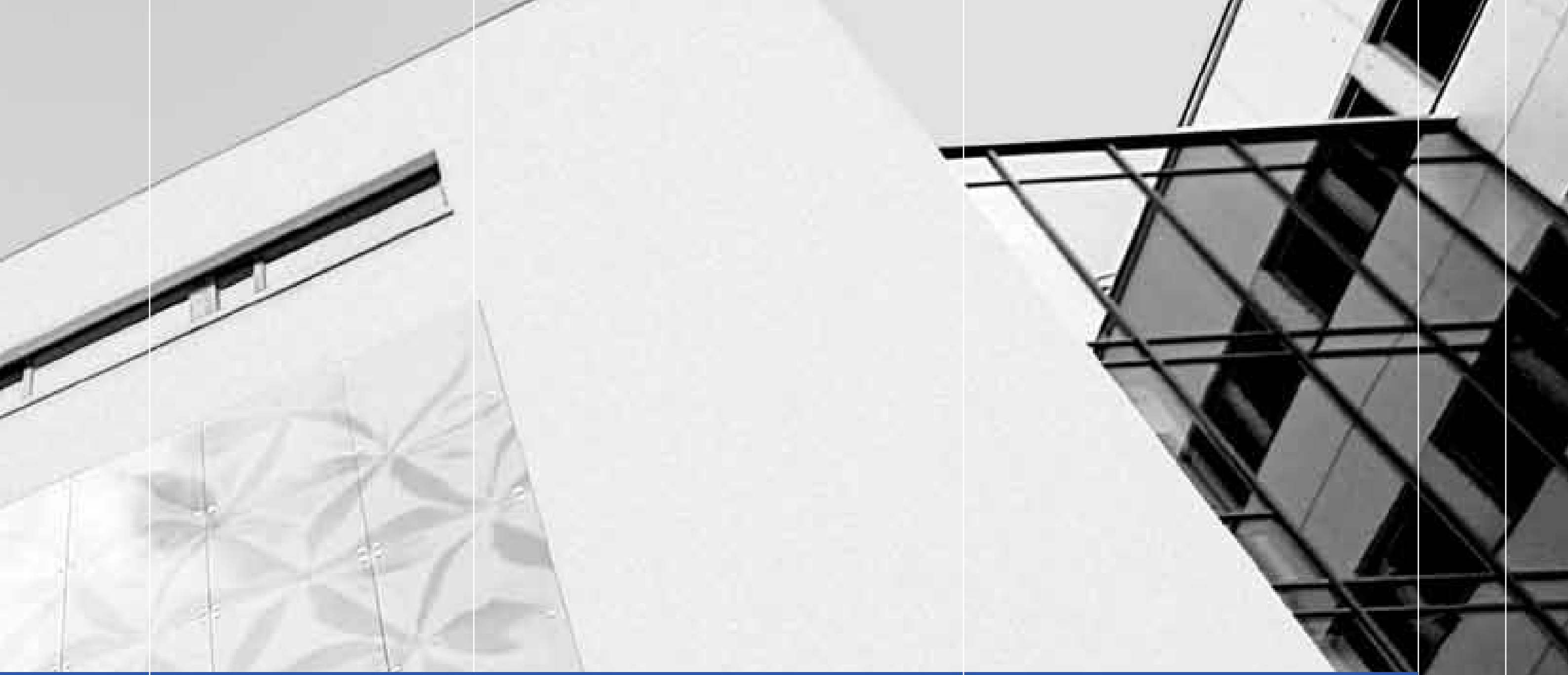


OLAV THON EIENDOMSSELSKAP

ANNUAL REPORT

2012

ENGLISH SUMMARY

ABOUT OLAV THON EIENDOMSSELSKAP

HISTORY

Olav Thon Eiendomsselskap ASA was established in 1982 when a significant part of the Olav Thon Group's properties were transferred to the company. Olav Thon Eiendomsselskap ASA was floated on the Oslo Stock Exchange in 1983, and has since experienced substantial growth.

The annual rental value for the company's properties increased from NOK 27 million in 1983 to NOK 2,150 million at the start of 2013.

Since becoming a listed company, the company's market capitalisation has risen from NOK 200 million to NOK 9.5 billion at the end of 2012.

The company is part of the Olav Thon Group, which covers businesses and companies in which Olav Thon has a majority shareholding.

The Olav Thon Group is Norway's leading property player within the property, shopping mall and hotel management business sectors.

MAIN STRATEGY

The company's strategy is to **acquire, develop and own properties** with a central location.

The company aims to achieve the highest possible levels of economic growth by focusing on efficient operation and the further development of its property portfolio. A combination of high ongoing operating returns on the properties and economic growth as a result of the active further development of the property portfolio is expected to contribute to a maximum increase in value in both the short and the long term.

BUSINESS GOALS

The overall goal for Olav Thon Eiendomsselskap's business is to achieve maximum growth in equity per share. Over time, shareholders will achieve a return that is competitive compared 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
Elin Ørjasæter, Board Member

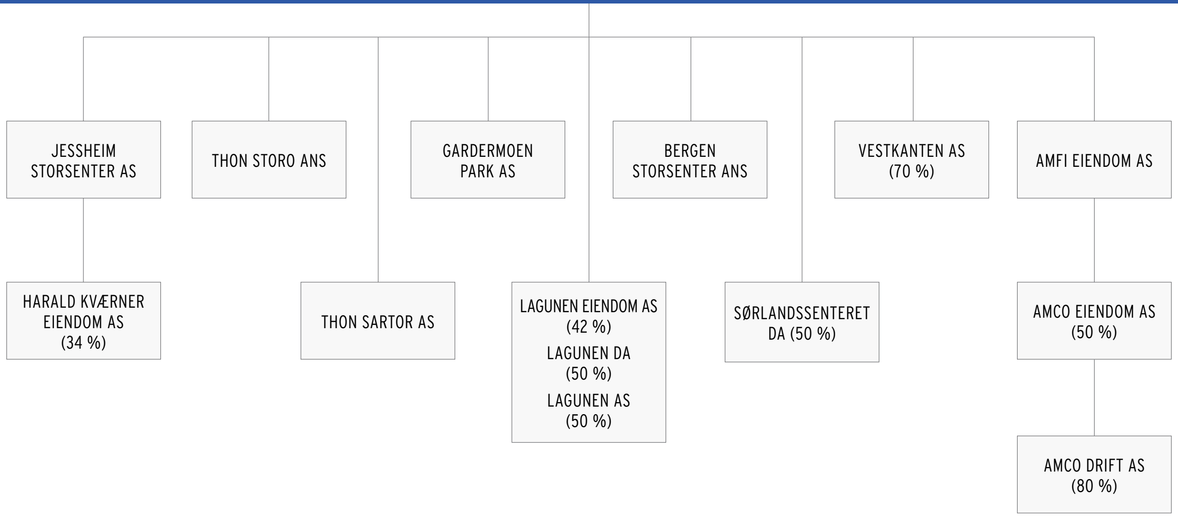
Dag Tangevald-Jensen, CEO

The company does not have its own senior management, but instead has an operating agreement with Thon Holding AS, which ensures that the company draws on the resources of the Olav Thon Group at all times.

2012

- Pre-tax profit rose by 60% to NOK 1,686 million.
- Cash flow from operations increased by 5% to NOK 1,060 million.
- Equity per share increased by 12% to NOK 1,061.
- The company's position as Norway's leading shopping mall company was further strengthened with the major expansion of five shopping malls and the purchase of stakes in three shopping malls. At the year-end, the Group had 79 shopping malls under its ownership and management.
- Turnover in the Group's shopping mall portfolio rose by 4% to NOK 49.4 billion.
- Interest-bearing debt increased by 2% to 14,298, and the loan-to-value ratio fell to 47%.
- The share price rose by 13% to NOK 890. At the year-end, the company's market capitalisation was NOK 9.5 billion, making the company the third largest listed property company in the Nordic countries.

GROUP STRUCTURE / OLAV THON EIENDOMSSELSKAP ASA



KEY FIGURES

(NOK million)	2012	2011	2010
RESULT			
Rental income	1,986	1,889	1,745
Fair value adjustments, investment properties and interest rate derivatives	546	-24	920
Net interest expenses	646	643	575
Result before taxes	1,686	1,051	1,902
CAPITAL STRUCTURE			
Equity per share (NOK)	1,061	943	890
Equity share	35%	33%	33%
Total assets	32,772	30,623	29,064
LIQUIDITY			
Liquid reserves [1]	4,438	4,988	4,117
Amortization next 12 months	2,580	2,681	1,243
Cash flow from operating activities [2]	1,060	1,008	883
Net interestbearing debt / Cash flow from operating activitie	12,7	13,3	14,9
Interest coverage ratio [3]	2,8	2,6	2,7
FINANCING			
Interest bearing debt	14,298	14,024	14,200
Loan to value	47%	50%	53%
Average duration debt (years)	3.6	4.4	5.7
Interest rate, year end	4.7%	4.8%	4.5%
Hedged interest bearing debt (> 1 year)	69%	64%	58%
PROPERTIES			
Net investments	1,279	853	1,721
Book value property portfolio	30,490	28,304	27,003
Annual rental value [4]	2,150	2,025	1,940
Net yield	6.2%	6.4%	6.5%
Turnover shopping malls [5]	49,364	47,434	44,919
SHARES (NOK)			
Stock exchange quotation, year end	890	788	910
Market capitalization, year end	9,474	8,388	9,687
Dividend per share [6]	12	10	10
EPRA [7]			
EPRA Earnings [8]	915	958	911
EPRA NNNAV [9]	14,344	12,991	12,152
EPRA NIY (net initial yield)	6.2%	6.4%	6.5%
EPRA Vacancy rate	2.5%	2.1%	3.2%

A change in accounting principles etc. means that some figures differ from those given in previous Annual Reports.
1) Bank deposits and unutilized borrowing facilities
2) Net cash flow from operating activities - operations - related accruals
3) (Operating profit - depreciation - share of results of associated companies - fair value adjustments investments properties) / net interest expenses
4) Gross rental income from assosiated companies included
5) Owned and / or managed shopping malls
6) Proposed dividends for 2012
7) European Public Real Estate Association
8) Majority share of profit after tax payable without changes in value
9) Majority share of equity + deferred taxes - Rated debt obligation (deferred tax 8%)

ANNUAL REPORT 2012

Olav Thon Eiendomsselskap recorded a strong result during 2012, with higher rental income and a positive development in value of the Group's investment properties.

The key points of the Group's annual accounts are as follows:

- **Gross rental income amounted to NOK 1,986 million (1,889), and net rental income was NOK 1,802 million (1,700).**
- **The change in value of investment properties and financial instruments amounted to NOK 546 million (-25).**
- **Result before tax amounted to NOK 1,686 million (1,051).**
- **Cash flow from operations amounted to NOK 1,060 million (1,008).**
- **Equity per share rose during 2012 by 12% to NOK 1,061 (943), and the equity ratio at the year-end was 35% (33%).**
- **The Group's liquidity reserve at the year-end was NOK 4,438 million (4.988).**

STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

The aggregate value of the Group's assets was NOK 32,772 million (30,623). Of this sum, the value of investment properties amounted to NOK 30,490 million (28,304).

Total shareholders' equity was NOK 11,552 million (10,208) and the equity ratio was 35% (33%).

Equity per share (shareholders' share) amounted to NOK 1,061 (943). The triple net asset value per share (EPRA NNNAV) is estimated to be NOK 1,348 (1.220).

The Group's interest-bearing debt was NOK 14,298 million (14,024) and the loan-to-value ratio, which indicates the debt in relation to property values, was 47% (49%).

RESULTS IN 2012

The result before tax was NOK 1,686 million (1,051), while comprehensive income for the year amounted to NOK 1,218 million (769).

Operating result before fair value adjustments concerning investment properties amounted to NOK 1,795 million (1,725), while the operating result was NOK 2,697 million (2,280).

RENTAL INCOME AND PROPERTY OPERATING EXPENSES

Gross rental income amounted to NOK 1,986 million (1,889). Rental income increased as a result of both completed property projects and new properties.

The Group's net rental income amounted to NOK 1,802 million (1,700).

Other property-related income amounted to NOK 501 million (496) and consisted of payments from the Group's lessees to cover property service charges.

Property operating expenses amounted to NOK 685 million (685), including the aforementioned service charges of NOK 501 million (496).

OTHER OPERATING INCOME AND EXPENSES

In 2012, the value of the Group's investment properties saw an upward adjustment of NOK 902 million (555). The increase in value relates to a combination of a reduced yield requirement, completed property projects and increased rental income.

The share of profits in associated companies amounted to NOK 18 million (54), and the change from last year is largely due to a lower increase in the value of investment properties owned through associated companies.

Other operating income amounted to NOK 459 million (448) and primarily relates to income from property management for external owners and sales income from other activity. Income from property management consists of management fees of NOK 45 million (41) and the payment of service charges by property lessees amounting to NOK 304 million (316).

Other operating expenses, administration costs and ordinary depreciation amounted to NOK 486 million (478).

FINANCIAL INCOME AND EXPENSES

Net financial expenses in 2012 amounted to NOK 655 million (649).

The average interest rate in 2012 was 4.7% (4.7%).

Financial expenses increased marginally from the previous year as a result of an increase in the Group's average interest-bearing debt.

The value of the Group's financial instruments was reduced by NOK 356 million (-580) as a result of a significant decline in the long-term interest rate level.

Total financial expenses thus amounted to NOK 1,011 million (1,229).

CASH FLOW AND LIQUIDITY

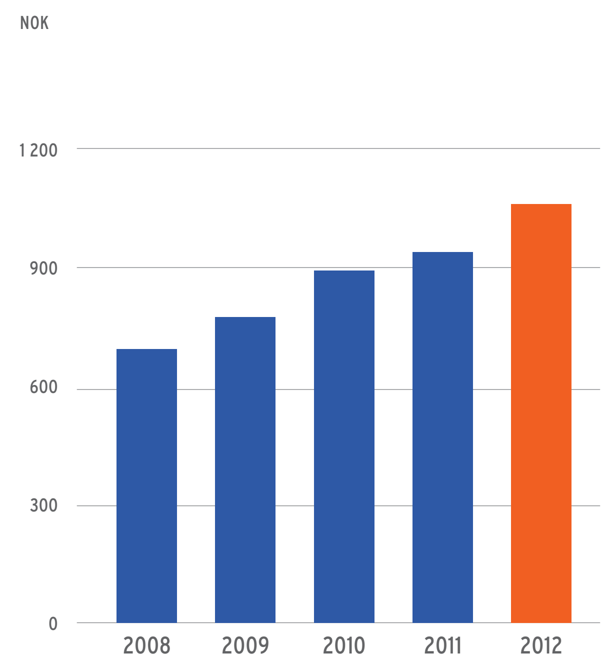
In 2012, net cash flow from operations was NOK 1,060 million (1,008), while the change in working capital was NOK 185 million (244). Net cash flow from operational activities amounted to NOK 1,245 million (1,252).

Investment activities generated a net cash flow of NOK -1,239 million (-693), while net cash flow from financing activities overall reduced liquidity by NOK 117 million (-410).

In 2012, liquid assets therefore fell by NOK 111 million (149).

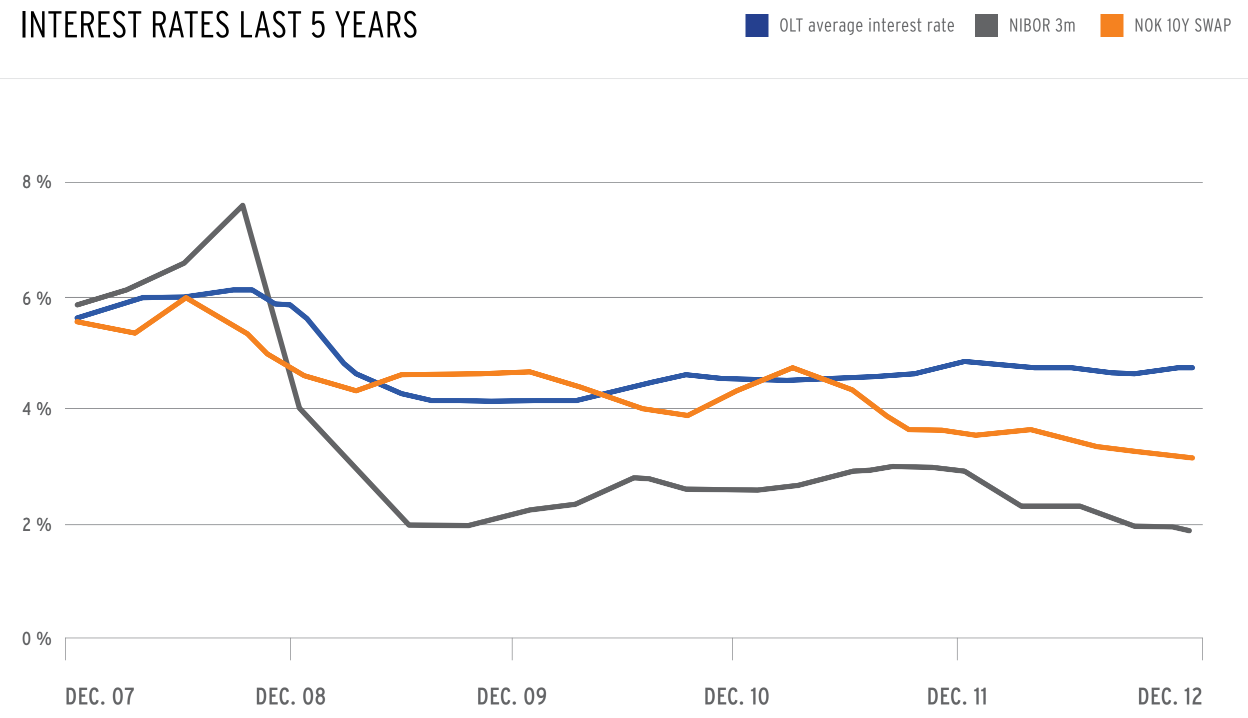
At the year-end, the Group's liquidity reserve stood at NOK 4,438 million (4,988) and consisted of short-term investments of NOK 635 million (746) and unutilised long-term credit lines of NOK 3,803 million (4,241).

EQUITY PER SHARE



Equity per share increased by 53 % during the period.

INTEREST RATES LAST 5 YEARS



The Group´s average interest rate during the period varied between 4.1% and 6.1%.

OLAV THON EIENDOMSSELSKAP / ANNUAL REPORT 2012

ALLOCATION OF THE PARENT COMPANY'S PROFIT FOR THE YEAR

The Board of Directors recommends that the profit for the year of the parent company Olav Thon Eiendomsselskap ASA be allocated as follows:

Dividend, NOK 12 per share	NOK 128 million
-Transferred from other equity	NOK -34 million
Allocated net profit	**NOK 94 million**

As at 31 December 2012, the parent company's distributable reserve was NOK 197 million.

GOING CONCERN ASSUMPTION

Olav Thon Eiendomsselskap's activities are the purchasing, development and management of real property, and participation in other companies engaged in similar activities. All operations are directed towards the Norwegian property market.

The Group has a strong financial position, a high-quality property portfolio, a strong market position in the Norwegian shopping mall market and highly competent staff. The annual accounts are therefore presented on the going concern assumption.

In the Board's view, no matters or circumstances have arisen since the end of the accounting year which significantly affect the assessment of the Group's position and results as at 31 December 2012.

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Eiendomsselskap is a workplace that 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, functional impairment, skin colour, nationality, political views and religion or other belief.

Work is underway 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 conditions mentioned above and the working environment in general to be satisfactory.

At the end of 2012, 395 full-time equivalents (391 full-time equivalents) were employed by the Group. Of the Group's employees, 42% are women and 58% are men.

The company's Board of Directors consists of two women and three men.

Sickness absence was 3.9% (4.0%) in 2012. There were no work-related injuries or accidents due to operational circumstances during the period. Nor have any deficiencies in staff safety or the working environment in general been identified.

ENVIRONMENTAL STATUS

The Group's pollution of the external environment is minimal.
The Group makes every effort to minimise the damage operations cause to the external environment, for instance by following environment-friendly procedures in the running of operational activities. Focus on environmental considerations is a natural and integral part of operations in Olav Thon Eiendomsselskap.

Emphasis is placed on environmentally friendly measures in the Group's own activities and for the lessees' use of the properties. Examples of such measures include energy-saving programmes for the Group's properties and environmentally acceptable waste management.

Olav Thon Eiendomsselskap manages a substantial property portfolio and thus 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.

Operations satisfy the requirements set as regards limiting pollution of the external environment.

CORPORATE GOVERNANCE
Olav Thon Eiendomsselskap wishes to maintain a high level of confidence with investors, lenders, lessees and the community in general, and therefore strives to practice good corporate governance.

Governance of the Group is based on the principles set out in the 'Norwegian Recommendation for Corporate Governance', issued by the Norwegian Corporate Governance Board.

During the course of 2012, the Board of Directors of Olav Thon Eiendomsselskap held five meetings.

SHARES AND SHAREHOLDERS
The price of Olav Thon Eiendomsselskap ASA shares rose during 2012 by 13% to a closing price of NOK 890 as at 28 December 2012.

Shares in the company therefore generated a total yield (including dividends) of 14% during 2012, on a par with the main index of the Oslo Stock Exchange.

During 2012, 427,900 shares (350,400) were traded on the Oslo Stock Exchange, and the highest and the lowest prices were NOK 900 and NOK 780 respectively.

At the year-end, the company's market capitalisation was NOK 9.5 billion, making Olav Thon Eiendomsselskap the third largest listed property company in the Nordic countries.

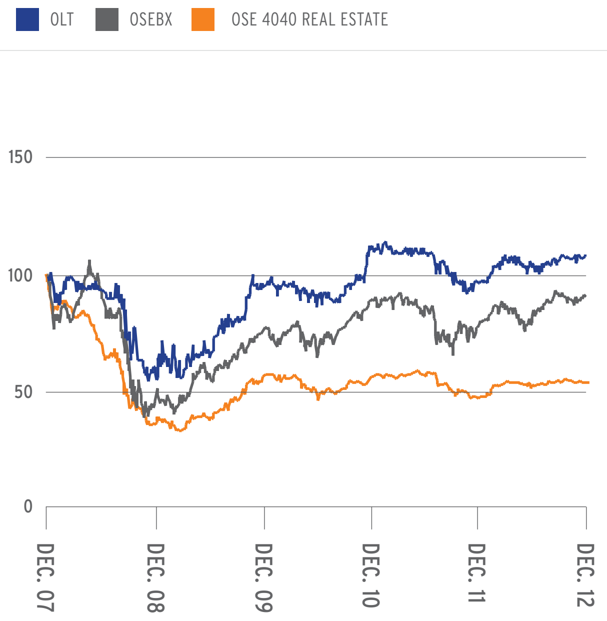
At the year-end, the company had 1,651 (1,641) shareholders.
The company's five largest owners as at 31 December 2012 were:

Thon Gruppen AS (with related parties)	71.9%
Folketrygdfondet (National Insurance Fund)	9.0%
Otto Olsen Eiendom (with related parties)	2.6%
MP Pensjon	1.9%
Skagen Vekst	1.7%
Total, five largest owners	**87.1%**

At the company's Annual General Meeting in 2012, it was decided that a dividend of NOK 10 per share should be paid for 2011.

The Board proposes that a dividend of NOK 12 per share be paid for 2012.

SHARE PRICE PERFORMANCE



Over the past five years, the price of Olav Thon Eiendomsselskap shares has developed better than both the main and property indexes of Oslo Stock Exchange.

TRANSACTIONS WITH RELATED PARTIES
Major transactions with related parties can be seen in Note 29 (Norwegian Annual Report).

The transactions have been entered into on ordinary market terms and conditions as if they had taken place between independent parties.

PROPERTY OPERATIONS
THE PROPERTY PORTFOLIO AS AT 31 DECEMBER 2012
At the year-end, the Group owned 125 properties with a total lettable area of approximately 1,400,000 square metres. In addition, the Group owns substantial parking areas and plots of land, which facilitate future project development.

The (theoretical) rental value rose in 2012 by NOK 125 million to NOK 2.150 million. The increase is due to new properties, the completion of property projects and a general rent growth in the property portfolio.

The property portfolio vacancy rate was stable in 2012 at 2% (2).

A property segment breakdown of the rental value of the portfolio is as follows:

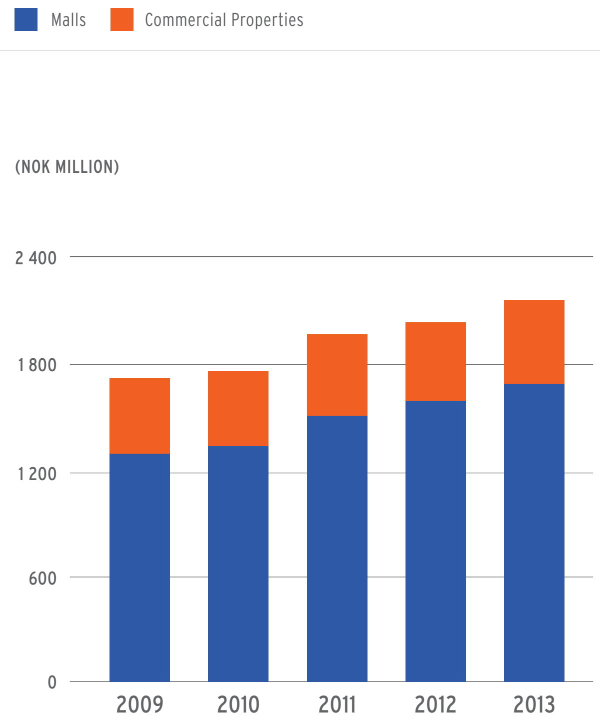
Shopping mall property	79%
Commercial property	21%

The rental income comes from the following geographical areas:

The Oslo region	47%
Other city regions in Norway	23%
Other smaller urban regions in Norway	30%

The lease agreements have a balanced maturity structure with an average remaining life of about four years.

RENTAL VALUE



The rental value of the property portfolio increased by 26 % during the period.

THE MARKET VALUE OF THE PROPERTY PORTFOLIO
At the year-end, the value of the property portfolio was NOK 30,490 million (28,304).

Investment properties are recorded at their fair value (market value). See note 16 (Norwegian Annual Report) for further information on the valuation model and the variables used in the valuations.

The valuation as at 31 December 2012 is based on an average yield requirement of 6.2% (6.4%).

The average yield requirement per property segment is as follows:

Shopping mall properties	6.1% (6.2)
Other commercial properties	6.8% (7.0)

SHOPPING MALL PROPERTY
The rental value of the shopping mall properties rose by 5% in 2012 to NOK 1,685 million (1,598).

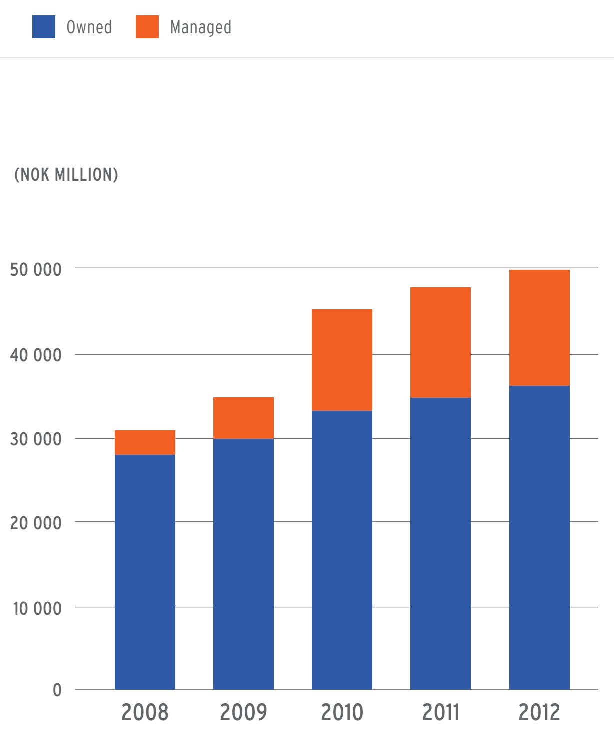
At the year-end, the Group had 55 (52) shopping malls under its ownership and 24 (24) under its management.

The Group's market position in the Norwegian shopping mall market is strong, and the portfolio includes Norway's four largest, as well as no fewer than seven of the country's ten largest shopping malls in 2012.

In 2012, store turnover increased by 4% to NOK 49.4 billion (47.4), including NOK 12.9 billion (12.7) in malls that are managed on behalf of external owners.

In line with developments in the Norwegian retail sector, organic growth in the turnover of Group-owned shopping malls decreased during the latter half of the year, and growth is estimated to be 2.0% for 2012 as a whole.

SHOPPING MALL TURNOVER



Shopping mall turnover increased during 2012 by 4% to NOK 49 billion kroner.

OTHER COMMERCIAL PROPERTY
The rental value of the Group's other commercial property increased by 9% in 2012 to NOK 465 million (427).

INVESTMENTS IN 2012

The Group's total investments in 2012 amounted to NOK 1,279 million (853) and concern property acquisitions, investments in property projects under construction and refurbishment of the existing property portfolio.

MAJOR PROPERTY ACQUISITIONS

- **Åsane Senter 51, Bergen**
  The Group has acquired a 12,500 square metre commercial property in Åsane in Bergen.
- **Volum Senter, Kragerø (50%)**
  Shopping mall with a 10,000 square metre retail area in Kragerø, Telemark.
- **Dombås Senter (25%)**
  Shopping mall with a 9,000 square metre retail area in Dombås, Oppland.
- **Amfi Orkanger (25%)**
  Shopping mall with an 11,000 square metre retail area in Orkanger, Sør-Trøndelag.

COMPLETED PROPERTY PROJECTS

- **Vestkanten kjøpesenter, Bergen**
  Expanded with a retail space of approximately 10,000 square metres.
- **Lagunen Storsenter, Bergen (42%)**
  Expanded with a new multi-storey car park of approximately 19,500 square metres containing around 350 parking spaces.
- **Amfi Sogningen, Sogndal (50%)**
  This project involved the addition of around 4,500 square metres of retail space.
- **Amfi Moa, Ålesund.**
  Expansion with 5,700 square metres of retail space.
- **Calmeyers gate 8b, Oslo**
  A combined commercial and residential building of 2,700 square metres in the centre of Oslo.
- **Mart'n Senteret, Elverum (50%)**
  First sub-stage of an expansion of 6,800 square metres of retail space.

PROPERTY PROJECTS UNDER CONSTRUCTION

- **Mart'n Senteret, Elverum (50%)**
  During 2013, the second sub-stage of the addition of 6,800 square metres of retail space will be completed.
- **Sørlandssenteret, Kristiansand (50%)**
  Construction stage 2, involving approximately 33,000 square metres of retail space, will be completed during 2013
- **Sartor Storsenter, Fjell**
  In 2014, the Group's share of this centre will be increased through the addition of 2,800 square metres of retail space.
- **Råholtsenteret, Eidsvoll (50%)**
  This centre is being expanded by approximately 10,000 square metres of retail space, with the project being due for completion in 2014.

FINANCES AND FINANCING

A key element in the Group's financial strategy is the policy of maintaining a sound financial position with a high equity ratio and substantial liquidity reserves.

Such a strategy is intended to help reduce financial risk and to provide the Group with financial freedom of action to be able to capitalise quickly on investment opportunities.

At the year-end, the Group had interest-bearing debt of NOK 14,298 million (14,024).

OLAV THON EIENDOMSSELSKAP / ANNUAL REPORT 2012

The Group's debt portfolio consists of long-term credit lines arranged with Nordic banks and loans raised directly within the Norwegian capital market.

Access to financing in the bank and capital market is still considered to be good, and in 2012 new long-term bank loans were raised totalling NOK 1,652 million, in addition to three long-term bond loans totalling NOK 990 million and ten short-term certificate loans totalling NOK 1,820 million.

At the year-end, total loans and credit lines amounted to NOK 18,135 million (18,265).

The Norwegian capital market is an important source of financing, and at the year-end the Group had outstanding bond and certificate debt of NOK 3,410 million (2,615).

The Group's debt at the year-end had an average remaining life of 3.6 years (4.4 years).
Of the debt, 18% falls due for payment in 2013, and the refinancing requirements could be covered in their entirety using the existing liquidity reserves.

OLAV THON EIENDOMSSELSKAP'S RISK FACTORS

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

- **Market risk**
- **Financial risk**
- **Operational risk**

MARKET RISK

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

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

Changes in the market's yield requirement employed in connection with property sales and market rent for the properties have a direct effect on property values.

THE MARKET FOR COMMERCIAL PROPERTY

Growth in the Norwegian economy was relatively high in 2012, and most areas of the Norwegian economy experienced positive development.

Demand for commercial property was high, and the transaction volume in the Norwegian property market is the highest since 2007.

Therefore, 2012 was another good year for commercial property.

THE RENTAL MARKET

In general, rental prices for shopping malls indicated a stable or slightly upward trend.

The vacancy rate in the office market in Oslo exhibited a slight falling tendency, while rental prices showed a weak rising tendency.

THE TRANSACTION MARKET

The total volume of transactions in the market for commercial property (with a value of over NOK 50 million) increased by over 50% since 2011, and the level of around NOK 55 billion reached its highest level since 2006. Prices for the largest and most attractive properties continued to exhibit a rising trend.

The major factor behind this price rise for the most attractive properties was a drop in the yield requirement on investments for this type of property.

THE GROUP'S MARKET RISK

Shopping malls generate 79% of the Group's rental income, with most coming from malls in the major towns and cities. A substantial proportion of lessees are international and national chains within the retail sector, and the lease agreements have a balanced maturity structure.

Growth in consumer spending in Norway during 2012 remained at a relatively low level, and the Group's own shopping malls recorded a turnover growth roughly in line with the performance of the Norwegian retail sector. A further rise in consumer spending is also anticipated in the future, and the operating conditions for the Group's shopping mall and centrally located commercial properties are therefore regarded as positive.

Commercial properties in the Oslo region generate 21% of the rental income, the majority of which are office properties. The properties are leased to a large number of lessees from various sectors, and the lease agreements also have a balanced maturity structure in this segment.

The risk of a significant increase in vacancy rates and a substantial fall in this part of the portfolio is considered to be moderate. Sensitivity linked to the way in which a change in yield requirement and rental incomes impacts on property values and financial solidity is discussed in note 16 (Norwegian Annual Report)

FINANCIAL RISK

The greatest financial risk for Olav Thon Eiendomsselskap is related to the Group's access to and the price of financing in the banking and capital market.

The price of financing depends on the short-term and long-term market interest rates and the specific credit margin which the Group must pay. The credit margin is linked to the Group's credit rating and the general credit supply and demand situation.

INTEREST RATE DEVELOPMENTS

Both the short-term and long-term market interest rates fell substantially through 2012. The short-term market rate (3 mth. NIBOR) fell to 1.83% (2.89), while the long-term market rate (10-year swap) fell to 3.13% (3.54).

THE CREDIT MARKET

The indicated credit margin for Olav Thon Eiendomsselskap's five-year bond loans rose to 1.5% (1.4), while the credit margin for certificate loans with a 12-month term increased to 0.3% (0.0).

The Group's financial risk can be broken down into:

- **Liquidity risk**
- **Interest rate risk**
- **Credit risk**

LIQUIDITY RISK/REFINANCING RISK

Liquidity risk is linked to the Group's ability to fulfil payment and other debt obligations as they fall due.

This risk is mitigated by having substantial available liquidity reserves, a moderate loan-to-value ratio, long-term loan agreements and using various financing sources and markets.

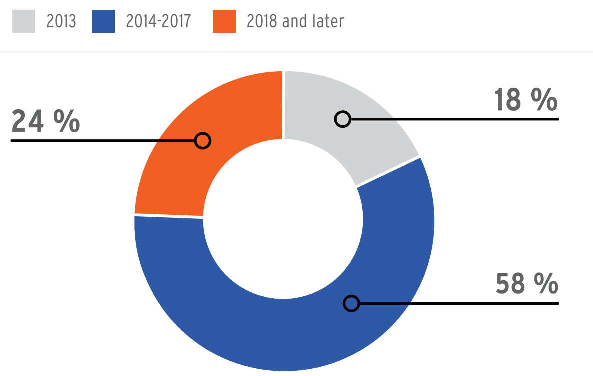
The liquidity reserve is adapted to future financing requirements in both a short-term and a medium-term perspective.

At the year-end, the Group's liquidity reserve stood at NOK 4,438 million (4,988) and consisted of short-term investments of NOK 635 million (746) and unutilised long-term credit lines of NOK 3,803 million (4,241).

The risk linked to refinancing of the short-term certificate loans issued in the capital market has been mitigated through the establishment of long-term credit lines in the banking market which the Group can use if the certificate market should not function satisfactorily.

The Group's long-term interest-bearing debt of NOK 14,298 million (14,024) has the following repayment profile:

PAYMENT STRUCTURE



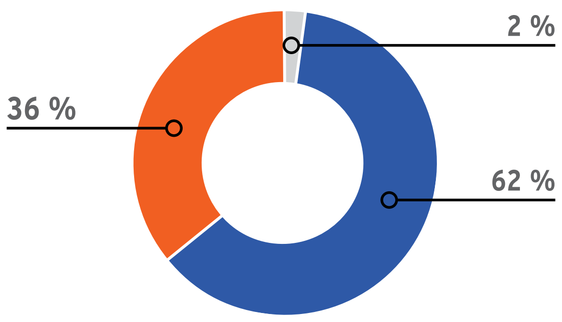
18% of interes-bearing debt falls due during the next 12 months, while the average remaining life is 3.6 years.

At the year-end, the debt portfolio had an average remaining life of 3.6 years (4.4). Of the debt, 18% (19%) falls due within one year, and the refinancing requirement could be covered by existing liquidity reserves.

The Group's unused credit lines have the following maturity structure:

CREDIT LINES

2013 | 2014-2017 | 2018 and later



2% of unutilised credit lines fall due over the next 12 months, while the average remaining life is 4.2 years.

INTEREST RATE RISK/DEVELOPMENTS IN THE VALUE OF THE GROUP'S FINANCIAL INSTRUMENTS

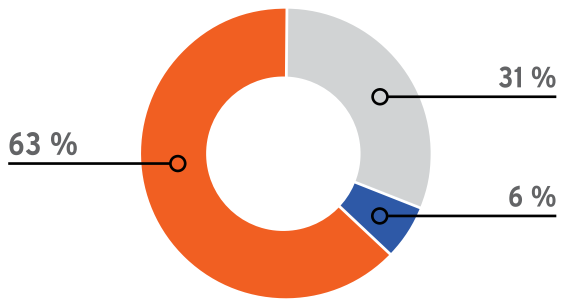
The interest rate risk is linked to changes in cash flow, financial results and equity as a result of interest rate changes in the short-term and long-term interest rate markets.

The risk is partly managed through the use of financial instruments which are adapted to the Group's interest rate expectations and objectives for interest rate risk. For example, the cash flow impact of interest rate changes in the short-term interest rate market is reduced by having a proportion of long-term interest rate guarantees.

At the year-end, the Group had the following interest rate maturity structure:

INTEREST RATE MATURITY STRUCTURE

2013 | 2014-2017 | 2018 and later



31% of interest-bearing debt will be subject to interest rate adjustment during the next 12 months, while the average interest rate guarantee period is 5.3 years.

At the year-end, the average fixed interest rate term was 5.3 years (5.4), and the average interest rate for the portfolio of loans and financial instruments was 4.7% (4.8%).

The Group's financial instruments (interest rate swaps) are recorded at market value as at the balance sheet date.

Interest rate swaps are primarily used to secure the Group long-term interest rate guarantees and a stable cash flow. If the agreed fixed interest rate deviates from the market rate, an increase or reduction in value will arise which is recognised as an income or a expense in the profit and loss account.

At the year-end, the Group's portfolio of long-term interest rate swaps established for this purpose was approx. NOK 9,972 million (9,120) and had a market value of NOK -1,309 million.

It is estimated that a change of one percentage point in the long-term interest rate would result in a change in the market value of approx. NOK 850 million.

It is estimated that a change of one percentage point in the short-term interest rate would result in a change in the Group's average interest rate of approx. 0.3 percentage points. In such a case, net annual interest rate costs would change by around NOK 40 million.

CREDIT RISK

The Group's credit risk largely relates to the risk of incurring losses as a result of the lessees failing to pay the agreed rent.

The properties are let to a large number of lessees from various sectors, and good routines have been established in connection with the establishment and follow-up of lease agreements.

In recent years, the Group has suffered relatively low losses on rent claims, and the risk of the Group suffering substantial losses as a result of bankruptcies among its lessees is considered to be moderate.

OPERATIONAL RISK

The Group's operational risk is primarily linked to the failure of employees and operational management systems to function as expected.

Management of the Group is organised so that the risk linked to the activities and absence of individuals is relatively low, and the Group's management systems are considered to be robust.

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

OUTLOOK

Growth in the global economy remains at a relatively low level.

Most areas of the Norwegian economy are developing positively, but growth in the Norwegian economy is now declining. Nevertheless, uncertainty in the international economy is contributing to Norges Bank's decision to maintain the interest rate at 1.50%.

During 2012, the shopping malls owned by the Group recorded an organic growth in turnover of approx. 2%, roughly in line with developments in the Norwegian retail sector.

A further rise in consumer spending is anticipated in Norway during the coming period and the operating conditions for the Group's shopping malls are therefore regarded as positive.

The vacancy rate in the office market is falling slightly and rental prices show a stable or slightly rising trend. The office rental market is considered to be cyclically sensitive, and with a strong Norwegian economy, the positive development is expected to be maintained in the future.

Despite the ongoing uncertainty in the global economy, the Board of Directors considers that Olav Thon Eiendomsselskap's sound market position in the property market and its strong financial position will contribute to further satisfactory development in the company's profits in the future.

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.

STATEMENT OF COMPREHENSIVE INCOME / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Amounts in NOK million)	2012	2011
Gross rental income	1,986	1,889
Other property operating income	501	496
Property operating expenses	-685	-685
Net rental income	**1,802**	**1,700**
Fair value adjustments - investment properties	902	555
Share of profit of associates	18	54
Other operating income	459	448
Other operating expenses	-363	-365
Administrative expenses	-112	-101
Depreciations property, plant and equipment	-11	-12
Net operating result	**2,697**	**2,280**
Financial income	23	19
Interest rate derivatives	-356	-580
Financial expenses	-678	-668
Result before tax	**1,686**	**1,051**
Deferred tax expenses	-317	-204
Income tax expenses	-151	-77
Taxes	**-468**	**-281**
Net profit	**1,218**	**769**
Other comprehensive income and expenses	0	0
Total comprehensive income	**1,218**	**769**
Total comprehensive income attributable to:		
Owners of the parent	1,119	738
Non-controlling interests	99	31
Earnings per share (in whole NOK)	105,12	69,35
Earnings per share, diluted	105,12	69,35

STATEMENT OF FINANCIAL POSITION / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Amounts in NOK million)	2012	2011
ASSETS		
Deferred tax assets	390	287
Investment property	30,490	28,304
Other fixed assets	74	61
Associated companies	329	333
Other investments	58	60
Non-current assets	**31,341**	**29,045**
Trade receivables and other current assets	796	831
Cash and cash equivalents	635	746
Total current assets	**1,431**	**1,578**
Total assets	**32,772**	**30,623**
EQUITY AND LIABILITIES		
Majority's share of shareholders' equity	11,289	10,039
Non-controlling interests	262	169
Total equity	**11,552**	**10,208**
Deferred tax liabilities	4,277	4,133
Loans and borrowings	13,032	12,276
Current liabilities	3,912	4,005
Total liabilities	**21,220**	**20,415**
Total equity and liabilities	**32,772**	**30,623**

STATEMENT OF CASH FLOWS / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Amounts in NOK million)	2012	2011
Profit for the period	1,686	1,051
Change in fair value of investment properties	-902	-555
Change in fair value of interest rate derivatives	356	580
Expensed interest	678	668
Interest paid	-720	-693
Share of profit of associates	-18	-54
Income tax paid	-72	-25
Depreciation	11	12
Change in employee benefits	-2	-1
Other changes in working capital	229	270
Cash flows from operating activities	**1,245**	**1,252**
Proceeds from sale of property	1	1
Acquisition of property	-926	-701
Proceeds from sale of other investments	0	107
Acquisition of other investments	-314	-100
Cash flows from investing activities	**-1,239**	**-693**
Proceeds from issuing of borrowings	4,580	3,647
Repayment of borrowings	-4,590	-3,950
Dividends paid	-106	-106
Cash flows from financing activities	**-117**	**-410**
Net change in cash and cash equivalents	-111	149
Cash and cash equivalents as at 1 January	746	597
Cash and cash equivalents as at 31 December	**636**	**746**
Unutilised liquid reserves	3,813	4,251

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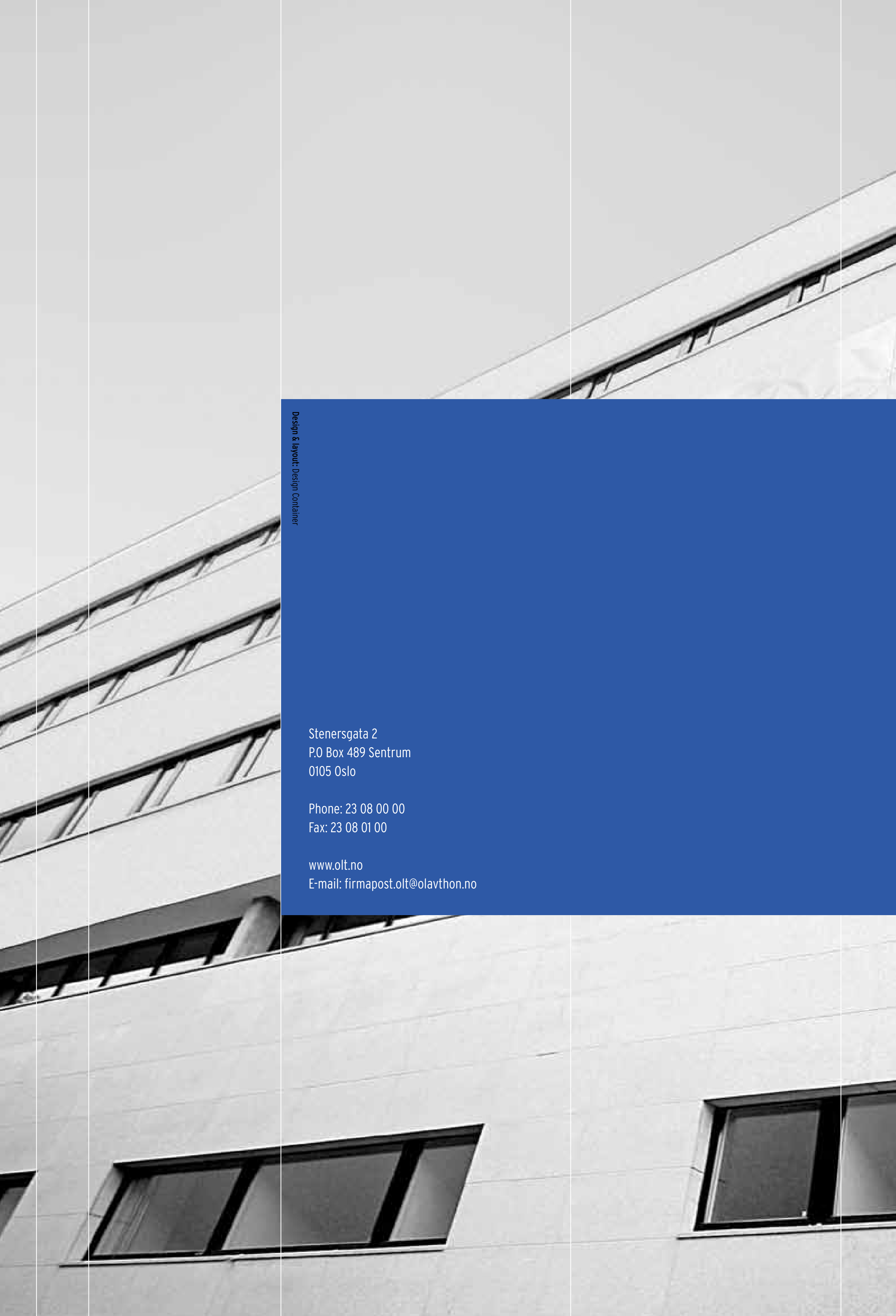
STATEMENT OF CHANGES IN EQUITY / GROUP

OLAV THON EIENDOMSSELSKAP ASA (Beløp i millioner kroner)	Attributable to shareholders in the parent company		Retained earnings	Non-controlling interests	Total
	Share capital	Reserves			
Shareholders' equity as at 31.12.2010	**106**	**318**	**9 045**	**186**	**9 656**
Total comprehensive income			738	31	769
Dividends paid			-106	-	-106
Acquisition of companies			-63	-48	-111
Shareholders' equity as at 31.12.2011	**106**	**318**	**9 614**	**169**	**10 208**
Total comprehensive income			1 119	99	1 218
Reversal of previously recorded deferred tax			255		255
Dividends paid			-106	-	-106
Acquisition of companies			-17	-6	-23
Shareholders' equity as at 31.12.2012	**106**	**318**	**10 865**	**262**	**11 552**



OLAV THON EIENDOMSSELSKAP

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