OLAV THON GRUPPEN

The Olav Thon Group Annual Report 2013

Strengthened portfolio

Thon Eiendom is the country's leading private property player

Growing market

Thon Hotels is Norway's third largest hotel chain

Olav Thon Group in 2013

FINANCIAL MATTERS

Pre-tax profit amounted to NOK 1.5 billion.

Book equity increased to NOK 10.5 billion, while the equity ratio was 28 %. Net asset value is considered to be considerably higher.

Liquidity reserves at the year-end had risen to NOK 8.9 billion.

THE PROPERTY SECTOR

The rental value of the property portfolio rose by 8 % to NOK 4.2 billion, while the vacancy rate remained unchanged at 2 %.

Thon Eiendom managed eight of the country's ten largest shopping centres. The Group's position as Norway's largest shopping centre player was strengthened through the acquisition of holdings in six shopping centres and the substantial expansion of a further four shopping centres.

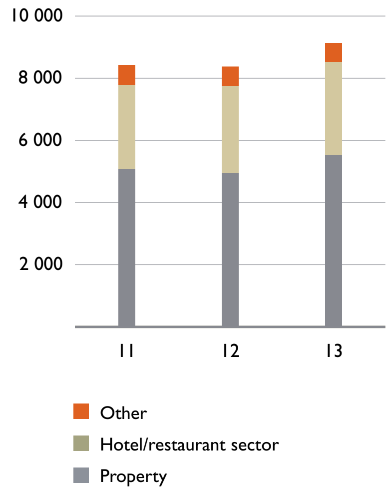
The turnover in the shopping centre portfolio owned by the Group rose by 6 % to NOK 50.3 billion, split between 65 centres in Norway and three centres in Sweden. In addition, 30 shopping centres are managed on behalf of external owners.

THE HOTEL SECTOR

Revenue per available room (RevPAR) rose by 3 % to NOK 461.

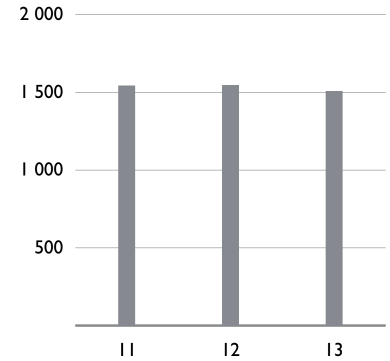
At the year-end, **Thon Hotels** had around 10,750 rooms, split between 63 hotels in Norway, five in Brussels, one in Rotterdam and one in Sweden.

TURNOVER[1] (NOK MILLION)



[1] Including internal sales

PRE-TAX PROFIT (NOK MILLION)



Key figures

"The Group's position as Norway's leading shopping centre player was strengthened further during 2013"

NOK million	2013	2012	2011
Operating result	2 526	2 481	2 494
Pre-tax profit	1 509	1 548	1 544
Book equity	10 546	10 167	9 085
Book equity ratio	28 %	28 %	26 %
Liquidity reserves [1]	8 923	8 412	8 826
Net cash flow from operations [2]	1 815	1 909	1 836
Interest-bearing debt	23 026	21 650	20 868
Interest rate as at 31 December (loans in NOK)	4.64 %	4.84 %	4.76 %
Net investments	2 486	2 409	1 702
Rental value [3]	4 200	3 900	3 685
Shopping centre turnover [4]	61 469	60 485	57 863
RevPAR (revenue per available room)	461	447	464

Revised accounting policies, etc. have meant that some figures differ from those given in previous annual reports.

[1] Bank deposits, etc. + Unutilised borrowing facilities
[2] Net cash flow from operational activities - Change in working capital and other accruals
[3] Including share of rental income from associated companies
[4] Owned and/or managed shopping centres

PRE-TAX PROFIT (NOK MILLION)

1 509

BOOK EQUITY RATIO

28 %

TURNOVER, SHOPPING CENTRES [4] (NOK MILLION)

61 469

OLAV THON GRUPPEN

This is the Olav Thon Group

The Olav Thon Group is a collective term for businesses indirectly owned by the Olav Thon Foundation, and primarily operates within the property and hotel sector.

In 2013, the Olav Thon Group recorded a turnover of NOK 8.3 billion and employed 3,147 full-time equivalents at the year-end. The Group is divided into two divisions: Thon Eiendom and Thon Hotels.

Thon Eiendom

The Group owns around 480 properties in Norway and 25 abroad. The Group also has around 40 properties at its disposal on long-term leases. As at 1 January 2014, the rental value was NOK 4,200 million.

"The Olav Thon Group recorded a turnover of NOK 8.3 billion in 2013."

Based on rental value, the property portfolio is divided as follows:

- Retail 64 %
- Hotels 15 %
- Offices 14 %
- Other 7 %

The portfolio is distributed geographically as follows:

- Oslo region 56 %
- Rest of Norway 18 %
- Other Norwegian cities 17 %
- Abroad 9 %

In 2013, the total turnover in the Group's 98 shopping centres (owned/managed) was NOK 61.5 billion, which represents an increase of 2 % over the previous year.

Thon Hotels

Thon Hotels is one of Norway's leading hotel chains and at the turn of the year had around 9,000 rooms split between 63 hotels, in addition to1,750 rooms split between five hotels and two apartment hotels in Belgium, along with one hotel in the Netherlands and one in Sweden.

Thon Hotels is a dominant player in the Oslo and Bergen city regions, with business travel as its main focus area.

In addition to the hotels' catering services, the Group operates several catering establishments, including the Scotsman, Tre Brødre and Tostrup Utesevering in Oslo.

Other businesses

Other businesses account for a minor part of the Group's revenue and profits. The largest entity is Unger Fabrikker, an industrial company.

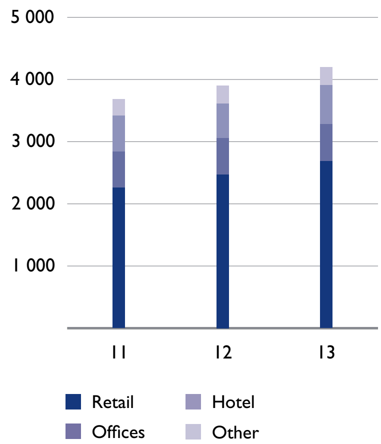
Establishment of the Olav Thon Foundation

The Olav Thon Foundation was established in December 2013, and Olav Thon gave all the shares in the Olav Thon Group to the Foundation.

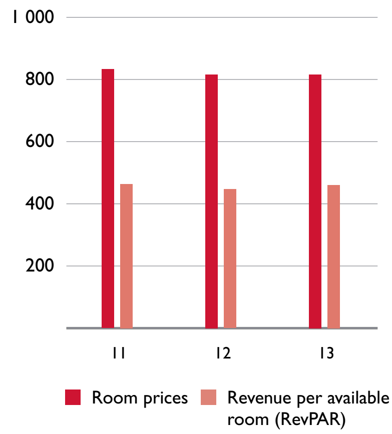
Olav Thon Gruppen AS is the parent company of the Olav Thon Group (the Group), which encompasses the businesses owned through the two sub-groups: Thon Holding and Olav Thon Eiendomsselskap.

Up to and including 2012, the Olav Thon Group was not a legal group, but a collective term for the businesses owned by Olav Thon, including the single proprietor enterprise Olav Thon. These are no longer part of the Olav Thon Group and the figures in the annual report have been reworked so that they are comparable.

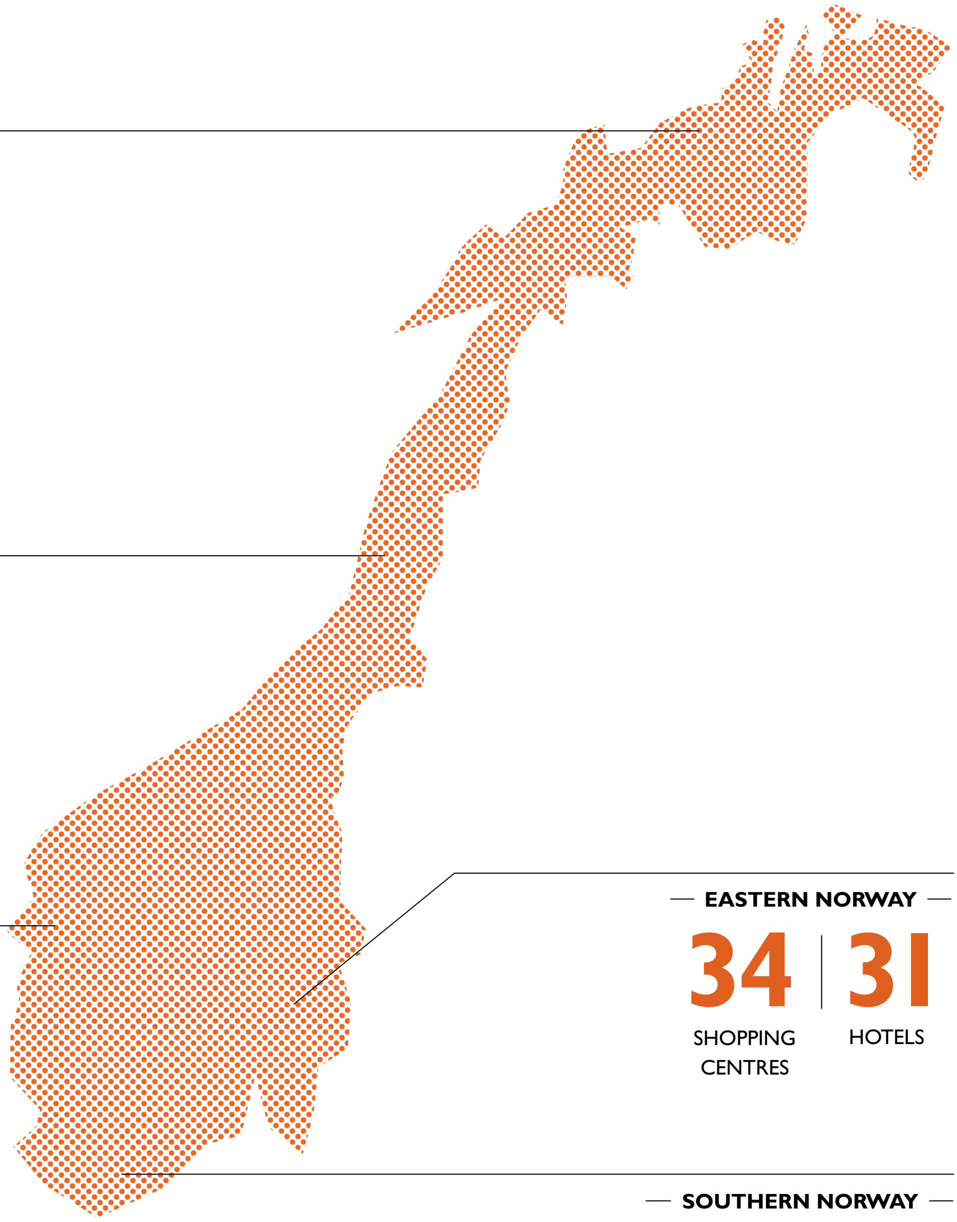
RENTAL VALUE
THON EIENDOM (NOK MILLION)



ROOM PRICES AND REVENUE PER AVAILABLE ROOM THON HOTELS



Geographical scope



NORTHERN NORWAY

14 SHOPPING CENTRES | 13 HOTELS

CENTRAL NORWAY

07 SHOPPING CENTRES | 09 HOTELS

WESTERN NORWAY

33 SHOPPING CENTRES | 08 HOTELS

EASTERN NORWAY

34 SHOPPING CENTRES | 31 HOTELS

SOUTHERN NORWAY

07 SHOPPING CENTRES | 03 HOTELS

SWEEDEN

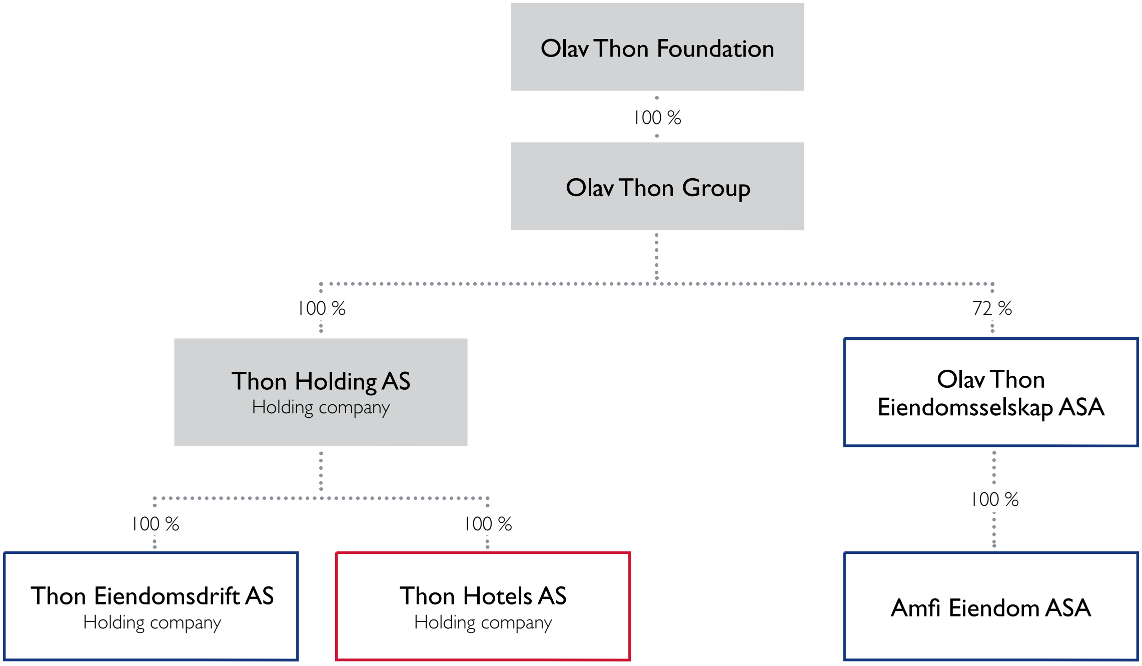
03 SHOPPING CENTRES | 01 HOTELS

BRUSSELS[*)]

08 HOTELS

*) *Five hotels and three apartment complexes.*

Corporate structure 2013



The Olav Thon Foundation was established in December 2013, and Olav Thon gave all the shares in the Olav Thon Group to the foundation. Olav Thon Gruppen AS is the parent company of the Olav Thon Group (the Group), which contains the businesses owned through the two sub-groups: Thon Holding and Olav Thon Eiendomsselskap.

Key figures

(NOK million)	2013	2012	2011
Result			
Rental income (external)	3 402	3 116	3 009
Operating income	8 303	7 641	7 388
Operating result	2 526	2 481	2, 94
Net interest expenses	1 007	965	969
Pre-tax profit	1 509	1 548	1 544
Solvency ratio			
Book equity	10 546	10 167	9 085
Book equity ratio	28 %	28 %	26 %
Total assets	38 101	36 211	34 413
Liquidity			
Liquidity reserves [1]	8 923	8 412	8 826
Amortisation next 12 months	6 791	3 681	4 313
Net cash flow from operations [2]	1 815	1 909	1 836
Net interest-bearing debt/Net cash flow from operations	11.7	10.6	11.0
Interest coverage ratio [3]	3.1	3.2	3.1
Financing			
Interest-bearing debt	23 026	21 650	20 868
Share of foreign currency loans	10 %	10 %	10 %
Remaining loan term (years)	3.6	3.7	4.5
Interest rate as at 31 December (loans in NOK)	4.64 %	4.84 %	4.76 %
Interest rate hedging (over one year)	68 %	69 %	67 %
Property			
Net investments	2 486	2 409	1 702
Rental value [4]	4 200	3 900	3 685
Vacancy rate	2 %	2 %	2 %
Book value of property portfolio	34 017	31 963	30 336
Implicit gross yield	12 %	12 %	12 %
Shopping centre turnover [5]	61 469	60 485	57 863
Hotels [6]			
Hotel rooms	10 810	10 522	9 585
RevPAR (revenue per available room)	461	447	464
Room price	816	816	833
Occupancy rate	56 %	55 %	56 %

Revised accounting policies, etc. have meant that some figures differ from those presented in previous annual reports.

[1] Bank deposits, etc. + Unutilised borrowing facilities
[2] Net cash flow from operational activities - Change in working capital and other accruals
[3] (Operating result + Ordinary depreciation/write downs)/Net interest expenses
[4] Including share of rental income from associated companies
[5] Owned and/or managed shopping centres
[6] Thon Hotels

Annual Report 2013

Despite the sluggish development in the Norwegian economy, the Olav Thon Group once again recorded a solid financial result in 2013. A sharp rise in the Group's maintenance costs has meant a somewhat lower financial result compared with the previous year.

The key points of the Group's 2013 annual report are as follows:

OPERATING INCOME

The Olav Thon Group's operating income amounted to NOK 8,303 million (7,641).

PROFIT

Pre-tax profit amounted to NOK 1,509 million (1,548).

TOTAL EQUITY

Book equity rose to NOK 10,546 million (10,167) and the equity ratio was 28 % (28). Net asset value is considered to be considerably higher.

PROPERTY PORTFOLIO

At the year-end, the rental value of the property portfolio was NOK 4,200 million (3,900), and the vacancy rate was 2 % (2).

SHOPPING CENTRE TURNOVER

Turnover in the shopping centre portfolio owned by the Group increased by 6 % to NOK 50.3 billion.

THON HOTELS

Revenue per available room (RevPAR) rose by 3 % to NOK 461 for Thon Hotels.

LIQUIDITY RESERVE

The Group's liquidity reserve at the year-end was NOK 8,923 million (8,412).

Olav Thon Group

Olav Thon Gruppen AS (formerly Thon Gruppen AS) is the parent company of the Olav Thon Group. The Olav Thon Group's operational activities are owned and managed through the two sub-groups: Thon Holding and Olav Thon Eiendomsselskap. The annual reports for the sub-groups are available at www.olavthon.no and www.olt.no.

The terms used hereinafter should be interpreted as follows:

- Olav Thon Group:
  The Olav Thon Group
- Olav Thon Gruppen AS:
  The parent company to the Olav Thon Group

Reference is also made to the figure illustrating the group structure on page 6.

The Olav Thon Group to December 2013

Up to and including 2013, the Olav Thon Group was not a group in a legal sense, but a collective term for the businesses owned by the private individual Olav Thon. This included Olav Thon Gruppen AS (formerly Thon Gruppen AS), the single proprietor enterprise Olav Thon and Olav Thon's private investments.

The Olav Thon Foundation was established on 10 December 2013 by Olav Thon, and all shares in Olav Thon Gruppen AS (formerly Thon Gruppen AS) were transferred to the Foundation.

"

The Group's pre-tax profit amounted to NOK 1,509 million.

"

"

The Group's operating income during 2013 amounted to NOK 8,303 million.

"

Olav Thon's private investments and single proprietor enterprise Olav Thon are not part of the Olav Thon Group, and all key figures and comparative figures have therefore been reworked.

Statement of annual accounts

The Olav Thon Group's consolidated accounts have been prepared in accordance with Norwegian accounting rules (NGAAP), and the accounting policies have been applied consistently for all periods that are covered.

The Board of Directors confirms that the conditions for the going concern assumption are met in accordance with the requirements of the Norwegian Accounting Act. The 2013 annual accounts have been prepared on the basis of this assumption.

No circumstances have arisen since the end of the financial year which significantly affect the assessment of the Group's position and results as at 31 December 2013.

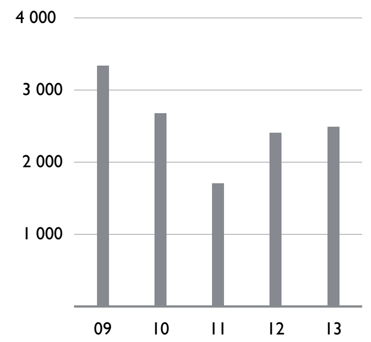
Income statement and balance sheet summary

The Olav Thon Group's operating income was NOK 8,303 (7,641), and the pre-tax profit amounted to NOK 1,509 (1,548).

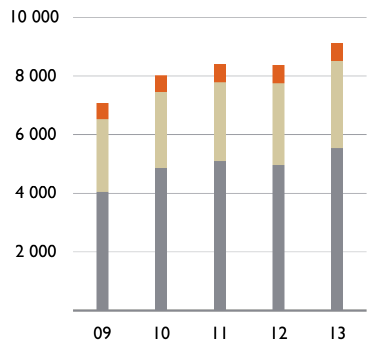
At the year-end, the Group's assets had a book value of NOK 38,101 million (36,211). Book equity amounted to NOK 10,546 million (10,167) and the equity ratio was 28 % (28).

The Group's equity was reduced by NOK 463 million in December as a result of a

PRE-TAX PROFIT (NOK MILLION)



OPERATING INCOME 1)
(NOK MILLION)



Other
Hotel/restaurant sector
Property
1) Including internal sales

reduction of capital in the subsidiary Thon Eiendomsdrift AS. See Note 17 for details regarding changes in equity.

The rental income from the properties indicates a gross return (gross yield) on book value of 12 %, and therefore the net asset value is considered to be significantly higher than the book equity.

Operating income and expenses

The Group's operating income rose by 9 % in 2013 to NOK 8,303 million.

This growth can be explained by an increase in operating incomes in both the hotel and property sectors.

Further information on the Group's business areas can be found on pages 5-8 of the annual report.

Sales income from property projects amounted to NOK 304 million (215). Production costs for the properties amounted to NOK 270 million (171) and the net gain from the sale of properties was therefore NOK 34 million (44).

Ordinary depreciation amounted to NOK 571 million (528).
Salary costs amounted to NOK 1,312 million (1,212), and increased as a result of both general wage increases and an increase in the number of full-time equivalents.

Costs associated with maintenance and refurbishment of the property portfolio amounted to NOK 587 million (450).

Total operating expenses amounted to NOK 5,777 million (5,160), and the Group's operating result in 2013 was therefore NOK 2,526 million (2,481).

Financial items

The Group's net financial items (excluding the financial results of associated companies) have been expensed in the amount of NOK 1,043 million (955).

Net financial expenses increased from 2012 as a result of both an increase in average debt (+NOK1,200 million) and the development in exchange rates with respect to the Norwegian kroner.

Net currency losses of NOK 37 million in 2013 have been expensed, while in 2012 currency gains of NOK 24 million were recognised as income.

Net share gains of NOK 28 million were recognised as income (0).

The profit of associated companies amounted to NOK 26 million (22).

Cash flow and liquidity

During 2013, net cash flow from operations was NOK 1,815 million (1,909), while change in working capital amounted to NOK -19 million (-44). Therefore, total cash flow from operations amounted to NOK 1,796 million (1,865).

Investment activities generated a net cash flow of NOK -2,356 million (-2,322), while financing activities contributed NOK 845 million (273). The net effect of exchange rate changes was NOK -112 million (+17). Therefore, during 2013, the Group's liquid assets increased by NOK 174 million (-168).

At the year-end, the Group's liquidity reserve stood at NOK 8,923 million (8,412) and consisted of short-term investments of NOK 1,162 million (1,034) and committed long-term credit lines of NOK 7,760 million (7,378).

Parent company accounts and distribution of the profit for the year

The accounts for the parent company Olav Thon Gruppen AS have been prepared in accordance with Norwegian accounting rules (NGAAP).

The parent company's revenue consists of net financial income associated with loans to subsidiaries, and following the deduction of operating expenses, the pre-tax profit amounted to NOK 91 million (78).

Following deductions for computed taxes, the annual profit was NOK 88 million (75), and the Board of Directors proposes that the parent company's profit for the year be distributed as follows:

Dividend:	NOK 100 million.
Transferred from other equity:	NOK -12 million
Allocated net profit:	NOK 88 million

At the year-end, the parent company's assets had a book value of NOK 930 million (842). Book equity amounted to NOK 750 million (839) and the equity ratio was 81 % (100).

Organisation and working environment

The Olav Thon Group 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 abovementioned conditions and the working environment in general to be satisfactory.

At the end of 2013, 3,147 full-time equivalents (3,125) were employed by the Olav Thon Group. At the same time, the parent company Olav Thon Gruppen AS had no employees.

The full-time equivalents were split between 2,740 in Norway, 336 in Belgium, 29 in the Netherlands and 42 in Sweden. Of the Group's employees, 51 % are women and 49 % are men.

The company's Board of Directors consists of six men and one woman.

Absence due to illness during 2013 amounted to 5.5 % (5.5).

There were no occupational 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 that operations cause to the external environment, for instance by following environmentally friendly procedures in its operational activities.

A focus on the environment is a natural and integral part of operations within the Olav Thon Group. Emphasis is placed on environmentally friendly measures in the Group's own activities and as regards the lessees' use of the properties.

Significant parts of the property portfolio have been 'Eco-lighthouse Program-certified' as a part of the Group's targeted work concerning health, safety and the environment (HSE).

This means that many specific environmental measures have been implemented. Examples of measures include waste reduction, environmentally friendly waste management, the purchase of environmentally beneficial products and substantial energy savings.

Thon Hotels has developed 'Green Conferences' in a number of the Group's conference hotels in cooperation with the Eco-Lighthouse Program and climate partners. There are strict requirements in order to be able to offer Green Conferences. Among other things, conference organisers must submit a climate action plan for their own operations, and prioritise the serving of local organic food.

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 spaces are made through refurbishment, maintenance and new-build.

The operations satisfy the requirements that have been established as regards limiting pollution of the external environment.

Corporate social responsibility

The Olav Thon Group has established guidelines concerning corporate social responsibility.

The Group works systematically with regard to corporate social responsibility within the areas of human rights, working conditions, the environment, anti-corruption and social responsibility.

The Group is affiliated to the UN's Global Compact and Global Reporting Initiative, which is a network for companies seeking to actively promote sustainable development.

For further information regarding corporate social responsibility within the Olav Thon Group, please refer to pages 32 and 33 of the Norwegian 2013 annual report and the website www.olavthon.no.

Business areas

Property

The market for commercial property in 2013

Growth in the Norwegian economy declined significantly during 2013, and the Norwegian economy is now experiencing an economic downturn.

Despite the lower growth rate in the Norwegian economy, 2013 was a good year for commercial property, partly as a result of better access to debt capital.

The rental market

In general, rental prices for shopping centres indicated a stable development.

The key trend in the office market in Oslo was a slight rise in the vacancy rate, but rentalprices continued to show an upward trend.

Since 2010, office rental prices in the Oslo area have risen by around 20-30 %, with the highest price growth occurring in the central office areas.

The transaction market

The total volume of transactions in the market for commercial property with a value of over NOK 50 million fell during 2013 by 20 % from the previous year to NOK 42 billion. This decline is primarily explained by the fact that there were fewer large transactions in 2013 compared with the previous year; however, a larger number of transactions have been completed.

"The rental value of the Group's property portfolio increased by 8 % to NOK 4,200 million in 2013."

The prices showed a stable tendency, with a slight upward trend for the largest and most attractive properties.

The major factor behind this price rise for the most attractive properties was a drop in the return (yield) requirement and an increase in rent expectations.

The property sector
Total operating income from the property sector amounted to NOK 5,526 (4,947) in 2013 (including internal sales).

The increase over last year is explained by both increased rental income and higher incomes from property projects under construction.

The Group's external rental income rose by 9 % to NOK 3,402 million, as a result of completed property projects and a general increase in rents in the property portfolio.

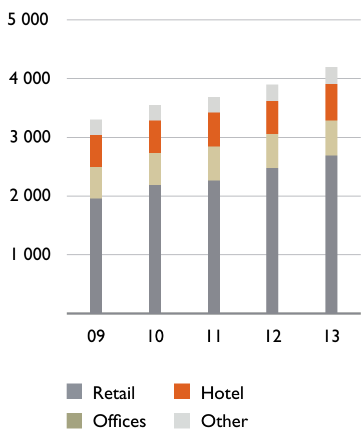
Sales income from property projects amounted to NOK 304 million (215).

At the year-end, the Olav Thon Group's property portfolio had a rental value of NOK 4,200 million (3,900). The vacancy rate remained at a low level and at the year-end was 2 %.

The property portfolio is broken down into the following segments (measured according to rental value):

- Retail 64 %
- Hotels 15 %
- Offices 14 %
- Other 7 %

RENTAL VALUE (NOK MILLION)



The portfolio is distributed geographically as follows:

- Oslo region 56 %
- Rest of Norway 35 %
- Outside Norway 9 %

The lease agreements have a balanced expiry structure, with an average remaining life of around four years.

Shopping centre property
At the year-end, the shopping centre property comprised 97 shopping centres, of which 30 were managed for external owners (including two centres owned by Olav Thon)

The Group's market position in the Norwegian shopping centre market is strong, and the portfolio includes Norway's three largest, as well as no fewer than eight of the country's ten largest shopping centres in 2013.

Shopping centres owned by the Group
The rental value of the shopping centre properties rose in 2013 to around NOK 2,500 million (2,300).

Total store turnover in the centres rose by 6 % to NOK 50.3 billion.
Store turnover in the Group's 64 Norwegian shopping centres amounted to NOK 44.5 billion (41.7).

The growth in turnover of 7 % is primarily due to new shopping centre areas, and organic growth in 2013 is estimated to be 0.5 %, in line with the general development of the Norwegian retail sector.

"

The total turnover for the Group's own shopping centres was NOK 50.3 billion in 2013.

"

In Sweden, the total turnover for the three owned shopping centres was SEK 6.4 billion (6.5).

Shopping centres managed for other owners
Store turnover in centres managed on behalf of other owners amounted to NOK 11.2 billion (13.2). Store turnover in this part of the portfolio fell as a result of a major management contract terminating during the first half of 2013.

Hotels

The Norwegian hotel market in 2013
Demand for hotel rooms in Norway for 2013 was stable, and the number of overnight stays was 19.8 million, unchanged from 2012. However, there was an increase in hotel capacity, and the number of hotel rooms in Norway rose by 3 % from 2012.

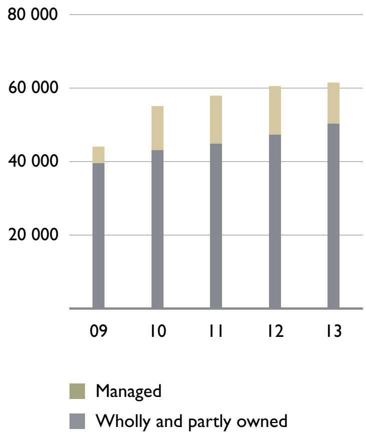
The average room price increased by 1 % to NOK 884, while the average occupancy rate fell by 0.2 percentage points to 52.4 %. The key RevPAR figure increased by 1 % on the previous year to NOK 463.

Developments in Oslo were somewhat better than the national average, and the RevPAR figure increased by 2 % to NOK 603.

The hotel market is divided into three main segments, each with the following share of the total market in 2013:

- Holiday and leisure market 48 %
- Individual business travellers 39 %
- Course and conference market 13 %

SHOPPING CENTRE TURNOVER (NOK MILLION)



The main segments displayed different trends during 2013.

The business market, divided into the segments 'individual business travellers' and 'course and conference travellers' increased by 0.5 % and 0.9 % respectively, while the 'holiday and leisure market' fell by 1.2 % from the previous year.

The hotel market in Brussels in 2013
The hotel market in Brussels experienced weak development during 2013, and the average room price fell by 11 % to EUR 98 (110). However, the average occupancy rate increased by five percentage points to 72 %, such that the RevPAR figure for hotels in Brussels as a whole fell by 3 % to EUR 71.

The hotel sector
Turnover in the hotel sector (including internal sales) amounted to NOK 2,995 million (2,799). Operating revenue from independent catering activities is included in the turnover figure in the amount of NOK 145 million (154).

Among other things, the growth compared with the previous year is explained by new hotels in Norway and the opening of the Thon Hotel EU in Brussels in April 2012.

Thon Hotels
Thon Hotels is a nationwide hotel chain, which at the year-end had around 9,000 rooms split across 63 hotels in Norway.

The hotel portfolio consists primarily of centrally located city hotels, most of which have been either constructed or refurbished in recent years. Thon Hotels is a dominant player in the Oslo and Bergen city regions, with business travel as its main focus area.

Of the hotels, 54 are managed by the Group, while nine are managed by external franchisees.

In addition to the hotels in Norway, Thon Hotels also has more than 1,750 rooms outside Norway, split between five hotels and two apartment hotels in Brussels, one hotel in Rotterdam and one in Sweden.

In 2013, Thon Hotels Norge had an average room price of NOK 821 (830), while the occupancy rate was 55 % (54 %). Therefore, the key RevPAR figure increased by 2 % to 455 (446).

The turnover for Thon Hotels in Brussels increased by around 7 % over last year, primarily as a result of the opening of Thon Hotel EU in April 2012.

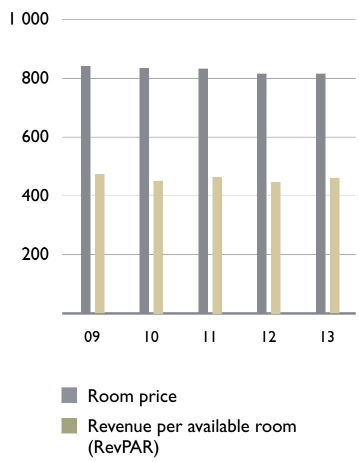
In Brussels, Thon Hotels achieved an average room price of EUR 101 (97), while the occupancy rate increased to 63 % (62). Therefore, RevPAR in Brussels increased by 6 % to EUR 64 (60).

The higher RevPAR figure in both Norway and abroad contributed to a growth in profits for Thon Hotels before the inclusion of internal rents and maintenance costs associated with the ongoing upgrade programme for the hotel portfolio.

Growth was highest in Brussels, although Thon Hotels in Norway recorded a growth in profits compared with 2012.

> "In 2013, Thon Hotels Norge had an average room price of NOK 821, while the occupancy rate was 55 %."

ROOM PRICES AND REVENUE PER AVAILABLE ROOM



Restaurants

The Olav Thon Group owns and manages eight cafés or restaurants outside the hotels. Total turnover in 2013 amounted to NOK 145 million (154). Overall, restaurant operations showed weak development, and measures have been implemented to boost profitability.

Other operations

'Other operations' includes all activity outside the two main areas of property and hotel operations. Total operating income from these businesses in 2013 was NOK 607 million (597).

In 2013, the largest single entity, Unger Fabrikker, recorded a turnover of NOK 391 million (411) and a pre-tax profit of NOK 21 million (11).

Investments

The Group's net investments during 2013 amounted to NOK 2,486 million (2,409) and comprised property acquisitions, investments in property projects under construction and the refurbishment of the existing property portfolio.

Major property acquisitions

During 2013, the Group's position as the country's leading shopping centre player was strengthened further through the acquisition of holdings in the following shopping centres with a total retail area of around 90,000 square metres.

"
The Group's net investments in 2013 amounted to NOK 2,486 million.
"

- Sandens in Kristiansand (50 %)
- Amfi Moss (50 %)
- Mosseporten Senter (50 %)
- Lompen Senteret, Svalbard (75 %)
- Østerås Senter, Bærum (100 %)
- Vestkanten Storsenter, Bergen (holding increased from 70 % to 89 %)

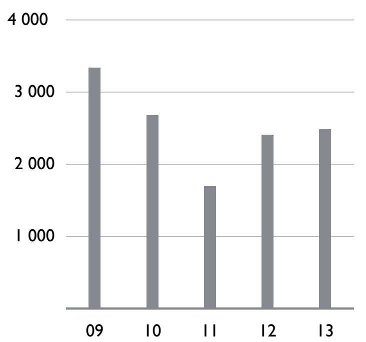
In addition, the Group purchased a 50 % holding in the 'Diagonale' project in Oslo in June. The project includes the construction of an office building and a combined residential and retail property with a total area of around 40,000 square metres. The project is scheduled for completion in 2017/2018.

Property development
Property development represents a significant part of the Olav Thon Group's activities, and 2013 was an active year.

Completed property projects:
Numerous projects were completed during 2014, including:
- Four shopping centres upgraded and expanded by a total of 54,000 sq. m. of new retail space.
- Two residential properties in Strømmen and Lørenskog with a total of 160 apartments completed
- One major refurbishment and new-build project in the centre of Oslo with 42 apartments and 2,500 sq. m. of retail space completed.

Major property projects under construction/refurbishment
At the start of 2014, alterations and expansions/erections are under way at a further eight shopping centres, in addition to

NET INVESTMENT (NOK MILLION)



the refurbishment and construction of several properties in central Oslo.

Major alterations and renewal projects are also being carried out on a number of the Group's hotels.

For a more detailed list of property projects, see pages 20-23 of the 2013 annual report.

Financing
An important element of the Group's financial strategy is the target of maintaining a sound financial position with a high equity ratio and substantial liquidity reserves.

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 banking and capital market improved considerably in 2013 and is now considered to be extremely good.

At the year-end, total external loans and credit lines amounted to NOK 30,786 million (29,028). Of this amount, committed credit lines totalled NOK 7,760 million (7,378). Interest-bearing debt at the year-end thus amounted to NOK 23,026 million (21,650).

The Olav Thon Group is increasingly using the Norwegian capital market as a source of finance and at the year-end the Group had outstanding certificate and bond debt of NOK 8,575 million (5,185). At the year-end, the proportion of the Group's financing that is obtained through the capital market was 37 % (24 %)

At the year-end, the Group's debt had an average remaining life of 3.6 years. 29 % of the debt falls due for payment during 2014, and the refinancing need could be covered in its entirety by existing liquidity reserves.

The Olav Thon Group'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 and hotel market, which in turn is closely tied to the performance of the Norwegian economy.

The property sector

The risk linked to the property sector largely relates to the fact that lower rental prices in the market and/or a higher vacancy rate in the property portfolio would contribute to a fall in rental income.

64 % of the Group's rental income comes from leading shopping centres and central retail properties in Norway, as well as shopping centres in Sweden, primarily aimed at cross-border trade. Growth in consumer spending in Norway remained at a low level during 2013, and the shopping centres recorded turnover in line with the performance of the Norwegian retail sector. Relatively modest growth in consumer spending is also anticipated during the coming period and the operating conditions for the Group's shopping centres are therefore regarded as stable.
Hotel properties generate 15 % of rental income. These properties are largely leased on long-term leases to Thon Hotels, the Group's own hotel chain. The risk of a significant rise in the vacancy rate in the hotel property portfolio is considered to be extremely low. The market risk in the hotel market is discussed later in this report.

Commercial properties in the Oslo region generate 14 % of rental income, the majority being office properties. The properties are leased to a large number of lessees and the leases have a balanced maturity structure.

The risk of a significant rise in vacancy rates and a substantial fall in income in the property portfolio is considered to be moderate.

The hotel sector

Developments in the Norwegian hotel market impact on Thon Hotels, which is a major player in the market. Demand for hotel rooms is closely linked to the general performance of the economy and the competitive situation in the market. The competitive situation in market is also tied to the provision of new hotel capacity.

Growth in Norway fell significantly during 2013 and moderate growth is anticipated in the Norwegian economy in the immediate future. In recent years, considerable new capacity has been added to the Norwegian hotel market, and the market is therefore expected to be relatively sluggish over the next few years.

Based on the continuing weak development of the euro zone, the hotel market in Brussels is also expected to be relatively sluggish in the immediate future.

Financial risk

The biggest financial risk for the Olav Thon Group is linked to the Group's access to and the cost of financing in the banking and capital markets.

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

Interest rate developments

The short-term and long-term market interest rates displayed somewhat divergent trends during 2013. The short-term market rate (three-month NIBOR) fell to 1.69 % (1.83), while the long-term market rate (10-year swap) rose to 3.37 % (3.13).

The credit market

In the capital market, the Olav Thon Group's borrowers are Olav Thon Eiendomsselskap ASA and Thon Holding AS.

The indicated credit margin for Olav Thon Eiendomsselskap's five-year bond loan was reduced to approx. 1.15 % (1.50), while the credit market for certificate loans with a 12-month term increased to 0.45 % (0.30).

Credit margins for Thon Holding in the capital market are normally 0.05-0.10 percentage points higher than for Olav Thon Eiendomsselskap.

"

At the year-end, the Group's liquidity reserves amounted to NOK 8,923 million.

"

The Group's financial risk can be broken down into:
- Liquidity risk
- Interest and exchange rate risk
- Credit risk

Liquidity 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 liquidity reserves available, a moderate loan-to-value ratio and long-term loan agreements and by using various financing sources and markets.

At the year-end, the Group's liquidity reserve stood at NOK 8,923 million (8,412) and consisted of short-term investments of NOK 1,162 million (1,042) and committed credit lines amounting to NOK 7,760 million (7,378).

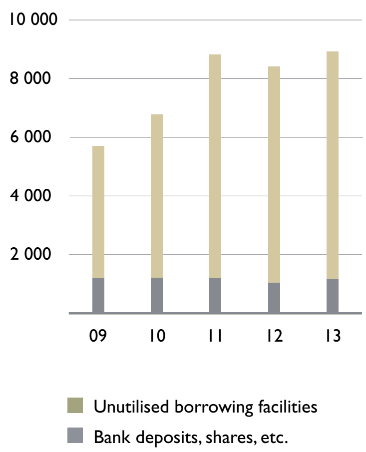
The Group's long-term interest-bearing debt of NOK 23,026 million had an average remaining term of 3.6 years at the year-end. 29 % of the debt falls due for payment within one year, and the refinancing requirement could be covered by existing liquidity reserves.

Interest and exchange rate risk

Interest rate risk refers to changes in the Group's cash flow, financial results and equity as a result of interest rate changes in the short-term and long-term interest rate markets.

Among other things, risk is managed by having a high percentage of long-term interest rate guarantee periods. At the year-end, the percentage of interest rate guarantee periods longer than one year was 68 % (69 %), while the average interest rate guarantee period was 5.0 years (5.6).

LIQUIDITY RESERVES (NOK MILLION)



The Group's average interest rate (including credit margin) was 4.55 % (4.84).

A change of one percentage point in the short-term interest rate level is estimated to result in a change in the average interest rate by around 0.3 percentage points over a three-month period. Such an interest rate increase would increase the annual finance costs by around NOK 70 million.

The Group's interest-bearing debt of NOK 23,026 million is split between the following currencies:

- Norwegian kroner
  90 %, with an average interest rate of 4.6 %
- Swedish kroner
  6 %, with an average interest rate of 4.5 %
- Euro
  4 %, with an average interest rate of 2.5 %

The Olav Thon Group is exposed to financial risk associated with developments in exchange rates in the countries in which the Group has operations in the sense that both the profit and equity will be affected by the exchange rate between the Norwegian kroner and the local currency.

The debt financing for the foreign operation will be carried out in the local currency, while foreign currency exposure associated with equity in the subsidiaries will be partially secured.

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 or hotel customers failing to pay any money owed.

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

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

The global economy is developing positively, but growth remains low.
Growth in Norway fell significantly during 2013, and the Norwegian economy is now experiencing an economic downturn. Moderate growth is expected in the Norwegian economy in the coming period and interest rate rises by Norges Bank have therefore been postponed for the foreseeable future.

Development in the Norwegian retail sector is sluggish and this is reflected in the turnover figures for the shopping centres.

Relatively modest growth in consumer spending is anticipated during the coming period and the operating conditions for the Group's shopping centres are therefore regarded as stable.

The vacancy rate in the office market is increasing somewhat, but rental prices show a slightly rising trend. With weaker development in the Norwegian economy, there is also reason to expect relatively stable developments in the coming period in this property segment.

The hotel market is anticipated to be relatively sluggish in both Norway and Brussels in future as a result of the moderate growth levels anticipated in both Norway and Europe. Due to its strong market position and attractive hotel portfolio, Thon Hotels is however considered to be well placed to continue generating strong financial results in the future.

Despite the lowered expectations regarding the Norwegian economy, the Board of Directors believes that the Group's sound market position in the property and hotel market and its strong financial position will contribute to further satisfactory development in the company's profits going forward.

Income statement

(Amounts in NOK 1 000)		PARENT COMPANY		GROUP	
	Notes	**2013**	2012	**2013**	2012
Rental income		0	0	3 401 911	3 116 059
Room revenue		0	0	1 692 890	1 598 852
Sales of goods		0	0	1 673 507	1 612 190
Other operating income	2.5	0	0	1 534 325	1 313 907
Operating income		**0**	**0**	**8 302 634**	**7 641 008**
Cost of goods	9	0	0	-675 028	-679 361
Salary costs	3	0	0	-1 312 067	-1 211 517
Ordinary depreciation	7	0	0	-571 384	-527 872
Write-down	7	0	0	-23 137	-50 000
Other operating expenses	3,4,5	-1 013	-584	-3 195 213	-2 691 509
Operating expenses		**-1 013**	**-584**	**-5 776 830**	**-5 160 260**
Operating result		**-1 013**	**-584**	**2 525 804**	**2 480 748**
Share of profits of associated companies		0	0	25 732	22 486
Financial income	6	92 262	78 841	116 107	75 647
Financial expenses	6.17	-363	-236	-1 158 800	-1 031 048
Net financial items		**91 899**	**78 605**	**-1 016 961**	**-932 915**
Pre-tax profit		**90 887**	**78 021**	**1 508 842**	**1 547 833**
Tax on ordinary result	15	-3 066	-3 194	-372 434	-425 011
Net profit for the year	16	**87 821**	**74 827**	**1 136 408**	**1 122 822**
Minority's share of profit		0	0	180 921	241 177
Majority's share of profit		0	0	955 487	881 644

Balance sheet as at 31 December

(Amounts in NOK 1 000)		PARENT COMPANY		GROUP	
	Notes	2013	2012	2013	2012
Intangible assets	7	0	0	28 202	26 817
Deferred tax assets	15	0	0	75 921	68 297
Other fixed assets	7	0	0	34 717 090	32 682 572
Investment in subsidiaries	1	365 530	365 530	0	0
Other investments	3,8,14	0	0	651 642	527 869
Non-current assets		**365 530**	**365 530**	**35 472 856**	**33 305 555**
Stocks	9	0	0	232 001	128 558
Trade receivables and other current assets	5.1	564 496	476 302	1 265 128	1 801 244
Investments	11	0	0	23 824	42 215
Cash and cash equivalents		0	0	1 106 961	933 271
Total current assets		**564 496**	**476 302**	**2 627 914**	**2 905 288**
Total assets		**930 026**	**841 832**	**38 100 770**	**36 210 844**
Equity received		410 000	410 000	410 000	410 000
Retained earnings		340 160	428 608	10 136 303	9 757 030
Total equity	17	**750 160**	**838 608**	**10 546 303**	**10 167 030**
Deferred tax liabilities	15	0	0	1 595 867	1 474 550
Other liabilities		0	0	20 550	6 723
Non-current liabilities	12	76 269	0	20 189 244	18 753 154
Current liabilities	13	103 597	3 224	5 748 807	5 809 387
Total debt		**179 866**	**3 224**	**27 554 467**	**26 043 814**
Total equity and liabilities		**930 026**	**841 832**	**38 100 770**	**36 210 844**

Cash flow analysis

(Amounts in NOK 1 000)	PARENT COMPANY		GROUP	
	2013	2012	**2013**	2012
CASH FLOW FROM OPERATING ACTIVITIES				
Pre-tax profit for the year	90 887	78 021	1 508 842	1 547 833
Income tax paid	-3 194	-3 219	-266 527	-202 722
Share of profits of associated companies	0	0	-25 732	-22 486
Change in pension funds	0	0	-827	-7 464
Sales losses/(gains), long-term assets	0	0	4 357	5 337
Depreciation of fixed assets	0	0	571 384	538 239
Write-down of fixed assets	0	0	23 137	50 000
Change in stocks	0	0	-103 443	38 065
Change in trade debtors	0	0	409 796	-19 094
Change in trade creditors	444	-96	70 148	-75 179
Change in other accruals	0	0	-395 001	12 561
Net cash flow from operations (A)	**88 137**	**74 706**	**1 796 135**	**1 865 089**
CASH FLOW FROM INVESTMENT ACTIVITIES	0	0		
Payments in connection with acquisition of fixed assets and intangible assets	0	0	-1 187 019	-2 147 957
Net payment concerning acquisition of subsidiaries and jointly controlled operations	0	0	-1 054 640	-315 398
Payments received concerning sale of fixed assets and intangible assets	0	0	96 814	6 083
Net cash flow from other investments	-11 868	-74 706	-210 695	134 999
Net cash flow from investment activities (B)	**-11 868**	**-74 706**	**-2 355 540**	**-2 322 273**
CASH FLOW FROM FINANCING ACTIVITIES				
New interest-bearing debt	-76 269	0	6 090 321	6 080 889
Repayment of interest-bearing debt	0	0	-5 001 906	-5 736 039
Dividend paid	0	0	-36 187	-36 591
Net effect of other capital changes	0	0	-207 087	-35 756
Net cash flow from financing activities (C)	**-76 269**	**0**	**845 141**	**272 503**
Net effect of exchange rate changes (D)	**0**	**0**	**-112 045**	**17 122**
Net change in cash flow (A+B+C+D)	**0**	**0**	**173 690**	**-167 559**
Cash and cash equivalents as at 1 January	0	0	933 271	1 100 830
Cash and cash equivalents as at 31 December	0	0	1 106 961	933 271
Unutilised overdrafts and other drawing rights	0	0	7 820 000	7 437 000

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

Design and text assistance
Oktan Oslo | oktanoslo.no

Photography
Cover: servickuz/iStock/thinkstock
Jan Lillehamre
EvenFoto
Olav Thon Group

Printing
Rolf Ottesen as

Olav Thon Group
Stenersgata 2
P O Box 489 Sentrum
0105 Oslo

Telephone (+47) 23 08 00 00
Fax (+47) 23 08 01 00
firmapost@olavthon.no
www.olavthon.no