ANNUAL REPORT 2015

OLAV THON
EIENDOMSSELSKAP ASA

OLAV THON EIENDOMSSELSKAP IN BRIEF

HISTORY

Olav Thon Eiendomsselskap ASA was founded in 1982, and the company's shares were listed on the Oslo Stock Exchange in 1983.

The company has grown considerably since the start in 1982, with the annual rental value for the company's properties increasing from NOK 27 million originally to NOK 2,500 million at the beginning of 2016.

The company's market capitalisation has increased from NOK 200 million to NOK 15.1 billion at the end of 2015.

Since the early 1990s, the main focus area has been shopping centre property in Norway. In 2014, the Group decided to expand the business to shopping centre property in Sweden.

Olav Thon Eiendomsselskap is currently the leading Norwegian shopping centre player and is also an important player in the Swedish market.

The company is part of the Olav Thon Group, which is Norway's largest private property player and one of Norway's largest hotel operators (Thon Hotels). The Olav Thon Group is owned by the Olav Thon Foundation.

MAIN STRATEGY: ACQUIRE, DEVELOP AND OWN

The company's strategy is to acquire, develop and own properties in central and attractive locations. The company invests in properties with development potential within various property segments.

The company aims to realise the development potential of the property portfolio through active further development, effective management and satisfied tenants.

In a capital-intensive industry, it is important for the company to have an unconditional and strong financial position.

The combination of a high current return on the properties and value creation as a result of active property development is expected to help maximise growth in value in both the short and long term.

BUSINESS OBJECTIVES

The overall goal for Olav Thon Eiendomsselskap's business is to achieve maximum growth in equity per share so that shareholders will achieve a long-term return that is competitive with comparable investment alternatives.

BOARD AND SENIOR MANAGEMENT

Olav Thon, Chairman of the Board
Kristian Leer-Salvesen, Board Member
Sissel Berdal Haga, Board Member
Stig O. Jacobsen, Board Member
Line Norbye, Board Member
Dag Tangevald-Jensen, CEO

HIGHLIGHTS 2015

> Profit before tax was NOK 4,407 million.

> Profit before tax and fair value adjustments increased by 8% to NOK 1,386 million.

> The share price rose by 13% to a closing price of NOK 142, which meant that the shares gave a total return (including dividend) of 14%.

> Equity per share increased by 26% to NOK 165. The triple net asset value per share (EPRA NNNAV) increased by 24% to NOK 203.

> The Group's net investments in 2015 amounted to NOK 1,826 million.

> The value of the Group's property portfolio increased by 16% to NOK 40,177 million, while the annual rental value rose by 8% to NOK 2,500 million. The vacancy rate in the property portfolio was 3% at the end of the year.

> Sales for the shopping centre portfolio owned by the Group increased by 7% to NOK 47.7 billion. At the end of the year, the Group owned 67 shopping centres and managed 27 shopping centres for external owners.

> Interest-bearing debt increased by 8% to NOK 18.0 billion and the loan to value ratio fell by 3 percentage points to 44%. The Group`s average interest rate fell by 0.34 percentage points to 3.61%.

KEY FIGURES

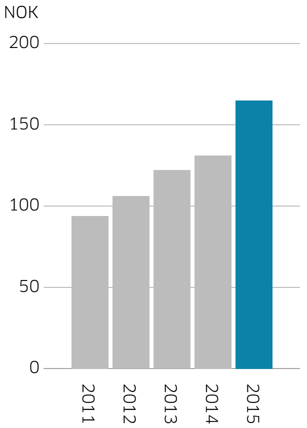
(NOK millions)	**31/12/2015**	31/12/2014
Net rental income	**2 023**	1 883
Fair value adjustments, investment properties and interest rate derivatives [1]	**3 021**	281
Profit before tax	**4 407**	1 562
Profit before tax and fair value adjustments [1]	**1 386**	1 281
Equity per share (NOK)	**165**	131
Equity ratio	**40%**	36%
Long-term net asset value per share (NOK) (EPRA NNNAV) [2]	**203**	164
Net cash flow from operations [3]	**1 107**	1 037
Liquidity reserve [4]	**3 525**	3 941
Amortisation next 12 months	**1 571**	3 936
Interest-bearing debt	**18 006**	16 647
Interest rate, 31 December	**3.61%**	3.95%
Loan to value ratio [5]	**44%**	47%
Net investments	**1 826**	3 934
Carrying amount of investment property	**40 177**	34 661
Annual rental income	**2 500**	2 320
Net yield	**5.50%**	5.91%
Sales, owned shopping centres	**47 737**	44 605
Sales, managed shopping centres	**11 650**	10 715
Share price, 31 December (NOK)	**142.0**	125.5

Changes to accounting policies etc. mean that some figures differ from those presented in previous interim and annual reports.

[1] Including value adjustments in joint ventures and associated companies.
[2] EPRA, European Public Real Estate Association, is an organisation for listed property companies and investors in Europe, which prepares recommendations for financial reporting. This report uses EPRA NNNAV, which indicates the net asset value (majority share of equity) per share. This is calculated as majority share of equity + deferred tax liabilities - fair value of debt (deferred tax 7% 31/12/15 and 8% 31/12/14).
[3] Net cash flow from operating activities - Change in operating-related accruals – Difference between interest expensed and interest paid.
[4] Bank deposits etc. + Undrawn borrowing facilities.
[5] Interest-bearing debt – bank deposits etc./Carrying amount of investment property.

BOARD OF DIRECTORS' REPORT 2015

Equity per share



Olav Thon Eiendomsselskap was able to report good results in 2015, with growth in rental income, an increase in the value of the Group's investment properties and stable financial expenses.

The highlights of the annual report are as follows:

> The Group's rental income was NOK 2,274 (2,092) million and annual rental income was NOK 2,500 (2,320) million at the end of the year.

> Fair value adjustments of investment properties and interest rate derivatives amounted to NOK 3,021 (281) million.[1)]

> Profit before tax amounted to NOK 4,407 (1,562) million.

> Net cash flow from operations was NOK 1,107 (1,037) million.

> Equity per share increased by 26% to NOK 165 (131) in 2015, while the equity ratio was 40% (36%) at the end of the year.

> The Group's liquidity reserves ended the year at NOK 3,525 (3,941) million.

THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies have been applied consistently to all periods presented.

The Board of Directors confirms that the parent company's annual accounts for 2015 have been prepared in accordance with the Norwegian Accounting Act and on the assumption that the company is a going concern.

No events have occurred after the reporting date that would significantly affect the assessment of the Group's position and results at 31 December 2015.

SUMMARY OF STATEMENTS OF FINANCIAL POSITION AND INCOME

Statement of financial position, 31 December 2015

The Group's total assets were NOK 44,789 (38,880) million, with investment properties accounting for NOK 40,177 (34,661) million of the figure.

The Group's share of the book equity of joint ventures and associated companies was NOK 2,712 (2,572) million.

Total equity was NOK 18,026 (14,035) million, while the equity ratio was 40% (36%).

Equity per share (majority share) was NOK 165 (131). The triple net asset value per share was calculated at NOK 203 (164) (EPRA NNNAV).[1)]

The Group's interest-bearing debt amounted to NOK 18,006 (16,647) million.

The loan to value ratio, which shows net interest-bearing debt in relation to property values, was 44% (47%).

Earnings in 2015

The Group's operating profit amounted to NOK 4,947 (3,233) million.

Profit before tax was NOK 4,407 (1,562) million, while comprehensive income was NOK 3,717 (1,188) million.

Profit before tax and fair value adjustments[1)] amounted to NOK 1,386 (1,281) million.

[1)] See page 5 for definitions.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES

The Group's rental income was NOK 2,274 (2,092) million, with the increase from the previous year being mainly due to new properties and completed property projects.

Other property income amounted to NOK 822 (748) million and was largely related to payments from the Group's tenants to cover property service charges and operation of shopping centre associations.

Property-related expenses amounted to NOK 1,073 (957) million, including the above-mentioned service charges of NOK 757 (679) million,

which meant that the Group's net rental income was NOK 2,023 (1,883) million.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

A net upward adjustment of NOK 2,806 (1,343) million was made to the fair value of the Group's investment properties. The increased market value of the Group's properties is primarily attributable to a lower net yield for the properties, which is caused by high demand for commercial property as an investment object.

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATED COMPANIES

The Group's share of results of joint ventures and associated companies amounted to NOK 238 (113) million.

The increase from the previous year is due to the fact that the market value of investment properties also increased in this part of the property portfolio.

An overview of income statements and balance sheets for joint ventures and associated companies can be found in notes 3 and 4 to the consolidated financial statement in Norwegian.

OTHER OPERATING INCOME AND EXPENSES

Other operating income amounted to NOK 171 (164) million, the majority of which was income from property management for external owners and operating income from other activities.

Fees for property management for external owners amounted to NOK 53 (45) million.

Other operating and administrative expenses and scheduled depreciation amounted to NOK 291 (271) million. The increase from the previous year is largely due to the Group's growth.

FINANCIAL INCOME AND EXPENSES

The Group's financial expenses amounted to NOK 655 (659) million. A decline in the Group's average interest rate has contributed to financial expenses being in line with the previous year, even with increased interest bearing debt.

Financial income amounted to NOK 10 (38) million. The decline is mainly due to the previous year including an exchange gain of NOK 22 million related to property acquisitions in Sweden.

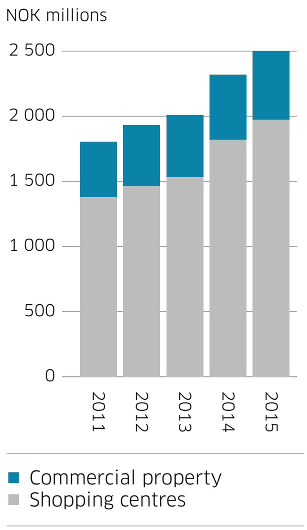
Net financial expenses before fair value adjustments of interest rate derivatives were NOK 645 (622) million.

The average interest rate for 2015 was 3.8 % (4.3%).

The value of the Group's interest rate derivatives increased by NOK 105 (-1,050) million, both as a result of increased long-term market interest rates in Sweden and a shorter remaining term for a significant portion of the Group's interest rate swap agreements.

Consequently, total financial expenses were NOK 540 (1,672) million.

Annual rental income



Cash flow and liquidity
Net cash flow from operating activities in 2015 was NOK 1,107 (1,037) million.

After changes in working capital of NOK -102 (146) million, net cash flow from operating activities was NOK 1,005 (1,183) million.

Net cash flow from investing activities was NOK -1,826 (-3,934) million, while financing activities generated NOK 723 (2,743) million.

Consequently, cash and cash equivalents declined by NOK 99 (-8) million, while currency effects were NOK 6 (-1) million.

The Group's liquidity reserves amounted to NOK 3,525 (3,941) million at the end of the year.

The liquidity reserves consisted of short-term investments of NOK 190 (283) million and undrawn long-term credit facilities of NOK 3,335 (3,658) million.

PARENT COMPANY ACCOUNTS AND DISTRIBUTION OF PROFIT FOR THE YEAR

The parent company Olav Thon Eiendomsselskap ASA's accounts have been prepared in accordance with Norwegian accounting rules (NGAAP).

The parent company's operating income amounted to NOK 906 (886) million, while profit before tax was NOK 645 (181) million.

Profit after tax for the year was NOK 640 (133) million.

The Board of Directors proposes the following allocation of the parent company's profit:

Dividend, NOK 1.80 per share	NOK 191.6 million
Transferred to other equity	NOK 448.7 million
Allocated net profit	NOK 640.3 million

The book value of the parent company's assets was NOK 18,023 (17,726) million at the end of the year.

Book equity was NOK 1,466 (1,018) million and the equity ratio was 8% (6%).

PROPERTY OPERATIONS

The property portfolio as at 31 December 2015 at the end of the year, the value of the property portfolio was estimated at NOK 40,177 (34,661) million, based on an average net yield of 5.50% (5.91%).

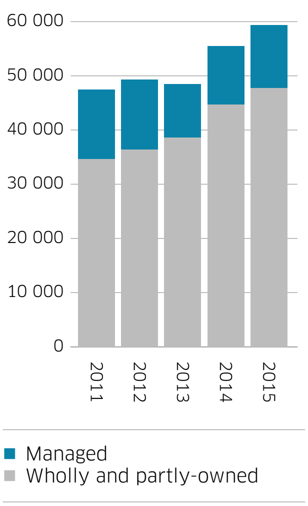
THE PROPERTY PORTFOLIO IS DIVIDED INTO THE FOLLOWING PROPERTY SEGMENTS:

SEGMENT	VALUE, %	NET YIELD
Shopping centres	79% (78)	5,45% (5.85)
Commercial property	21% (22)	5,68% (6.15)

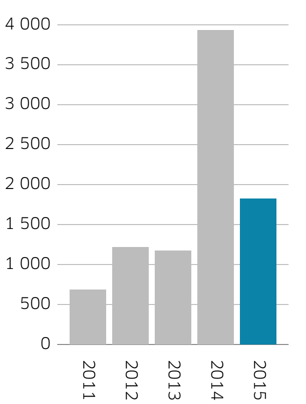
Investment property is carried at fair value. Information on the valuation model and the variables used in the valuations can be found in note 16 to the consolidated financial statement in Norwegian.

Annual rental income, including market rent on vacant space, increased by NOK 180 million to NOK 2,500 million in 2015, primarily due to new properties and completed property projects.

Shopping centre sales



Net investments



PROPERTY PORTFOLIO OWNED BY JOINT VENTURES AND ASSOCIATED COMPANIES

In addition to the property portfolio recognised in the statement of financial position, the Group has interests in a further 20 shopping centres owned by joint ventures and associated companies. The Group's ownership share in these companies is between 20% and 50%.

The Group's share of the rental income of these companies was NOK 345 (305) million at the end of the year, and the value of the property portfolio was NOK 4,945 (4,466) million.

SHOPPING CENTRES

At the end of the year, the shopping centre portfolio comprised 94 shopping centres, 27 of which are managed for external owners.

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

The Group also owns Norway's two largest shopping centres: Sandvika Storsenter in Bærum and Lagunen Storsenter in Bergen. Five of the seven largest shopping centres in the country are owned by the Group.

SHOPPING CENTRES OWNED BY THE GROUP

Norway

The rental value of the shopping centre properties increased by 8% to NOK 2,056 million (incl. share of rental value in joint ventures and associated companies) in 2015.

Retail sales for the shopping centres increased by 6% to NOK 43.9 billion. while organic sales growth from the previous year is estimated at 3%.

Sweden

The rental value of the Group's five shopping centres in Sweden increased by 9% to SEK 246 million and their retail sales for the full year 2015 were SEK 4.0 (3.6) billion.

COMMERCIAL PROPERTY

The rental value of the Group's commercial property (excluding shopping centre property) was NOK 530 million, an increase of 6% from the previous year.

Further information on property operations can be found on the company's website www.olt.no.

Investments

The Group's net investments in 2015 amounted to NOK 1,826 (3,934) million and included property acquisitions, investments in property projects under construction and upgrading of the existing property portfolio.

Major property acquisitions

Rygge Storsenter, Moss (50%)

Shopping centre of approx. 25,000 sq. m. of retail space just outside the centre of Moss. Taken over in the first quarter.

Amfi Moa, Ålesund

Plot of approx. 13,000 sq. m. in close proximity to Amfi Moa. The site will be rezoned to retail use. And takeover was completed in Q4.

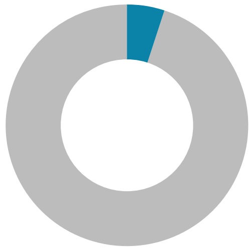
Sartor Storsenter, Fjell

The Group's ownership share of the shopping centre increased from about 35% to 60% in connection with the establishment of a joint company for ownership of Sartor Storsenter and the adjoining parking facility. The new company was established in Q4.

In the fourth quarter, an agreement was signed to increase the Group's ownership interest from 50% to 100% in Thon Reitan AS, which owns the following shopping centres:

> Amfi Moss, Moss

Credit facilities



- < 12 months (5%)
- 1-5 years (95%)
- > 5 years (0%)

> Mosseporten, Moss
> Rygge Storsenter, Moss
> Sandens in Kristiansand

The shopping centres have a total annual rental value of NOK 160 million, and the takeover was completed in January 2016.

Property development

Property development is a significant part of the Group's operations and there was a relatively high level of activity in this area again in 2015.

Three wholly and partly-owned shopping centres were upgraded and extended during the year, resulting in approx. 29,000 sq.m. of new retail space as well as substantial parking space.

In addition, two residential properties were constructed in central Oslo with a total of 70 rental apartments.

Conversion and extension work was carried out on a further three shopping centres at the beginning of 2016, resulting in approx. 20,000 sq. m. of new retail space.

In close proximity to Storo Storsenter in Oslo, a construction project comprising new buildings with a total area of approx. 60,000 sq. m. has been initiated.

Further information on the Group's projects can be found on the company's website www.olt.no.

FINANCING

The Group's debt portfolio consists of long-term credit facilities arranged with Nordic banks and loans in the capital market in Norway and Sweden.

Access to new financing is still considered good, despite reduced financing opportunities in the Norwegian and Swedish capital markets in the second half of 2015.

Total credit facilities were NOK 21,341 (20,309) million at the end of the year and NOK 3,335 (3,658) million of this amount was undrawn.

The debt had an average remaining term of 2.9 (3.3) years, with 9% (24%) due for repayment within 1 year.

The Norwegian and Swedish capital markets remain important financing sources, and a significant proportion of the Group's financing comes from these financing markets.

Outstanding commercial paper and bonds totalled NOK 6.523 (7,380) million at the end of the year.

Further information on financial matters can be found on the company's website www.olt.no.

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Eiendomsselskap practises equality and does not tolerate any form of discrimination or harassment of employees.

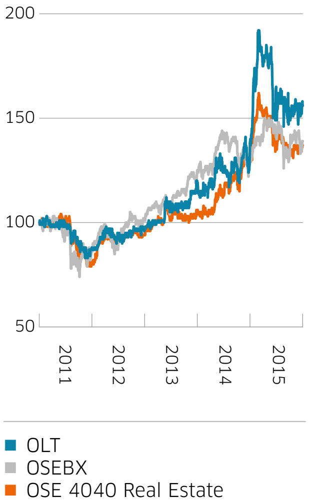
All employees are entitled to equal and fair treatment regardless of age, ethnic origin, disability, skin colour, nationality, political views and religion or other belief.

Work is in progress to promote universal design of the Group's general facilities, so that they can also be used by persons with impaired functional ability.

The Board considers the above-mentioned conditions and the general working environment to be satisfactory.

At the end of 2015, there were 433

Share price and index development last 5 years



(380) FTEs in the Group. The parent company Olav Thon Eiendomsselskap had 40 FTEs at the same point in time.

The company's Board of Directors consists of two women and three men. Sickness absence in 2015 was 3.3% (3.9%).

There were no significant operational-related injuries or accidents during the period. No deficiencies in other areas of employee safety or the working environment have been identified.

ENVIRONMENTAL STATUS

The Group's pollution of the external environment is minimal. Efforts are focused on minimising the impact of operations on the external environment – for example, by following environmentally friendly procedures when carrying out operations.

Environmental work is a natural and integral part of Olav Thon Eiendomsselskap's operations and environmentally friendly measures are conducted for the Group's own activities and tenants' use of the properties.

Parts of the property portfolio have been certified under the Eco-Lighthouse scheme as a part of the Group's targeted work on health, safety and the environment (HSE).

This means that a considerable number of specific environmental measures have been implemented. These include waste reduction, environmentally responsible waste management, purchasing of environmentally friendly products and significant energy savings.

As Olav Thon Eiendomsselskap manages a substantial property portfolio, it has an influence on the local environment in which the properties are situated. Major contributions to the development of public space are made through refurbishment, maintenance and new construction.

The operations satisfy the requirements for limiting pollution of the external environment.

Further information can also be found on the company's website www.olt.no.

CORPORATE SOCIAL RESPONSIBILITY

Olav Thon Eiendomsselskap follows the Olav Thon Group's guidelines on corporate social responsibility.

The Olav Thon Group is a member of the UN Global Compact, and works systematically in the areas of human rights, working conditions, environment, anti-corruption and social responsibility.

This work is followed up through goals and measures within the Global Reporting Initiative (GRI) framework and is documented in an annual corporate social responsibility report.

Further information on corporate social responsibility work can be found on the company's website www.olt.no.

CORPORATE GOVERNANCE

Olav Thon Eiendomsselskap aims to maintain a high level of confidence among investors, lenders, tenants and society in general, and therefore strives to achieve good corporate governance.

Governance of the company is based on the principles contained in the Norwegian Code of Practice for Corporate Governance issued by NUES (the Norwegian Corporate Governance Board).

A supplementary report on corporate governance can be found on the company's website www.olt.no.

The Board of Olav Thon Eiendomsselskap ASA held five meetings in 2015.

SHARES AND SHAREHOLDERS

Share price development

The price of the Olav Thon Eiendomsselskap share increased by 13% in 2015, with a closing price of NOK 142 on 30 December 2015.

The company's shares therefore generated a total return (including dividend) of 14% in 2015, while the main index of the Oslo Stock Exchange rose by 6%.

At the end of the year, Olav Eiendomsselskap was Norway's largest listed property company, with a market capitalisation of 15.1 billion.

Share turnover

A total of 9,955 (3,987) trades of the Olav Thon Eiendomsselskap share were conducted in 2015. The highest and lowest prices in 2015 were NOK 179 (129) and NOK 126 (100).

Dividend

At the annual general meeting on 20 May 2015, it was decided to pay a dividend of NOK 1.60 per share for 2014.

The Board proposes that the dividend be increased to NOK 1.80 per share for 2015.

Further information on shares and shareholders can be found on the company's website www.olt.no.

OLAV THON EIENDOMSSELSKAP'S RISK FACTORS

The Group's risk factors can be divided into the following main categories:

> Market risk
> Financial risk
> Operational risk

Market risk

The Group's market risk is related to developments in the Norwegian property market.

The Norwegian property market is affected by macroeconomic factors in Norway and general demand for commercial property as an investment object.

Changes in the market's yield used in the sale of property and market rents for the properties have a direct effect on property values.

THE COMMERCIAL PROPERTY MARKET IN 2015

High demand from both Norwegian and international investors helped to make 2015 a very good year for commercial property despite low growth in the Norwegian economy.

The transaction market

The total transaction volume in the Norwegian market for commercial property (with a value over NOK 50 million) increased from NOK 75 billion in 2014 to NOK 130 billion in 2015.

Commercial property as an investment object was in high demand among Norwegian investors, and also international investors, who accounted for more than 40% of the volume.

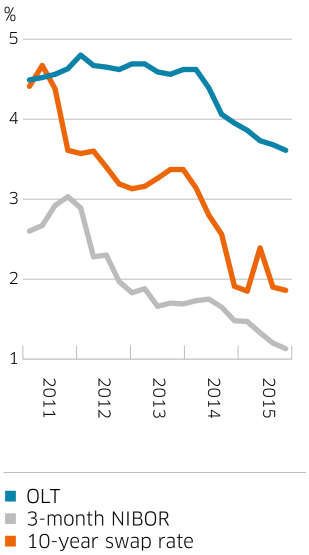
The high demand contributed to an increase in value for commercial property in most segments.

The rental market

Rental prices for shopping centres showed a stable trend.

The vacancy rate in the office rental market in the Oslo area is showing a slightly falling trend, while rental prices are showing stable growth in most areas of the city.

Interest rates last five years



THE GROUP'S MARKET RISK

Shopping centres, primarily in the large towns and cities of Norway and Sweden, generate 79% of the Group's rental income. A significant proportion of the tenants are international and national retail chains, and the lease contracts have a balanced maturity structure.

Norway's growth in private consumption was low in 2015, while the retail sector showed sales growth more or less in line with general price rises. Private consumption in the period ahead is expected to show a moderate increase in both Norway and Sweden, and the framework conditions for the Group's shopping centre properties are therefore considered positive.

21% of rental income comes from commercial properties in the Oslo area, with office properties representing the largest proportion. The properties are leased to a large number of tenants in various sectors, and the lease contracts in this segment also have a balanced maturity structure.

The risk of a substantially higher vacancy rate and a large rental income decline in the property portfolio is considered moderate. A sensitivity analysis of what effects any changes to the yield and rental income would have on property values and the equity ratio can be found in note 16 to the consolidated financial statement in Norwegian and on the company's website www.olt.no.

Financial risk

Financial risk is primarily considered to be associated with the Group's access to financing in the banking and capital markets and the price of such financing. The availability and pricing of financing depends on the competitive situation in the banking sector, the supply of liquidity in the capital markets, market interest rate movements and the specific credit margin the Group must pay.

The credit margin is determined by the Group's credit rating and the price other borrowers have to pay in the capital market.

DEVELOPMENTS IN THE FINANCING MARKETS

The competitive situation in the banking sector was relatively stable in 2015, but credit spreads in the banking market increased in the latter part of the year.

The supply of liquidity to capital markets in Sweden and Norway was good in the first half of 2015, but gradually weakened in the second half of the year. In 2015, the Group launched its first bond issue in the Swedish market.

THE CREDIT MARKET

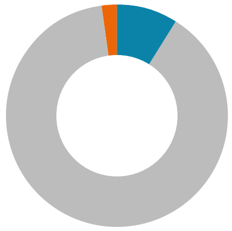
The indicated credit margin for new loans issued by the Group was stable in the first half of 2015, but increased in the second half of the year. At the end of the year, the indicated credit margin for the 5-year secured bond loan was 1.35% (0.65%), while credit margin for 12-month unsecured commercial papers was 0.85% (0.35%).

INTEREST RATES IN NORWAY AND SWEDEN

In Norway, the short-term market rate (3-month Nibor) was stable until June before falling to 1.13% (1.48%). Long-term market interest rates (10-year swap) fluctuated considerably during the year, but were virtually unchanged at 1.86% (1.91%) at the end of the year.

In Sweden, the short-term market rate (3-month Stibor) fell throughout 2015, and was -0.29% (+0.26%) at the end of the year. Long-term market interest rates (10-year swap) in the Swedish market fell until May, but then increased sharply to 1.66% (1.26%) at the end of the year.

Repayment structure



- < 12 months (9%)
- 1-5 years (89%)
- > 5 years (2%)

Interest rate maturity structure

- < 12 months (38%)
- 1-5 years (11%)
- > 5 years (51%)

The Group's financial risk

Financial risks can be divided into:

> Liquidity risk
> Interest rate risk
> Currency risk
> Credit risk

LIQUIDITY RISK

Liquidity risk is linked to the Group's ability to discharge its payment and other debt obligations as they fall due. The risk is mitigated by having substantial available liquidity reserves, a moderate loan to value ratio, long-term loan agreements and different financing sources and markets.

The Group's total liquidity reserves amounted to NOK 3,525 (3,941) million at the end of the year.

The debt portfolio had an average remaining term of 2.9 (3.3) years at the end of the year.

9% (24%) of the debt is due within one year, and the refinancing requirement for the next year can be covered by existing liquidity reserves.

INTEREST RATE RISK

Interest rate risk is associated with changes in the Group's cash flow, earnings and equity as a result of interest rate changes in the short-term and long-term interest rate markets.

The risk is managed partly by having a considerable proportion of long-term fixed-interest rates.

The average fixed-interest period was 5.1 (5.0) years at the end of the year and the average interest rate was 3.61% (3.95%).

The Group's financial instruments (interest rate swaps) are recognised at fair value. Interest rate swaps are primarily used to hedge the Group's long-term fixed interest rates and ensure a predictable cash flow. At the end of the year, the Group's portfolio of interest rate swaps entered into for this purpose was NOK 11,187 (10,625) million, and had a fair value of NOK -2,049 (-2,154) million.

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

Further information about the Group's financial matters can be found on the company's website www.olt.no.

CURRENCY RISK

Olav Thon Group is exposed to financial risk related to exchange rate movements between the Norwegian and Swedish currencies. Because the consolidated financial statements are presented in Norwegian kroner, earnings and equity in the Swedish subsidiaries are affected by the exchange rate.

Olav Thon Eiendomsselskap reduces the currency risk through foreign currency borrowing and currency hedging agreements.

CREDIT RISK

The Group's credit risk is primarily the risk of losses as a result of tenants' failure to pay the agreed rent.

The properties are leased to a large number of tenants from various sectors, and good practices have been established in connection with signing and monitoring leases.

In recent years, the Group has had relatively low losses on lease claims, and the risk of the Group incurring substantial losses due to payment defaults by tenants is considered moderate.

Operational risk
The Group's operational risk is primarily associated with the failure of employees and operational management systems to function as expected. Management is organised so that the risk arising from the activities and absence of an individual is relatively low, and the Group's management systems are considered to be robust.

As a quality assurance measure, the Group's auditor also conducts systematic risk assessments of various aspects of the Group's operations and management.

OUTLOOK

Growth in the Norwegian economy is very low, and the decline in oil prices is contributing to weak growth prospects for the Norwegian economy over the next few years. Norges Bank has set the key policy rate at 0.75%, and further cuts in the rate are expected in 2016.

Commercial property prices in Norway increased in 2015 as a result of strong demand from both Norwegian and international investors. Expectations of continuing low interest rates point to strong demand for commercial property, although uncertainty in the financial markets is expected to have a dampening effect on demand.

Despite low growth in the Norwegian economy, continuing growth in private consumption is expected in Norway during the coming years and the framework conditions for the Group’s shopping centres are therefore considered positive.

The vacancy rate in the office rental market in the Oslo area is showing a slightly falling trend, while rental prices are showing stable growth in most areas of the city. A slightly weaker labour market is also expected in the Oslo area in the period ahead, but in view of the low level of new construction of offices, the office market is expected to remain stable.

Despite the Swedish central bank having set its key policy rate down at -0.50%, the outlook for private consumption in Sweden is relatively good.

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

Every effort has been made to ensure that this translation of the Norwegian text and report of the board of Directors is a true translation. However, in case of any discrepancy, the Norwegian version takes precedence.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP

	Note	2015	2014
(NOK millions)			
Rental income	1, 16, 29, 30	2 274	2 092
Other property-related income	1, 6, 16	822	748
Property-related expenses	1, 8, 9, 16, 29, 30	-1 073	-957
Net rental income		**2 023**	**1 883**
Fair value adjustments, investment property	1, 16	2 806	1 343
Share of results of joint ventures and associated companies	1, 3, 4	238	113
Other operating income	1, 7	171	164
Other operating expenses	1, 8, 10	-149	-151
Administrative expenses	1, 8, 11	-126	-107
Scheduled depreciation	1, 15	-15	-14
Operating profit		**4 947**	**3 233**
Financial income	1, 12	10	38
Fair value adjustments, interest rate derivatives	1, 14	105	-1 050
Financial expenses	1, 13	-655	-659
Profit before tax		**4 407**	**1 562**
Change in deferred tax		-624	-233
Income tax payable		-98	-157
Tax	26	**-722**	**-389**
Profit for the year before other comprehensive income		**3 685**	**1 172**
Exchange differences, foreign operations		32	16
Comprehensive income		**3 717**	**1 188**
Attributable to:			
Shareholders		3 698	1 186
Non-controlling interests		19	2
Earnings per share (NOK)	28	34.74	11.14
Earnings per share, diluted (NOK)	28	34.74	11.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP

	Note	**2015**	2014
(NOK millions)			
ASSETS			
Deferred tax asset	26	583	668
Investment properties	1, 16	40 177	34 661
Property, plant & equipment	15	94	86
Investments in joint ventures and associated companies	1, 3, 4	2 712	2 572
Other financial assets	17, 22, 29	183	179
Total non-current assets		**43 750**	**38 166**
Trade and other receivables	18, 22	849	431
Bank deposits, cash and cash equivalents	19, 21, 22	190	283
Total current assets		**1 040**	**714**
Total assets		**44 789**	**38 880**
EQUITY AND LIABILITIES			
Majority share of equity	21	17 610	13 920
Non-controlling interests		416	115
Total equity		**18 026**	**14 035**
Deferred tax	26	5 606	5 034
Non-current liabilities	20, 21, 22, 23, 25	18 510	14 674
Current liabilities	21, 22, 24, 25, 26, 29, 32	2 647	5 137
Total liabilities and debt		**26 763**	**24 845**
Total equity and liabilities		**44 789**	**38 880**

CONSOLIDATED CASH FLOW STATEMENT

GROUP

(NOK millions)	Note	**2015**	2014
Profit before tax		4 407	1 562
Fair value adjustments, investment property		-2 806	-1 343
Fair value adjustments, interest rate derivatives		-105	1 050
Expensed interest	13	-644	-642
Interest paid		651	635
Results of joint ventures and associated companies	3, 4	-238	-113
Income tax paid		-173	-124
Scheduled depreciation	15	15	14
Change in operating-related accruals		-102	146
Net cash flow from operating activities		**1 005**	**1 183**
Proceeds from sale of property, plant & equipment	16	0	2
Purchase of investment properties and property, plant & equipment	15, 16	-459	-866
Proceeds from other investments		0	81
Other investments	5	-1 367	-3 151
Net cash flow from investing activities		**-1 826**	**-3 934**
Proceeds from interest-bearing liabilities	23	6 908	11 898
Repayment of interest-bearing liabilities	23	-6 016	-9 006
Dividends paid	27	-170	-149
Net cash flow from financing activities		**723**	**2 743**
Net change in cash and cash equivalents		-99	-8
Cash and cash equivalents, 1 January	19	283	291
Currency effects		6	-1
Cash and cash equivalents, 31 December	19	**190**	**283**
Unutilised overdrafts and other credit facilities		3 482	3 772

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP

		Attributable to shareholders of the parent company				
(NOK millions)	Note	Share capital	Share premium reserve	Retained earnings	Non-controlling interests	Total
Equity, 31 December 2013		**106**	**318**	**12 510**	**132**	**13 067**
Comprehensive income				1 186	2	1 188
Dividend				-149		-149
Acquisition of non-controlling interests	5			-52	-19	-71
Equity, 31 December 2014		**106**	**318**	**13 495**	**115**	**14 035**
Comprehensive income				3 698	19	3 717
Dividend				-170		-170
Acquisition of non-controlling interests	5			164	281	445
Equity, 31 December 2015		**106**	**318**	**17 187**	**416**	**18 026**

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