OLAV THON GRUPPEN

DIRECTORS' REPORT & FINANCIAL STATEMENTS 2015

KEY FIGURES

NOK millions	2015	2014	2013
PROFIT			
Operating income	9,383	8,788	8,304
Operating profit	2,668	2,683	2,526
Net interest expenses	1,011	1,058	1,007
Profit before tax	1,667	1,681	1,509
FINANCIAL STRENGTH			
Book value of equity	13,382	11,683	10,607
Book equity ratio	29%	27%	28%
Total assets	46,764	43,213	38,099
LIQUIDITY			
Net cash flow from operations [1)]	1,998	2,188	1,815
Liquidity reserve [2)]	6,892	7,783	8,923
Amortisation next 12 months	3,872	6,735	6,791
Net interest-bearing debt/Net cash flow from operations	13.5	11.0	11.7
Interest coverage ratio [3)]	3.3	3.2	3.1
FINANCING			
Interest-bearing debt	28,586	27,224	23,026
Share of foreign currency loans	21%	17%	10%
Average duration dept (years)	3.1	3.0	3.6
Interest rate at 31 Dec	3.63%	3.94%	4.55%
Interest rate hedging (over 1 year)	60%	61%	68%
PROPERTY			
Net investments	2,977	5,103	2,145
Annual rental income [4)]	4,900	4,560	4,200
Vacancy rate	2%	2%	2%
Book value of property portfolio	42,177	38,801	34,017
Shopping centre sales [5)]	74,047	68,746	61,469
HOTELS [6)]			
Hotel rooms	11,482	11,054	10,810
RevPAR (revenue per available room)	476	461	461
Room rates	835	811	816
Occupancy rate	57%	57%	56%

Changes to accounting policies, etc. mean that some figures differ from those given in previous annual reports.
1) Net cash flow from operating activities - Change in working capital
2) Bank deposits etc. + Undrawn borrowing facilities
3) (Operating profit + Depreciation/write downs) / Net interest expenses
4) Includes market rents for vacant premises
5) Owned and/or managed shopping centres
6) Thon Hotels

DIRECTORS' REPORT 2015

Olav Thon Group posted a good profit for 2015 which, despite increased expenses linked to the modernisation of the hotel portfolio, was on a par with the profit posted last year.

HIGHLIGHTS OF THE GROUP'S ANNUAL REPORT

OPERATING INCOME

Olav Thon Group's operating income amounted to NOK 9,383 (8,788) million.

PROFIT

Profit before tax was NOK 1,667 (1,681) million.

EQUITY

Equity increased to NOK 13,382 (11,683) million, while the equity ratio was 29% (27%). The net asset value is considered to be significantly higher.

PROPERTY PORTFOLIO

The property portfolio's rental income at the end of the year was NOK 4,900 (4,560) million, while the vacancy rate was 2% (2%).

SHOPPING CENTRE SALES

Retail sales for the shopping centre portfolio owned by the Group increased by 8% to NOK 61.7 (57.2) billion. At the end of the year, the Group owned 76 shopping centres and managed 31 for other owners.

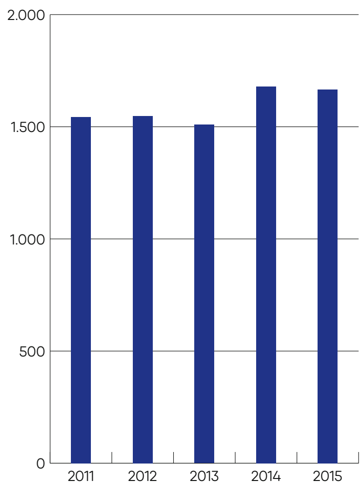
THON HOTELS

At the end of the year, Thon Hotels had 11,482 rooms in 78 hotels in Norway and abroad.

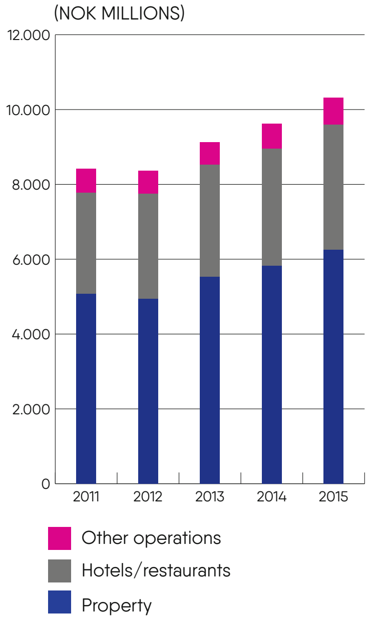
LIQUIDITY RESERVE

The Group's liquidity reserve ended the year at NOK 6,892 (7,783) million.

PROFIT BEFORE TAX
(NOK MILLIONS)



OPERATING INCOME[1]
(NOK MILLIONS)



[1] Incl. internal sales

ANNUAL FINANCIAL STATEMENTS

Olav Thon Group's consolidated financial statements have been prepared in accordance with Norwegian GAAP, and the accounting policies have been applied consistently for all periods presented.

The Board of Directors confirms fulfilment of the conditions for a going concern assumption in accordance with the requirements of the Norwegian Accounting Act. The 2015 financial statements have been prepared on the basis of this assumption.

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

SUMMARY OF INCOME STATEMENT AND BALANCE SHEET

Olav Thon Group's operating income was NOK 9,383 (8,787) million, while profit before tax amounted to NOK 1,667 (1,681) million.

At the end of the year the Group's assets had a book value of NOK 46,764 (43,213) million. Equity was NOK 13,382 (11,683) million, while the equity ratio was 29% (27%). Interest-bearing debt ended the year at NOK 28,586 (27,224) million.

Rental income from the properties indicates a gross yield of approx. 12% on book values, and the net asset value is therefore considered to be significantly higher than equity.

OPERATING INCOME AND EXPENSES

In 2015, the Group's operating income increased by 7% to NOK 9,383 (8,788) million. The growth was evenly distributed between the Group's business areas. Further information about the Group's business areas can be found on pages 4-7.

Sales revenue from residential projects amounted to NOK 251 (237) million. Production costs for the residential units totalled NOK 200 (186) million, which meant that net gains on residential sales were NOK 51 (51) million.

Scheduled depreciation amounted to NOK 659 (622) million.

Payroll costs were NOK 1,495 (1,419) million. The increase was due to general pay growth and a rise in the number of full-time equivalents.

Other operating expenses amounted to NOK 3,758 (3,162) million. The increase was due to both increased expenses linked to the modernisation of the property portfolio and the Group's general growth.

The expenses linked to the modernisation of the property portfolio amounted to NOK 767 (458) million.

Total operating expenses amounted to NOK 6,715 (6,106) million, meaning the operating profit amounted to NOK 2,668 (2,683) million for 2015.

FINANCIAL ITEMS

The Group's net financial expenses (excl. results of associated companies) were NOK 1,042 (1,036) million.

Net interest expenses amounted to NOK 1,011 (1,058) million. The reduction is attributable to lower interest-bearing debt and a lower average interest rate.

Net exchange losses amounted to NOK 72 million in 2015, compared with net exchange gains of NOK 21 million in 2014. Net gains of NOK 43 (12) million on shares were recognised as income in 2015.

CASH FLOW AND LIQUIDITY

Net cash flow from operations amounted to NOK 1,998 (2,188) million in 2015, while changes in working capital amounted to NOK -453 (-92) million, resulting in net cash flow from operating activities of NOK 1,544 (2,096) million.

Net cash flow from investing activities amounted to NOK -2,871 (-5,176) million, while financing activities contributed NOK 1,054 (2,967) million. The net effect of exchange rate fluctuations was NOK 36 (18) million.
Consequently, the Group's liquidity reserve decreased by NOK 237 (95) million.

The Group's liquidity reserve ended the year at NOK 6,892 (7,783) million and consisted of short-term investments of NOK 852 (1,069) million and undrawn long-term credit facilities of NOK 6,040 (6,714) million.

PARENT COMPANY ACCOUNTS AND ALLOCATION OF PROFIT FOR THE YEAR

The accounts of the parent company Olav Thon Gruppen AS have been prepared in accordance with Norwegian GAAP.

The parent company's income consists of net financial income associated with loans and dividends from subsidiaries. After deducting operating expenses, profit before tax was NOK 240 (103) million.

Profit after tax was NOK 238 (101) million, and the Board proposes the following allocation of the parent company's profit for the year:

Dividend/group contribution:	NOK 200 million
To other equity:	NOK 38 million
Allocated net profit:	NOK 238 million

The parent company's assets had a book value of NOK 1,162 (1,023) million. Equity was NOK 838 (800) million, while the equity ratio was 72% (78%).

BUSINESS AREAS

PROPERTY

The commercial property market

Despite the low growth in the Norwegian economy, high demand for commercial property among Norwegian and international investors contributed to ensuring that 2015 was a very good year for commercial property.

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.

The value of commercial properties increased in most segments.

The main factor behind the increase was a falling required rate of return, primarily due to lower market interest rates.

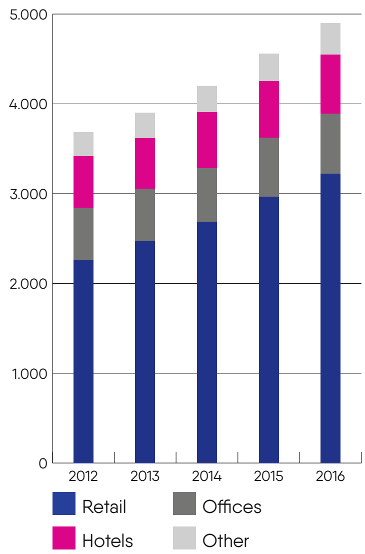
The rental market

Rental prices for shopping centres were stable.

The vacancy rate in the Oslo area office market is currently exhibiting a slight downwards trend and rental prices are developing stably in most areas of the city.

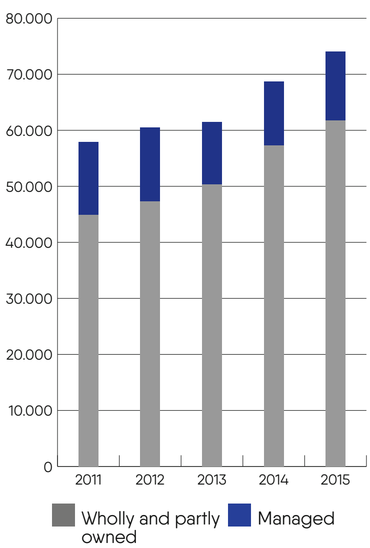
RENTAL INCOME

(NOK MILLIONS)



SHOPPING CENTRE SALES

(NOK MILLIONS)



The property business area
Total operating income in the property business area amounted to NOK 6,248 (5,827) million (incl. internal sales) in 2015. The increase from last year was primarily attributable to higher rental income.

The Group's rental income increased by 8% to NOK 3,913 million due to both new properties and the development of the exchanges rate.

Sales revenue from residential projects amounted to NOK 251 (237) million.

Olav Thon Group's property portfolio posted rental income of NOK 4,900 (4,560) million at the end of the year. The vacancy rate remains low and ended the year at 2% (2%).

The property portfolio is divided into the following segments (based on rental value):

• Retail	66%
• Offices	14%
• Hotels	13%
• Other	7%

The geographical distribution of the portfolio is as follows:

• Oslo region	51%
• Rest of Norway	35%
• Outside Norway	14%

The leases have an average remaining term of approx. 4 years.

The shopping centre business area
At the end of the year, the shopping centre portfolio comprised 107 shopping centres, 31 of which are 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 it either owns or manages eight of the ten largest shopping centres in Norway.

Shopping centres owned by the Group

Norway
Rental income for shopping centre properties increased by 6% to NOK 2,400 (2,255) million in 2015.

Retail sales in the shopping centres increased by 6% to NOK 50.5 billion, while the organic growth in sales from last year was judged to be 3%.

Sweden
Rental income in the Group's nine shopping centres increased to SEK 575 (540) million.

Total retail sales in 2015 amounted to SEK 11.7 (10.4) billion.

HOTELS

The Norwegian hotel market in 2015
The Norwegian hotel market developed well with international guests in particular contributing to the growth. The number of overnight stays increased by 6% to 21.7 million, while capacity, measured in terms of total rooms, increased by 2.6% compared with the year before.

The average room rate increased by NOK 12 to NOK 897 million, while the average occupancy rate rose by 0.7 percentage points to 53.7%. The key figure RevPAR (revenue per available room) increased by 2.6% to NOK 481. The growth seen in Oslo and Akershus was better than the national average and RevPAR increased by 9%.

The hotel market is divided into three main segments, which captured the following shares of the total market in 2015:

- Holiday and leisure market 52% (48%)
- Individual business travellers 35% (39%)
- Course and conference market 13% (13%)

The hotel market in Brussels in 2015
The hotel market in Brussels was relatively stable and the average room rate increased by 4% to EUR 114. The average occupancy rate increased by 2 percentage points to 69%, meaning that RevPAR for hotels in Brussels increased by 1% to EUR 79.

The hotel business area
Operating income in the hotel business area (incl. internal sales) amounted to NOK 3,351 (3,120) million, including operating income of NOK 148 (139) million from separate dining establishments. The growth compared with last year is attributable to factors such as several hotels being closed in 2014 for major upgrades.

Thon Hotels
Thon Hotels is a hotel chain with 11,482 rooms in 78 hotels in Norway and abroad.

In Norway, Thon Hotels is a nationwide hotel chain with about 9,700 rooms in 69 hotels. 55 of the hotels are operated by the Group, while the other 14 are operated by external franchisees.

The hotel portfolio primarily consists of city centre hotels, most of which were constructed or have been refurbished in the last few years. Thon Hotels is a dominant player in the metropolitan regions of Oslo and Bergen.

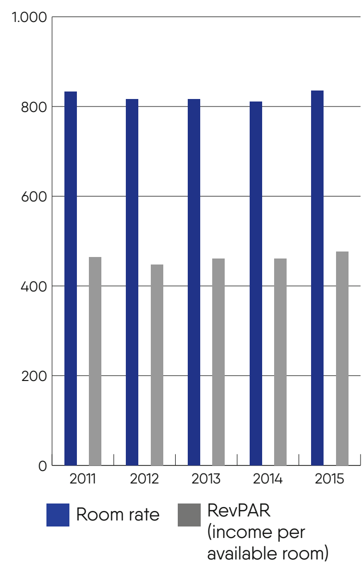
Abroad, Thon Hotels has around 1,750 rooms in five hotels and four apartment hotels: two in Brussels, one in Rotterdam and one in Sweden.

Distributed by geographical segments, Thon Hotels achieved the following key figures in 2015:

	Average room rate	Occupancy rate	RevPAR
Thon Hotels Norway (NOK)	819	56	460 (+2%)
Thon Hotels Brussels (EURO)	100	66	65 (+8%)
Total Thon Hotels (NOK)	835	57	476 (+3%)

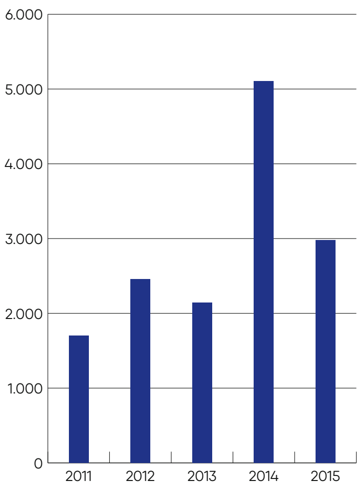
The Group continued to focus on upgrading and modernising the hotel portfolio in 2015 as well. Several large hotels have been refurbished. The increased expenses associated with this pulled down Thon Hotels' result in 2015.

ROOM RATE AND REVPAR
(NOK)



NET INVESTMENTS

(NOK MILLIONS)



Restaurant operations
Olav Thon Group owns and operates seven restaurants outside the hotels. Total sales in 2015 amounted to NOK 148 (139) million and the financial performance of the business area showed progress.

OTHER BUSINESS AREAS

Other business areas encompass all of the companies that fall outside the two main business areas, property and hotels. These companies reported total operating income of NOK 722 (682) million in 2015 .

The largest company, Unger Fabrikker, developed extremely well in 2015. Operating income amounted to NOK 531 (468) million and profit before tax was NOK 72 (35) million.

INVESTMENTS

The Group's total net investments in 2015 amounted to NOK 2,977 (5,103) million.

MAJOR PROPERTY ACQUISITIONS

Norway

Rygge Storsenter, Moss (50%)
Shopping centre with approx. 25,000 sq. m. of retail space just outside the centre of Moss. Taken over in the first quarter.

AMFI Moa, Ålesund
Site of approx. 13,000 sq. m. near Amfi Moa. The plan is to rezone the site for retail. Taken over in the fourth quarter.

Sartor Storsenter, Fjell
The Group's stake in the shopping centre increased from around 35% to 60% in connection with the establishment of joint ownership of Sartor Storsenter and the adjoining parking facility. The new company was established in the fourth quarter.

Youngstorget 3, Oslo
The stake in this commercial property was increased from 50% to 100%.

Amfi Eiendom
In the fourth quarter, Amfi Eiendom signed an agreement to increase from 50% to 100% its stake in Thon Reitan AS, which owns the following shopping centres:

- Amfi Moss, Moss
- Mosseporten, Moss
- Rygge Storsenter, Moss
- Sandens, Kristiansand

The total annual rental income of the shopping centres is NOK 160 million and they were taken over in January 2016.

Sweden

Oslovägen 58, Strømstad
3,900 sq. m. retail property in Strømstad, Sweden. It was taken over in the second quarter of 2015.

Torp Köpcentrum, Uddevalla
17,000 sq. m. retail space that is part of a larger shopping centre in Uddevalla in Sweden. The section represents around 33% of the total shopping centre.

PROPERTY DEVELOPMENT

Property development represents a significant part of Olav Thon Group's property operations and 2015 was another very busy year.

Completed property projects:

Major projects completed during the year included the following:

- Three shopping centres updated and expanded by a total 29,000 sq. m. of new retail space, in addition to significant parking space.
- One residential property in Lørenskog with 145 flats and two residential properties in the centreof Oslo with a total of 70 flats.
- Several large hotel properties were upgraded and refurbished.

Major property projects under construction/ refurbishment:

At the start of 2016, the following projects were under way:

- Remodelling, expansions and construction of a further three shopping centres in multiple locations in Norway
- Construction of new building near Storo Storsenter in Oslo with space of 60,000 sq. m.
- Construction of several larger properties in the centre of Oslo.
- Conversion of property in Stavanger into a hotel with 157 rooms.
- Major remodelling and refurbishment projects at several of the Group's hotels.

For more information about property projects please see 22-23 of the Annual Report 2015.

FINANCING

One important element of the Group's financial strategy is the goal of maintaining a solid financial position, characterised by a high equity ratio and substantial long-term liquidity reserves.

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

Access to new financing is still considered to be good, despite financing opportunities in the capital markets diminishing in the second half of the year.

At the end of the year, total credit lines amounted to NOK 34,626 (33,938) million. The undrawn component amounted to NOK 6,040 (6,714) million. Interest-bearing debt at the end of the year thus amounted to NOK 28,586 (27,224) million.

The capital markets in Norway and Sweden are important sources of financing and a significant proportion of the Group's financing is raised in these financing markets. At the end of the year, the outstanding certificate and bond debt amounted to NOK 9,533 (10,840) million. The proportion of financing raised in the capital markets was 33% (40%).

The Group's debt had an average remaining term of 3.1 (3.0) years at the end of the year. 14% (25%) of the debt matures in 2016 and the entire need for refinancing can be covered by existing liquidity reserves.

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Group practises equality and has zero tolerance for 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 religious or other beliefs.

Work is under way to improve the universal design of the Group's properties so that they can also be used by people with impaired functional ability.

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

At the end of 2015, there were 3,364 (3,160) FTEs in Olav Thon Group. The parent company, Olav Thon Gruppen AS, had no employees at the same point in time.

The FTEs were distributed as follows: 2,970 in Norway, 300 in Belgium, 16 in the Netherlands and 78 in Sweden. 50% of the Group's employees are women and 50% are men. The company's Board consists of six men and one woman.

The Group's sick leave rate in 2015 was 4.8% (6.0%).

No significant injuries or accidents were sustained in operations during the period. No deficiencies in other areas of employee safety or the working environment were identified either.

ENVIRONMENTAL STATUS

The Group's pollution of the external environment is minimal. The Group works to minimise the impact of its operations on the external environment – for example, by following environmentally friendly procedures when carrying out its operations.

Environmental work forms an integral part of operations in Olav Thon Group and environmentally friendly initiatives are implemented for the benefit of both its operations and the 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 systematic work on health, safety and the environment (HSE).

This means that many environmental measures have been implemented. These include waste reduction, environmentally responsible waste management, purchasing green products and significant energy savings.

As Olav Thon Group manages a substantial property portfolio, it has an impact 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 construction.

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

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 pursuant to the Global Reporting Initiative (GRI) framework and is documented in an annual corporate social responsibility report.

For further information about this work please visit our website: www.olavthon.no.

CORPORATE GOVERNANCE

Olav Thon Group wants to maintain a high degree of confidence among lenders, tenants and society otherwise and therefore strives to ensure it practises good corporate governance.

The management of the Group is based on the principles set forth in the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES).

OLAV THON GROUP'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 and hotel markets, which in turn are closely tied to the performance of the Norwegian economy.

The property business area

Property sector risk is primarily related to the fact that lower rents and/or increased vacancy in the property portfolio would contribute to a decline in rental income.

66% of the Group's rental income comes from leading shopping centres and centrally located retail properties in Norway and Sweden.

Private consumption is expected to rise moderately in both Norway and Sweden going forward and the framework conditions for the Group's shopping centres and centrally located retail properties are therefore considered to be positive.

13% of rental income comes from hotel properties, which are mainly leased on long-term leases to Thon Hotels, the Group's hotel chain. The risk of a significant increase in vacancy in the hotel property portfolio is considered very low. Market risk in the hotel market is discussed in later sections.

14% of rental income comes from office properties, mainly in the Oslo area. The properties are leased to a large number of tenants, and the lease contracts 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.

The hotel business area
As a major player in the market, Thon Hotels is affected by developments in the Norwegian hotel market.

Demand for hotel rooms is closely linked to the general performance of the economy and the competitive situation in the market.

Competition in the market is also related to the supply of new hotel capacity.

Because of the low level of growth in Norway there are reasons to expect stable or weaker demand from the Norwegian corporate market, although the relatively weak Norwegian kroner is expected to increase demand from both Norwegian and international guests in the holiday and leisure market.

Therefore, a generally stable or positive hotel market is expected in Norway for the coming period.

FINANCIAL RISK
The largest financial risk for Olav Thon Group concerns access to financing and the price of such financing in the banking and capital markets.

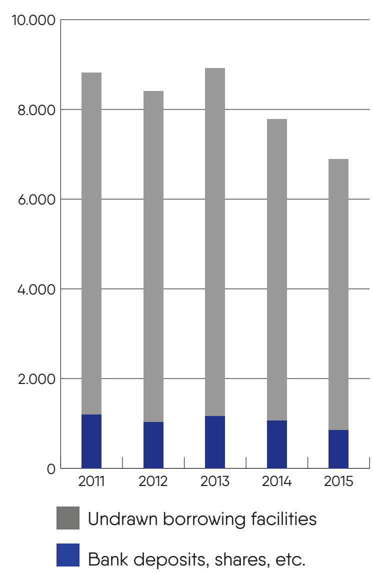
The price of financing is dependent on short-term and long-term market interest rates and the specific credit margin the Group has to pay in the market. The credit margins are related to the Group's credit rating and general credit supply and demand.

Interest rate developments
In Norway, the short-term market interest rate (three-month NIBOR) remained stable until June and then fell to 1.13% (1.48%). The long-term market interest rate (10-year swap) fluctuated greatly over the year, but by the end of the year was almost unchanged at 1.86% (1.91%).

In Sweden, the short-term market interest rate (three-month STIBOR) fell throughout 2015 to -0.29% (0.26%) by the end of the year. The long-term market interest rate (10-year swap) in Sweden fell until May before rising strongly to 1.66% (1.26%) by the end of the year.

In the eurozone, the short-term market interest rate (three-month EURIBOR) fell to -0.13% (0.08%) by the end of the year (+0.26). The long-term market interest rate in the eurozone (10-year swap) was relatively stable and was at the end of the year 1.00% (0.81%).

LIQUIDITY RESERVES
(NOK MILLIONS)



The credit market

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

The credit spread indicated for new loans issued by the Group was stable in the first half of the year, but widened significantly in the second half of the year.

At the end of the year, the credit spread for Olav Thon Eiendomsselskap's five-year secured bond issue was indicated at 1.35% (0.65%), while 12-month unsecured certificates were indicated at 0.85% (0.35%).

The credit spreads in the capital markets for Thon Holding are normally around 0.05 -0.10 percentage points higher than for Olav Thon Eiendomsselskap.

The Group's financial risks can be divided into:
- Liquidity risk
- Interest rate and 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 liquidity reserve ended the year at NOK 6,892 (7,783) million and consisted of short-term investments of NOK 852 (1,069) million and undrawn credit facilities of NOK 6,040 (6,714) million.

The debt portfolio had an average remaining term of 3.1 (3.0) years at the end of the year. 14% (25%) of the debt matures within one year and the need for refinancing can be covered by existing liquidity reserves.

Interest rate and currency risk

Interest rate risk is associated with changes in the Group's cash flow, earnings and equity as a result of changes in the short-term and long-term interest rate markets. The risk is managed partly by having a large proportion of long-term fixed-rate agreements.

At the end of the year, the average fixed-rate period was 4.7 (4.8) years and the proportion of fixed-rate agreements for longer than one year was 58% (61%). The Group's average interest rate at 31 December 2015 was 3.63% (3.94%).

It is estimated that a one percentage point change in short-term interest rates would result in a 0.4 percentage points change in the average interest rate within three to six months. Such an increase in interest rates would increase annual finance expenses by approx. NOK 100 million.

The Group's interest- bearing debt is distributed by currency as follows:

- Norwegian kroner 79%, with an average interest rate of 4.0% (4.2%)
- Swedish kronor 18%, with an average interest rate of 2.2% (2.5%)
- Euro 4%, with an average interest rate of 2.1% (2.4%)

Olav Thon Group is exposed to financial risk related to exchange rate movements in its countries of operation, with both its earnings and equity affected by the rate of exchange between the Norwegian krone and the local currency.

Debt financing of foreign operations is conducted in local currency, while currency exposure related to the equity of subsidiaries is partly hedged.

Credit risk

The Group's credit risk is primarily linked to the risk of losses as a result of the failure of tenants to pay the agreed rent or hotel customers to pay their obligations.

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

The Group has had relatively low losses on lease claims in recent years, and the risk of the Group incurring substantial losses due to 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 drop in oil prices is contributing to weak growth prospects for the Norwegian economy for the next few years. Norges Bank has set the key policy rate down to 0.50% and further cuts in the rate are expected in 2016.

Despite low growth in the Norwegian economy, private consumption is expected to continue to grow in the next few years and the framework conditions for the Group's shopping centres are therefore considered positive.

The vacancy rate in the Oslo area office market is showing a slight downwards trend and rental prices are developing stably in most areas of the city. A somewhat weaker labour market is also expected in the Oslo area, although because of the low level of new construction for offices, the office market is expected to remain stable. Because of the low level of growth in Norway there are reasons to expect stable or weaker demand for hotel rooms from Norwegian business travellers, although the relatively weak Norwegian kroner is expected to increase demand from both Norwegian and international guests in the holiday and leisure market. Therefore, the Norwegian hotel market is expected to be generally stable or positive in 2016 as well.

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 going forward.

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.

INCOME STATEMENT

NOK millions		PARENT COMPANY		GROUP	
	Note	2015	2014	2015	2014
Rental income		0	0	3,913	3,632
Room revenue		0	0	1,826	1,745
Sale of goods		0	0	1,758	1,720
Other operating income	2.5	0	0	1,887	1,690
Operating income		**0**	**0**	**9,383**	**8,788**
Cost of goods	9	0	0	-782	-774
Payroll costs	3	0	0	-1,495	-1,419
Ordinary depreciation	7	0	0	-659	-622
Write-downs	7	0	0	-20	-128
Other operating expenses	3, 4, 5	-1	-1	-3,758	-3,162
Operating expenses		**-1**	**-1**	**-6,715**	**-6,106**
Operating profit/loss		**-1**	**-1**	**2,668**	**2,683**
Share of profits of associated companies		0	0	41	35
Financial income	6	244	106	92	75
Financial expenses	6	-3	-2	-1,134	-1,111
Net financial items		**241**	**104**	**-1,001**	**-1,001**
Profit before tax		**240**	**103**	**1,667**	**1,681**
Taxes	15	-2	-2	-272	-444
Profit for the year		**238**	**101**	**1,395**	**1,238**
Majority's share of profit	17	0	0	1,158	1,031
Minority's share of profit	17	0	0	237	206

BALANCE SHEET AT 31 DEC

NOK millions		PARENT COMPANY		GROUP	
	Note	2015	2014	2015	2014
NON-CURRENT ASSETS					
Intangible assets	7	0	0	38	32
Deferred tax asset	15	0	0	97	115
Fixed assets	7	0	0	42,993	39,584
Investments in subsidiaries	1	366	366	0	0
Financial assets	8	0	0	711	695
Total non-current assets		366	366	43,839	40,426
Goods	9	0	0	379	229
Trade and other receivables	5, 10, 14	796	658	1,746	1,521
Investments	11	0	0	24	24
Bank deposits, cash and cash equivalents		0	0	777	1,013
Total current assets		796	658	2,925	2,787
Total assets		**1,162**	**1,023**	**46,764**	**43,213**
EQUITY AND LIABILITIES					
Share capital	16.17	410	410	410	410
Other paid-in capital		86	86	0	0
Other equity	17	342	304	11,086	10,011
Minority interests	17	0	0	1,886	1,262
Total equity		838	800	13,382	11,683
Deferred tax	15	0	0	1,768	1,707
Other liabilities		0	0	2	3
Non-current liabilities	12.18	30	171	26,139	22,598
Current liabilities	13, 14, 15	294	52	5,473	7,222
Total liabilities		324	223	33,382	31,530
Total equity and liabilities		**1,162**	**1,023**	**46,764**	**43,213**

CASH FLOW ANALYSIS

	PARENT COMPANY		GROUP	
NOK millions	**2015**	**2014**	**2015**	**2014**
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	240	102	1,667	1,681
Income tax paid	-2	-3	-282	-211
Share of results of associated companies	0	0	-41	-35
Change in pension funds	0	0	10	-3
Losses/(- gains) on sale of non-current assets	0	0	-35	6
Ordinary depreciation	0	0	659	622
Write-downs	0	0	20	128
Changes in inventories	0	0	-150	3
Changes in trade receivables	0	0	-466	-161
Changes in trade payables	0	0	58	51
Changes in other accruals	-125	0	104	15
Net cash flow from operating activities (A)	**113**	**99**	**1,544**	**2,096**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	0	0	-1,441	-1,682
Net payments on acquisition of subsidiaries and joint ventures	0	0	-1,605	-3,436
Sale of fixed assets and intangible assets	0	0	24	2
Net proceeds from acquisition of subsidiaries and joint ventures	0	0	46	13
Net cash flow from other investments	0	-93	105	-73
Net cash flow from investing activities (B)	**0**	**-93**	**-2,871**	**-5,176**
CASH FLOW FROM FINANCING ACTIVITIES				
New interest-bearing debt	0	95	10,425	16,740
Repayment of interest-bearing debt	-50	0	-9,533	-13,128
Dividends paid	-50	-100	-118	-142
Net effect of other changes in equity	-13	0	280	-503
Net cash flow from financing activities (C)	**-113**	**-5**	**1,054**	**2,967**
Net effects of exchange rate changes (D)	**0**	**0**	**36**	**18**
Net change in cash flow (A+B+C+D)	**0**	**0**	**-237**	**-95**
Cash and cash equivalents at 1 Jan	0	0	1,013	1,107
Cash and cash equivalents at 31 Dec	0	0	777	1,013
Undrawn overdrafts and other credit facilities	0	0	6,347	6,985

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