on the corrected figures for the Q1 presentation so that the Q2 presentation is correct. The corrected figures for Q1 2019 are -356 for Shopping centres and +269 for Commercial property, with the total of -87 for the company.

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Q2 2018							
Rental income	546	154	-	700	649	51	700
Other property-related income	188	18	-	206	190	16	206
Property-related expenses	-215	-63	-	-278	-253	-25	-278
Net rental income	520	108	-	628	586	42	628
Other operating income	27	-	18	45	45	-	45
Other operating expenses	-21	-	-16	-37	-37	-	-37
Administrative expenses	-38	-6	-	-44	-40	-3	-44
Depreciation	-3	-2	-	-5	-5	-0	-5
Net income from property management	484	100	2	587	548	39	587
Fair value adjustments, investment property	98	108	-	206	134	72	206
Results from joint ventures and associates	24	-	-	24	24	-	24
Operating profit	606	208	2	817	705	111	817

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Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
30.06.2019							
Rental income	1 104	384	-	1 488	1 386	102	1 488
Other property-related income	410	40	-	450	415	35	450
Property-related expenses	-430	-160	-	-590	-534	-55	-590
Net rental income	1 085	264	-	1 349	1 267	82	1 349
Other operating income	41	-	41	82	82	-	82
Other operating expenses	-37	-	-35	-73	-73	-	-73
Administrative expenses	-78	-15	-	-93	-87	-7	-93
Depreciation	-5	-6	-	-11	-11	-0	-11
Net income from property management	1 005	243	6	1 254	1 179	75	1 254
Fair value adjustments, investment property	-695	432	-	-263	-201	-62	-263
Results from joint ventures and associates	76	-	-	76	76	-	76
Operating profit	386	675	6	1 067	1 054	13	1 067
Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
30.06.2018							
Rental income	1 084	313	-	1 398	1 294	104	1 398
Other property-related income	402	35	-	437	399	38	437
Property-related expenses	-452	-126	-	-579	-520	-59	-579
Net rental income	1 034	222	-	1 256	1 172	84	1 256
Other operating income	47	-	42	89	89	-	89
Other operating expenses	-41	-	-37	-78	-78	-	-78
Administrative expenses	-78	-12	-	-90	-83	-6	-90
Depreciation	-7	-4	-	-11	-11	-0	-11
Net income from property management	955	206	5	1 166	1 089	77	1 166
Fair value adjustments, investment property	-123	380	-	257	167	91	257
Results from joint ventures and associates	108	-	-	108	108	-	108
Operating profit	940	587	5	1 532	1 364	168	1 532
Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
31.12.2018							
Rental income	2 152	676	-	2 828	2 625	202	2 828
Other property-related income	807	67	-	874	803	71	874
Property-related expenses	-947	-268	-	-1 215	-1 098	-117	-1 215
Net rental income	2 011	475	-	2 487	2 331	156	2 487
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	-12	-9	-	-20	-20	-0	-20
Net income from property management	1 848	440	8	2 296	2 153	142	2 296
Fair value adjustments, investment property	-560	1 427	-	867	856	11	867
Results from joint ventures and associates	96	-	-	96	96	-	96
Operating profit	1 384	1 867	8	3 259	3 105	154	3 259

Note 9 INVESTMENT PROPERTY

	30.06.2019	30.06.2018	31.12.2018
Opening balance	53 174	51 435	51 435
Acquisitions/expenditure on properties	402	613	1 152
Investment property from companies bought in the period	50	-	22
Change in fair value recognised in the period	-263	257	867
Effect of currency exchange differences i foreign operations	-201	-336	-110
Other changes	0	-21	-192
Closing balance	53 164	51 948	53 174

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	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Net rental income	96	97	196	184	375
Fair value adjustments, investment property	-14	-27	-17	2	-121
Fair value adjustments, interest rate derivatives	-1	-2	-2	32	32
Expenses	-62	-58	-125	-123	-232
Profit	19	11	53	96	54
Investment properties			3 560	3 894	3 848
Other assets			304	296	366
Total assets			3 864	4 190	4 214
Equity			2 288	2 389	2 346
Non-current liabilities			1 482	1 682	1 738
Current liabilities			95	119	129
Total equity and liabilities			3 864	4 190	4 214
Associated companies	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Net rental income	15	25	37	93	191
Fair value adjustments, investment property	10	5	9	-17	-29
Fair value adjustments, interest rate derivatives	-	-	-	-	-
Expenses	-11	-18	-23	-63	-121
Profit	15	12	23	13	42
Investment properties			871	847	882
Other assets			143	189	114
Total assets			1 014	1 036	996
Equity			525	491	507
Non-current liabilities			461	465	460
Current liabilities			27	81	28
Total equity and liabilities			1 014	1 036	996

Note 12 FINANCIAL INCOME AND FINANCIAL EXPENSES

	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Interest income	5	1	7	3	6
Other financial income	3	0	10	5	2
Total financial income	7	1	17	8	8
Interest expenses	-173	-155	-336	-309	-633
Interest expenses related to IFRS 16	-6	-	-12	-	-
Other financial expenses	-5	-7	-12	-15	-27
Total financial expenses	-183	-162	-361	-324	-659

OLAV THON EIENDOMSSELSKAP ASA

GROUP ACCOUNTS

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 derivative

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

	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Fair value adjustments, investment property from profit and loss	-176	206	-263	257	867
Fair value adjustments, investment property - Joint ventures	-14	-27	-17	2	-121
Fair value adjustments, investment property - Associated companies	10	5	9	-17	-29
Fair value adjustments, interest rate derivatives from profit and loss	-46	-28	-96	261	273
Fair value adjustments, interest rate derivatives - Joint ventures	-1	-2	-2	32	32
Fair value adjustments in investment property and interest rate derivatives	-226	154	-368	535	1 022

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.

	Q2 2019	Q2 2018	30.06.2019	30.06.2018	31.12.2018
Profit before tax	273	628	628	1 476	2 880
Adjusted for fair value adjustments in investment property and interest rate derivatives	226	-154	368	-535	-1 022
Profit before tax and fair value adjustments	500	474	996	941	1 857

Non-current net asset value per share

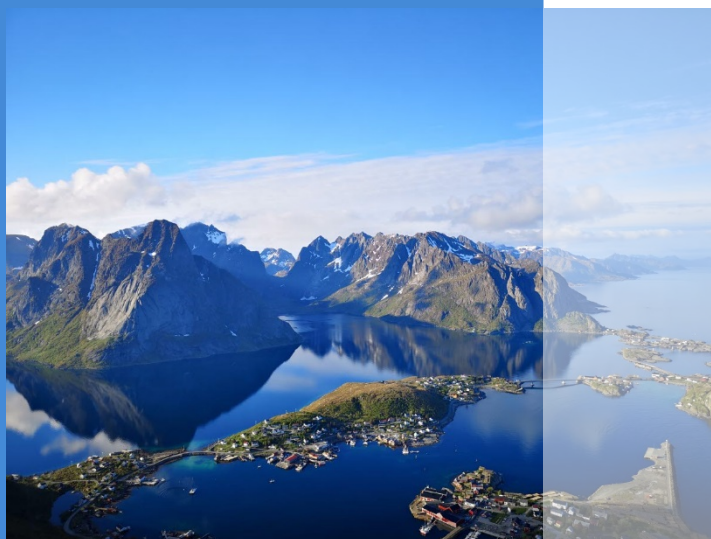
Normalised net asset value per share after taking into account a fair value

	30.06.2019	30.06.2018	31.12.2018
Majority share of equity	25 970	24 943	26 331
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 009	7 054	7 014
Fair value of debt - deferred tax liabilities - 6 %	-1 912	-1 924	-1 913
Non-current net asset value	31 067	30 074	31 432
Number of shares (own shares not included)	103 623 171	105 745 320	105 745 320
Non-current net asset value per share in NOK	300	284	297

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.

	30.06.2019	30.06.2018	31.12.2018
Bonds, non-current	6 540	6 418	5 771
Bonds, current	1 589	2 755	2 960
Commercial paper debt, current	3 532	4 742	3 118
Other interest-bearing liabilities, non-current	10 307	7 478	9 688
Other interest-bearing liabilities, current	33	107	60
Interest-bearing debt	22 001	21 500	21 597
Bank deposits and cash	-281	-256	-305
Net interest-bearing debt	21 721	21 245	21 292



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