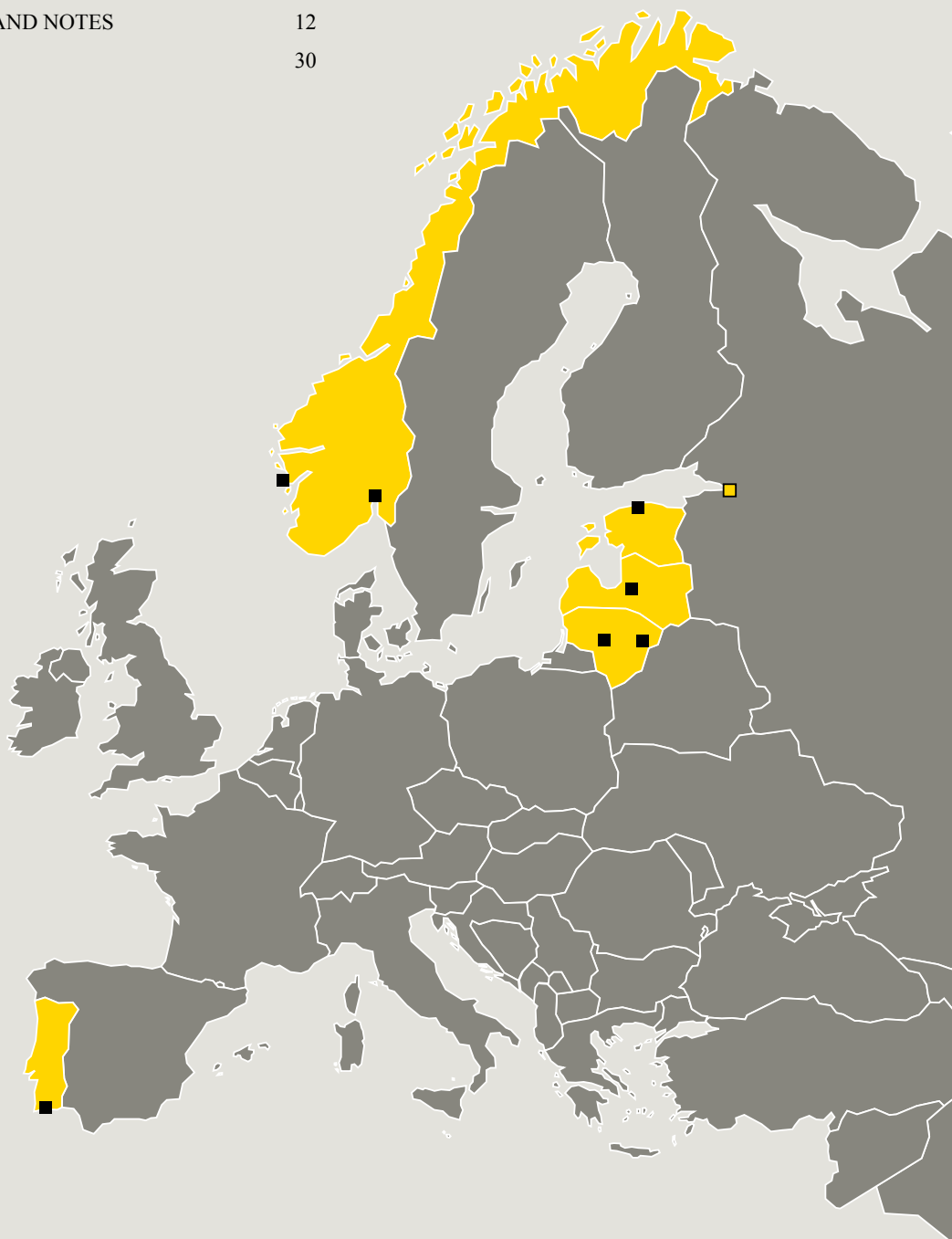


# Annual Report 2016



## CONTENTS

LIST OF PROPERTIES	03
THE BOARD OF DIRECTORS' ANNUAL REPORT	04
INCOME STATEMENT 1 JAN–31 DEC	09
BALANCE SHEET AT 31 DEC	10
CASH FLOW STATEMENT	11
ACCOUNTING PRINCIPLES AND NOTES	12
AUDITOR'S REPORT	30



## LIST OF PROPERTIES

LIST OF PROPERTIES (Square meters)		Number of Rooms	In Operation	Under Construction	Development Possibilities	Total	
<b>Norway</b>	<b>Hotels</b>						
	Comfort Hotel Bergen Airport	304	15 477			15 477	
	<b>Offices</b>						
	Romerike Helsebygg, Lillestrøm		31 009			31 009	
	Brubakkveien 16, Oslo		4 000			4 000	
	Oslo S. Utvikling AS (33,3%)		14 372	22 535	51 954	88 860	
	Koksa Eiendom AS (12,5 %)						
	Bergen Lufthavn Utvikling AS (50%)		713		101 010	101 723	
	Tollbugt 32, Oslo		6 007			6 007	
	Depotgt 22, Lillestrøm		8 506			8 506	
	<b>Parking</b>						
	Galleriet Parkering, Oslo		14 969			14 969	
	Grønland Parkering, Oslo		17 223			17 223	
	<b>Residential</b>						
	Gustav Vigelands vei 24, Oslo (50%)				1 882	1 882	
	Storetvedt, Bergen				2 796	2 796	
	Citadellet, Nesodden				25 000	25 000	
	<b>TOTAL NORWAY</b>		<b>304</b>	<b>112 276</b>	<b>22 535</b>	<b>182 642</b>	<b>317 452</b>
	<b>The Baltic's / Russia</b>	<b>Hotels</b>					
Radisson Blu Hotel Latvija, Riga		571	43 905			43 905	
Radisson Blu Hotel Olümpia, Tallinn		390	30 854		12 000	42 854	
Radisson Blu Hotel Lietuva, Vilnius		291	25 792		15 000	40 792	
Radisson Blu Elizabete Hotel, Riga		228	13 782			13 782	
Radisson Sonya Hotel, St. Petersburg		173	8 200			8 200	
Radisson Blu Ridzene Hotel, Riga		95	7 892			7 892	
Park Inn by Radisson Central, Tallinn		245	9 888			9 888	
Park Inn by Radisson Kaunas		206	13 018			13 018	
<b>Shopping</b>							
Ülemiste, Tallinn			103 842		20 000	123 842	
Origo, Riga			35 612		40 185	75 797	
Galerija Centrs, Riga			36 785			36 785	
Alfa Home Center, Riga					60 000	60 000	
Riga Retail Park					150 000	150 000	
<b>Parking</b>							
Jekaba Arcade, Riga			8 600			8 600	
Tornimä Garage, Tallinn (25%)			2 000			2 000	
<b>Residential</b>							
Bisumuizas Nami, Riga (100%)				100 000	100 000		
<b>TOTAL BALTIC'S/ RUSSIA</b>		<b>2 199</b>	<b>340 170</b>		<b>397 185</b>	<b>737 355</b>	
<b>Portugal</b>	<b>Resort</b>						
	Dunas Douradas		1 668	1 250	1 379	4297	
<b>TOTAL LINSTOW GROUP</b>		<b>2 503</b>	<b>454 114</b>	<b>23 785</b>	<b>581 206</b>	<b>1 059 104</b>	

Linstow AS is one of Norway's leading property companies. The company owns, develops and manages property in different segments in both Norway and abroad. The company is owned by Awilhelmsen AS, a privately-owned investment company with the following business areas: cruise industry, property, shipping & offshore, retail sales and financial investments.

Linstow AS and its subsidiaries (hereinafter referred to as Linstow or the Group) play a key ownership role in Norway in several major development projects and owns and manages office, health-care, hotel and parking properties. The company has a large part of its activities in the Baltic region, primarily in the hotel and shopping centre markets. The Group owns a total of seven hotels and three centrally located shopping centres in the largest cities in the Baltic countries. In addition, the company owns a holiday resort in Portugal and a hotel in St. Petersburg. Linstow's head office is located at Tjuvholmen in Oslo, Norway.

### *Market developments*

#### **The Baltics**

All the three Baltic countries experienced economic growth in 2016, with GDP growth\*) of approximately 1,6% for Estonia, 2,3% for Lithuania, and 2,0% for Latvia.

*\*) Figures from Eurostat*

#### **Shopping Centres**

Linstow owns three shopping centres totalling 176 000 m<sup>2</sup> in Riga and Tallinn. The shopping centres had an increased turnover in local currency of 6% (2015: 25%) compared with the previous year. The rental income in local currency increased correspondingly by 3% (2015: 45%). The sharp increase in turnover and rental income in 2015 is primarily attributable to the expansion of the Ülemiste Shopping Centre in 2014/2015.

#### **Hotel business in the Baltic region and Russia**

Linstow owns a total of eight hotels (2015: 10) with a total of 2 199 (2015: 2 367) rooms in Tallinn, Riga, Vilnius, Kaunas and St. Petersburg. The occupancy rate was 65% in 2016 (2015: 66% on a comparative basis), and income measured in euro increased by 1% (2015: 4%) compared with the previous year. The hotels are operated by the listed company Rezidor Hotel Group, under the brand names Radisson Blu and Park Inn by Radisson. The sale of Park Inn Vilnius and Park Inn Klaipeda was completed in July 2016. The hotels that were sold had a total of 168 rooms.

#### **Norway**

Engagement in urban development projects is a key aspect of Linstow's strategy. Linstow is working on the development of

office, retail and residential projects in Bjørvika through Oslo S. Utvikling AS (OSU), in which Linstow owns a third of the shares. OSU's total development potential, including already completed and sold properties, is an area of approximately 380 000 m<sup>2</sup> above ground and around 105 000 m<sup>2</sup> below ground. For OSU, approximately 192 000 m<sup>2</sup> above ground and around 70 000 m<sup>2</sup> below ground have already been developed.

Over 400 residential units have been developed and sold in the Barcode area. OSU will develop an additional 1 500 residential units in Bispevika. In the coming year, the focus will be on the construction and sale of residential projects, development and rental of the group's portfolio of commercial, restaurant and cultural premises, as well as development of the last major office project, Eufemia.

Bergen Lufthavn Utvikling AS (50% owned by Linstow) is a long-term cooperation project with Flesland Holding AS for the development of Bergen Business Park. Bergen Business Park has been planned as a new and innovative business park at Bergen Airport Flesland, Western Norway's transport hub. The site measures approximately 12 hectares and is located next to the new terminal that is under construction at Flesland, where the final stop for the Bergen Light Rail will also be located. Bergen Business Park, where the plan is to develop 200 000 m<sup>2</sup> of commercial space, will, for example, include an airport hotel and modern offices adapted to the business activities of tomorrow in the Bergen region. The development of phase 1, the part of the business park that is located closest to the airport terminal, comprises a hotel and three office buildings, totalling approximately 35 000 m<sup>2</sup>. The construction of Comfort Hotel Bergen Airport, which will have 304 rooms, started in 2015, and Linstow acquired the hotel from Bergen Lufthavn Utvikling AS in 2016. The hotel was completed on 28 February 2017 and is in a walking distance from the new airport terminal, which will open in August 2017.

Linstow AS owns 12,5% of Koksa Eiendom AS (formerly IT Fornebu Properties AS). The company's remaining property, the Koksa area, has been sold, and it will be handed over to the buyer early in 2017.

At the end of 2016, 25% of the shares in Helsehusene in Fredrikstad were acquired.

Linstow owns a total portfolio of properties in Norway measuring 112 000 m<sup>2</sup> and focuses strongly on good technical operation of the properties and good service for our tenants. The portfolio consists primarily of the properties Romerike Helsebygg and Depotgata 22 in Lillestrøm, Comfort Hotel Bergen Airport, as well

*Comfort Hotel Bergen Airport*

as Tollbugaten 32 and the parking garages Galleriet and Grønland Torg in Oslo. In 2017, we expect to start the development of two apartment buildings, with 7 apartments at Gustav Vigeland's vei in Oslo and 14 apartments at Storetveitåsen in Bergen.

#### **Other business**

Linstow is engaged in the management of a holiday- and leisure resort in Portugal, as well as sale of completed villas and flats in the resort. Linstow also owns some small development properties where holiday homes can be constructed. In 2016, the construction of 7 apartments started, which will be completed and handed over to the buyers in 2017.

### *Health, safety and the environment*

Linstow AS had 22 employees at year-end 2016, which corresponded to 21,5 FTEs in 2015. The Group had 1 200 employees at year-end 2016 (2015: 1 219), which corresponded to approximately 980 FTEs (2015: 1 018). In 2016, the absence due to illness at Linstow AS was 1,5% (2015: 1,3%). The company has a good working environment. A total of twelve minor injuries to the Group's employees were reported in 2016 in connection with our hotel business. No workplace accidents were registered at Linstow's construction sites in 2016.

Linstow seeks a sustainable social development. We will promote long-term quality and environmental work in all our activities. We do so by:

- Working in a systematic and focused manner to reduce our environmental impact.

- Erecting buildings with good environmental solutions.
- Linstow is a major actor and contributor to the development of high-profile buildings, through, for example, our development projects in Bjørvika and at Flesland, where work is carried out in accordance with special environmental programmes, a special environmental follow-up programme in Bjørvika and within the framework of the environmental classification tool BREEM NOR for buildings and BREEM Communities for the entire area at Flesland. A focused and systematic effort is, for example, being made to minimise the consumption of energy in the buildings, and to use environmentally friendly materials.
- An energy follow-up programme has been implemented at all of Linstow's hotels and shopping centres, in which the consumption of energy is measured and analysed on an ongoing basis.

Linstow's activities affect the external environment through the handling of waste in connection with the demolition of old properties, as well as the construction and operation of new properties. Throughout the organisation, Linstow has a strong focus on complying with all government requirements and recommendations relating to the environment. Our projects have clear goals for energy consumption, pollution, use and reuse of materials, indoor climate, development, and use of space. Linstow requires that all contractors follow a comprehensive programme for sorting demolition waste for recycling. Linstow has zero tolerance for corruption and is making an active effort to prevent financial irregularities. Linstow does not accept nor make use of facilitating payments.





*Comfort Hotel Bergen Airport*

All of Linstow's operating hotels are members of "GREEN KEY", an international organisation that provides certification for environment-friendly hotels. This requires that the hotels adhere to specific guidelines on energy consumption, waste segregation and staff training. Linstow has been operating its own energy monitoring programme for the hotels since 2006. In 2016, energy consumption increased by 1,3 GWh from 2015, which corresponds to 3%, primarily attributable to temperature changes. During the period from 2011 to 2016, energy consumption savings of 40 GWh were achieved relative to the reference year of 2010. During the last six years, the consumption of energy at our hotels has been reduced by approximately 20%. Six of Linstow's hotels have been certified as Safe Hotels, an international organisation that assesses the security system at hotels and meeting places according to the best practice.

In 2008, a project was initiated within the shopping centre business that focused on reducing energy consumption by 15% in 3 years. This goal has been more than reached, as the energy consumption has been reduced by approximately 37% since the reference year. In 2016, energy consumption was increased by approximately 1% relative to the previous year on a comparable basis. Work on improving energy efficiency continues, and it will always be one of the Group's areas of focus.

The property industry in general is male dominated. Linstow AS has approximately 32% female employees. The company's owners and Board of Directors have a positive attitude towards a high level of female representation among employees and managers and appreciate the benefits of having a balanced workforce. The Board's goal is to have no discrimination relating to gender

or anything else. The Board of Directors of Linstow AS consists of three men.

### *Report on the annual financial statements (2015 figures in brackets)*

Pursuant to Section 3-3a of the Norwegian Accounting Act, we confirm that the financial statements have been prepared on the going concern assumption. The annual report includes statements about future operations that are associated with risks and uncertainties. These statements about the future reflect the current view on future conditions and are by nature subject to risks and uncertainties because they are tied to events and depend on conditions that will occur in the future. For various reasons, the actual results may diverge significantly from the expectations that are expressed in the statements on future conditions.

In 2016, the Group had rental income of NOK 340 million (321 million). Revenue from hotels and other operations was NOK 757 million (725 million). Project revenues amounted to NOK 37 million (16 million).

Operating costs were NOK 860 million (813 million). Net reversals / (write-downs) of non-current assets amounted to NOK 3 million (- 14 million). Write-downs and reversals are calculated for each property, based on the average of two valuations made by independent appraisers. Project costs totalled NOK 33 million (12 million).

Net financial items amounted to NOK - 6 million (- 99 million). In 2016, the profit/loss attributable to associated companies was NOK 49 million (- 1 million), NOK 59 million (3 million) of



Gustav Vigelands Vei 24, Oslo

which was profit attributable to the associate OSU. In addition, foreign exchange losses totalled NOK - 16 million (- 55 million).

The Group's profit before tax was NOK 272 million (152 million). After tax and minority interests the profit for the year was NOK 238 million (134 million).

Linstow AS' profit after tax amounted to NOK 121 million (216 million), and included dividends from subsidiaries and associated companies in the amount of NOK 142 million (336 million).

### *Investments*

In 2016, the Group invested NOK 562 million (128 million). The investment in Comfort Hotel Bergen Airport (NOK 409 million) was the largest single investment.

### *Equity and cash flow*

The Group's recognised equity is NOK 1 092 million (1 067 million). The net cash flow from operations is NOK 387 million (322 million). At year-end 2016, total bank deposits and cash equivalents amounted to NOK 803 million (593 million).

### *Financing and liquidity*

At year-end 2016, the Group had long-term liabilities of NOK 4 546 million (4 519 million). The Group's solidity and liquidity are good. The book equity ratio was 18% (17%) at year-end 2016. The Group's property portfolio is valued annually by two independent appraisers. The valuations indicate that the market value of the Group's property portfolio is significantly higher than its carrying amount.

## *Risk*

### **Financial risk**

Linstow is exposed to exchange rate fluctuations, as the Group's Baltic, Portuguese and Russian operations are in foreign currency. As far as possible, Linstow aims to align the Group's liabilities with underlying assets and revenues.

Linstow is also exposed to a refinancing risk and changes in the interest rate level. The Group seeks to reduce this risk by entering into interest rate swap agreements with varying terms and entering into long-term loan agreements with a diversified maturity structure. Linstow is also exposed to changes in the amount for which our properties can be sold on the market. These amounts are largely dependent on earnings, interest rates and the attractiveness of our properties.

The risk that counterparties and clients would be financially unable to meet their obligations is considered to be unchanged in the course of the year. Most rental agreements are covered by a bank guarantee or a cash deposit equivalent to three months' rent. The Board of Directors considers the liquidity of the Group to be good, so it sees no reason to take measures to significantly change the liquidity risk.

### **Project risk**

Contracts for the Group's projects have been entered into with large, well-established contractors. Standard performance bonds have been provided for these projects.

**Other risk**

The financial results of our hotel business are largely dependent on the occupancy rate and the room rates that can be charged in the market. The risk in our shopping centre business is related to the economic development in the countries in which the centres are located, the attractiveness of individual shopping centres, their popularity with tenants, the tenants' ability to pay, vacancy rates and the market rents that can be charged.

**Property portfolio**

At year-end 2016, the Group owned 454 000 m<sup>2</sup> of property. Of this, 340 000 m<sup>2</sup> was property in the Baltic region and Russia, while 112 000 m<sup>2</sup> was property in Norway. Linstow also manages a property portfolio of shopping centres of approximately 158 000 m<sup>2</sup> in the Baltic region for other owners.

**Outlook**

Economic growth in the Baltic region in 2016 was moderate, but somewhat higher than the Eurozone average. Growth is also expected to be somewhat higher in 2017, due to higher exports and the phasing in of EU Structural Funds. Retail trade also showed a positive development in 2016, which is assumed to continue into 2017. In Riga, several new hotels have opened recently, which entails continued pressure on prices and earnings in the coming years.

In 2016, residential sales through OSU showed good results, which is attributed to good demand in the Oslo region. The future residential development will take place over a longer period of time, and the Board of Directors considers the development to be exciting.

The commercial property market in Norway has been marked by a continuing fall in the yield levels. The prime yield for office properties in the Oslo region is currently estimated to be just under 4%, while the very best properties can achieve a yield as low as 3,5%. Historically low interest rates and high demand for attractive objects continue to be the most important driver. The future development of the Norwegian property market is considered interesting.

***The Board of Directors proposal for allocation of the annual profit***

Linstow AS's profit after tax amounted to NOK 121,1 million (216,2 million). After receipt of a group contribution after tax of NOK 30 million (86,3 million) from the Awilhelmsen Group, and the transfer of NOK 88,9 million (12,6 million) from other reserves, the Board of Directors proposes the distribution of a dividend of NOK 240 million (315 million) to A/S Møllegaarden.

The Board of Directors of Linstow AS  
Oslo, Norway, 21 March 2017



**Sigurd E. Thorvildsen**  
Chairman



**Henrik Fougner**  
Board Member



**Knut I. Nossen**  
Board Member



**Per Tore Mortensen**  
CEO



## INCOME STATEMENT 1 JAN – 31 DEC

Linstow AS				Linstow Group	
2016	2015	(NOK 000)	Notes	2016	2015
<b>OPERATING INCOME</b>					
		Rental income, properties		339 995	320 656
248	408	Profit from sale of fixed assets	1	3 660	1 713
		Project income		37 249	15 753
10 906	12 664	Hotel revenues and other operating income	2	757 215	725 462
<b>11 154</b>	<b>13 072</b>	<b>Total operating income</b>		<b>1 138 119</b>	<b>1 063 583</b>
<b>OPERATING EXPENSES</b>					
-61 929	-63 917	Wages, employer's national insurance contributions and pension costs	3	-265 145	-252 230
-13 588	-14 168	Other administrative expenses	2	-289 789	-278 859
		Cost of materials		-57 053	-54 559
-166	-58	Operating costs for properties and bad debts		-48 010	-40 637
		Project expenses		-32 908	-11 844
-2 069		Loss on the sale of fixed assets	1	-139	-116
-1 925	-12 638	Impairment/(reversal) of fixed assets	1,5	3 165	-14 206
-1 578	-1 557	Amortisation	5	-170 193	-160 545
<b>-81 256</b>	<b>-92 338</b>	<b>Total operating expenses</b>		<b>-860 071</b>	<b>-812 996</b>
<b>-70 102</b>	<b>-79 266</b>	<b>Operating profit</b>		<b>278 049</b>	<b>250 588</b>
<b>FINANCIAL ITEMS</b>					
142 316	335 867	Profit/loss from group companies and associates	4	48 925	-952
126 299	83 803	Finance income	6	57 535	62 986
-83 135	-160 023	Finance expense	6	-112 939	-160 915
<b>185 480</b>	<b>259 647</b>	<b>Net financial items</b>		<b>-6 479</b>	<b>-98 881</b>
<b>115 377</b>	<b>180 380</b>	<b>Profit before tax</b>		<b>271 569</b>	<b>151 707</b>
5 741	35 817	Tax	7	-33 725	-17 646
<b>121 118</b>	<b>216 197</b>	<b>Profit for the year</b>	8	<b>237 844</b>	<b>134 061</b>
		Minority interests		77	62
<b>121 118</b>	<b>216 197</b>	<b>Profit for the year after minority interest</b>		<b>237 921</b>	<b>134 123</b>
<b>APPROPRIATIONS</b>					
88 882	12 553	Transferred to other equity			
-240 000	-315 000	Accrued dividend			
30 000	86 250	Group contribution received after tax			
<b>-121 118</b>	<b>-216 197</b>	<b>Total appropriations</b>	8		

## BALANCE SHEET AT 31 DEC

Linstow AS		(NOK 000)	Notes	Linstow Group	
2016	2015			2016	2015
<b>ASSETS</b>					
<b>Fixed assets</b>					
<b>Intangible assets</b>					
8 563	6 135	Deferred tax assets	7		
<b>Tangible fixed assets</b>					
7 723	14 387	Real property	5	3 796 962	3 972 617
243	4 033	Projects in progress	5	425 670	69 296
1 408	2 725	Machinery, fixtures/fittings and vehicles	5	106 133	107 541
<b>Financial assets</b>					
2 643 134	2 471 973	Shares in subsidiaries	4		
668 140	892 333	Receivables from group companies			
384 794	314 234	Shares in associates	4	581 051	495 024
	106 430	Receivables from associates			106 430
85 173	131 077	Other shares	4	85 173	131 081
1 520	1 840	Other long-term receivables	9	31 538	72 145
<b>3 800 698</b>	<b>3 945 167</b>	<b>Total fixed assets</b>		<b>5 026 529</b>	<b>4 954 135</b>
<b>Current assets</b>					
1 136	12 256	Current receivables	9	62 666	84 519
161 060	431 876	Receivables from group companies		161 060	431 876
19 666		Projects for sale	5	111 056	111 201
485 905	244 428	Bank deposits, group account	12	803 378	593 146
<b>667 767</b>	<b>688 560</b>	<b>Total current assets</b>		<b>1 138 160</b>	<b>1 220 743</b>
<b>4 468 466</b>	<b>4 633 727</b>	<b>Total assets</b>		<b>6 164 688</b>	<b>6 174 877</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
817 808	817 808	Share capital (1 264 600 shares – par value NOK 647)		817 808	817 808
405 333	405 333	Other paid-in capital		405 333	405 333
670 731	759 613	Retained earnings		-132 272	-157 986
		Minority interests		1 451	1 465
<b>1 893 872</b>	<b>1 982 754</b>	<b>Total equity</b>	<b>8</b>	<b>1 092 319</b>	<b>1 066 621</b>
<b>Long-term liabilities</b>					
<b>Provisions for liabilities</b>					
		Deferred tax	7	230 648	203 691
59 052	67 100	Other commitments	10	54 516	88 297
<b>Other non-current liabilities</b>					
944 626	840 112	Liabilities to group companies			
129 934	180 356	Debt instrument loans and credit facilities	10	129 934	180 356
1 149 022	1 202 686	Secured debt	10	4 130 528	4 046 756
<b>2 282 633</b>	<b>2 290 254</b>	<b>Total long-term liabilities</b>		<b>4 545 625</b>	<b>4 519 100</b>
<b>Current liabilities</b>					
291 960	360 719	Other current liabilities	11	526 744	589 157
<b>291 960</b>	<b>360 719</b>	<b>Total current liabilities</b>		<b>526 744</b>	<b>589 157</b>
<b>4 468 466</b>	<b>4 633 727</b>	<b>Total equity and liabilities</b>		<b>6 164 688</b>	<b>6 174 877</b>

Oslo, 21 March 2017



**Sigurd E. Thorvildsen**  
Chairman



**Henrik Fougner**  
Board Member



**Knut I. Nossen**  
Board Member



**Per Tore Mortensen**  
CEO

## CASH FLOW STATEMENT

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Profit before tax	115 377	180 380	271 569	151 707
- Tax payable		-23 364	-15 731	-47 190
- Profit from sale of fixed assets	-248	-408	-3 660	-1 713
+/- Net loss/profit from sale of projects			-4 341	-3 909
- Profit/loss from associates			-48 925	952
+ Loss on sale of fixed assets	2 069		139	116
+ Amortisation	1 578	1 557	170 193	160 545
+ Impairment/reversal of fixed assets	1 925	12 638	-3 165	14 206
+/- Change in accounts receivable	904	-239	9 831	-1 054
+/- Change in accounts payable	-272	1 183	2 338	10
+/- Change in interest	-350	-7	1 681	-3 332
+/- Change in other accruals	13 041	-1 931	7 222	51 425
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>134 024</b>	<b>169 808</b>	<b>387 151</b>	<b>321 763</b>
+ Sale of tangible assets and projects	102		74 132	19 318
- Investment in tangible assets and projects	-9 474	-1 059	-561 843	-128 256
+ Payments in from investments in shares	13 135	97 184	160 905	60 000
- Investment in shares	-196 668	-41 235	-159 920	
+/- Changes in other receivables/intra-group balances	408 707	-674 531	147 037	-113 735
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>215 802</b>	<b>-619 641</b>	<b>-339 690</b>	<b>-162 673</b>
+/- Change in external long-term liabilities	-108 351	502 314	187 293	-19 479
+/- Exchange rate differences			-24 524	8 890
- Equity transactions and loans to parent company				
+ Change in minority through acquisitions, payments and incorporation				
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-108 351</b>	<b>502 314</b>	<b>162 769</b>	<b>-10 589</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS DURING YEAR (A+B+C)</b>	<b>241 476</b>	<b>52 481</b>	<b>210 231</b>	<b>148 501</b>
Cash & cash equivalents 1 Jan (*)	244 428	191 947	593 147	444 646
<b>Cash &amp; cash equivalents 31 Dec (*)</b>	<b>485 904</b>	<b>244 428</b>	<b>803 378</b>	<b>593 147</b>

(\*) Cash and cash equivalents are largely related to group account and thus represent a receivable with the parent company under the group banking scheme.

### ACCOUNTING PRINCIPLES

#### General

The annual financial statements have been prepared in accordance with current legislation and generally accepted accounting principles. Accounting standards for “remaining” enterprises have been used.

With respect to the parent company, Linstow AS uses the cost method for valuing shares and interests in subsidiaries and associates. Acquisition and disposal of subsidiaries is part of the company’s ordinary operation. Comparative figures have not therefore been prepared for this.

#### Basis of consolidation

Shares and participating interests in subsidiaries are eliminated in accordance with the purchase method. This means that the cost price of the shares and interests is set off against the subsidiaries’ equity at the date of acquisition. Any added/negative values of individual properties arising from this process are depreciated using the same principles as for the properties themselves. Profit/loss from the purchase/sale of subsidiaries and associates is included from/to the date of acquisition/disposal. For gradual investment in/acquisition of subsidiaries, values at the date of consolidation are generally used. The minority interests’ share of income and equity is shown as a separate line on the income statement and balance sheet. Internal receivables, liabilities and profit/loss items are eliminated in the consolidated accounts.

In the parent company accounts, the cost method is used for all companies, regardless of structure and ownership share. Group contributions and dividend received which lie inside and outside the subsidiaries’ accrued earnings in the ownership period are respectively recognised in the parent company’s income statement and recognised directly in the balance sheet as an investment. Group contributions from the parent company to a subsidiary are considered as investments in subsidiaries and are capitalised as part of the cost of the shares. Group companies are fully consolidated in the accounts, while associates are accounted for using the equity method. More information can be found in note 4 where shares and ownership interests are specified.

#### Translation of foreign companies

In the consolidated accounts, the accounts of foreign subsidiaries and associates are aligned with the parent company’s accounting principles as far as possible. When these companies’ accounts are converted from local currencies to Norwegian kroner (NOK), balance sheet items are translated using the exchange rate prevailing at the balance sheet date, while income statement items are mainly translated using the average

rate the average rate for each quarter. The difference arising when the company’s opening equity is translated based on this method is recognised as a correction to the group’s equity.

#### Financial instruments

The group hedges the majority of its variable interest rates by entering into forward rate agreements. The agreements are valued at fair value by external parties. Current payments are presented as interest cost. The effect of value changes is recognised in profit/loss. Unrealised gains are not recognised. See below for duration plus note 6.

#### Revenue recognition

Transactions are recognised at the value of the compensation at the time of delivery. Income is recognised when it is accrued, i.e. when the service is provided. Income is presented after deduction of VAT, rebates and discounts. Costs are compared with accrued revenues.

Redemption amounts from leases are recognised as income when the premises are leased and the rent covers costs. If the premises remain leased continuously, the income is accrued over the original lease term. If costs are partially covered, the buyout revenues are recognised as income proportionately.

#### Gains/losses/impairment losses on fixed assets

Profit/loss and impairment losses on fixed assets are classified as ordinary operating income/expense in the income statement.

#### Maintenance and improvements

Ongoing maintenance costs to keep the properties in the best state of repair during the group’s ownership are included in operating expenses. Alterations for specific tenants and general work on the buildings which increase their rental value are depreciated over their expected useful life. The cost is included in amortisation. Rehabilitation expenditure raising the property standard from best state of repair during the group’s ownership and increasing future rental income is capitalised and depreciated with the building over its normal amortisation period.

#### Current/fixed assets

##### Current/long-term liabilities

Items are classified as fixed assets/long-term liabilities if they are intended for long-term ownership or use or their settlement date is after the end of the next accounting period. The first year’s instalments for long-term liabilities are accounted for as long-term liabilities. Other items are classified as current assets/current liabilities. Current assets are recognised in the balance sheet at the lower of cost and fair value. See separate note on the valuation of fixed assets. The group account arrangement is classified as a bank deposit.

**Projects for sale**

Projects defined as for sale are treated in accordance with Norwegian accounting standard NRS 2, construction contracts. Linstow utilises current revenue recognition based on expected revenue. In proportion to the stage of completion of the contract and sale. The result for the period is the expected final result multiplied by the stage of completion of the contract and sale. Projects expected to make a loss are recognised as an expense. Accrued costs at the reporting date comprise recognised costs allowing for any invoicing lag. Income comprises accrued costs plus the project margin. Income is not recognised until a substantial part of the project has been sold and the construction is well in progress, making it possible to give a reliable estimate of profit. If in doubt, the project is booked without profit. The same principle is applied, where natural, in the parent company accounts.

**Fixed assets**

Fixed assets are recognised at cost less accumulated depreciation and impairment losses. Leased assets which qualify as finance leases are capitalised and depreciated with other fixed assets. In general, fixed assets are valued as a whole and written down if their fair value as defined in the Norwegian Accounting Act is lower than their carrying amount. Fixed assets for which a decision to sell has been made are not reclassified as a rule, and the estimated sales value is used as the fair value.

At some of the companies' properties, new rental projects are under construction. The cost of these projects, including interest on capital expenditure, is capitalised until the projects are completed/have full rental coverage. Interest on capital expenditure on projects acquired through the purchase of companies is capitalised. For projects where a decision has been taken to delay/halt the construction process, the interest on capital expenditure is expensed as it arises. Development projects and major conversions are transferred to properties and depreciated from the time the premises have been put into use.

**Pensions**

Pension costs are accounted for in compliance with Norwegian accounting standards. Gross earned pension liabilities, less pension funds, are booked as a liability at the start of the year based on actuarial calculations. Changes in the underlying economic and actuarial assumptions are systematically distributed over the remaining service period. Linstow also has unfunded pension liabilities, and their present value is entered on the balance sheet in the same way. The pension cost for the year is included in wages, salaries, etc. in the income statement, and comprises the current service cost, plus interest on pension liabilities less the return on pension funds. For unfunded pension liabilities the pension cost

for the year is mainly interest on the accrued liabilities. Estimate discrepancies are accrued. When non-amortised estimate variances exceed 10% of the higher of obligations including employer's national insurance contributions and pension fund assets, the excess amount is amortised over the average remaining earning period.

**Deferred tax**

Deferred tax is calculated on the basis of the temporary differences that exist at the end of the financial year between accounting and taxable values. Temporary differences which reverse or may reverse in the same period are offset.

Deferred tax is generally recognised at nominal value using the enacted tax rate on the balance sheet date. Deferred tax on value added arising from acquisitions is valued at the present value, due to the long reversal time. Deferred tax liabilities and assets abroad are not offset against deferred tax benefits in Norway. In accordance with the exemption model, tax on temporary differences in share values is not recorded. Deferred tax assets/liabilities are classified respectively as fixed assets and provision for liabilities. Change in deferred tax for the year is entered as a tax expense in the income statement.

**OTHER**

**Financial market risk**

The Group's market risk can be related to interest rate risk, currency risk and other risk. Please also refer to the Board of Directors Annual Report for further comments.

**Interest rate risk**

See also note 10, where the repayment schedule for long-term liabilities is described. The principals owed by the Group and the date of interest rate margin adjustments are listed below: Average rates presented in the table are equal to the sum of margin and reference rates (3m NIBOR etc.) as of 31 December 2016 for each individual loan.

(NOK 000)

Year	Amount	Average interest rate	Percentage of portfolio	Accumulated percentage
1 years	1 521 047	2,1 %	36 %	36 %
2 years	768 424	1,9 %	18 %	54 %
3 years	12 165	1,5 %	0 %	54 %
4 years	109 036	0,9 %	3 %	57 %
5 years	922 595	2,1 %	22 %	78 %
6 years +	927 196	1,4 %	22 %	100 %
<b>Total</b>	<b>4 260 462</b>	<b>1,88 %</b>	<b>100 %</b>	



## ACCOUNTING PRINCIPLES

In order to reduce interest rate risk, the group has entered into interest rate swap agreements and agreements on interest rate caps. Presented below is the maturity structure for interest rate swap agreements in the Group.

(NOK 000)

Year	Amount	Fixed rate (average)	Share	Accumulated share
1 years				0 %
2 years	372 538	1,0 %	12 %	12 %
3 years	261 295	1,5 %	9 %	21 %
4 years	300 000	1,3 %	10 %	31 %
5 years	258 202	0,3 %	8 %	39 %
6 years +	1 867 624	0,3 %	61 %	100 %
<b>Total</b>	<b>3 059 659</b>	<b>0,6 %</b>		

### Currency risk

The group uses Norwegian kroner (NOK) as its base currency, but through its business outside of Norway it is exposed to exchange rate changes in other countries, mainly euro. The group has currency risks related to both recognised monetary items and shares in foreign companies. Investments in foreign companies are made in a long-term perspective and do not have currency hedging. Monetary items are exchanged continuously to the currency that best corresponds to the group's future liquidity requirements.

Exchange losses etc. of NOK 2 208 million on Linstow's international investments were recognised in 2016.

Exchange rates used at 31 December were:

	2016	2015
1 USD = NOK	8,6200	8,8090
1 EUR = NOK	9,0863	9,6190
1 SEK = NOK	0,9512	1,0475
1 RUB = NOK	0,1413	0,1198

### Large individual transactions

The company acquired all shares in Flesland 110/15 and 22 AS ultimo 2016. The company is building a hotel property with an underground parking garage. The purchase price and subsequent expenses represent about NOK 400 million at year-end. The purchase was made from a subsidiary of the associated company Bergen Lufthavn Utvikling AS. The final purchase price depends on turnover developments in the acquired company. In the summer of 2016, all shares in the company Baltijos Parkai AS in Lithuania were sold. The company owned two smaller Inn hotels in Lithuania and the underlying price for the hotels was about NOK 35 million.

## NOTES

### NOTE 1 PROFIT AND LOSS ON SALE OF FIXED ASSETS, IMPAIRMENT AND REVERSALS

#### Profit from sale of fixed assets

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Profit from sale of properties	146	408	3 387	1 233
Profit from sale of fixtures, fittings and vehicles	102		273	480
<b>Total</b>	<b>248</b>	<b>408</b>	<b>3 660</b>	<b>1 713</b>

#### Loss on sale of fixed assets

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Loss on disposal of fixtures, fittings and vehicles			-139	-116
<b>Total</b>	<b>0</b>	<b>0</b>	<b>-139</b>	<b>-116</b>

#### Impairment of fixed assets and reversals

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Impairment projects			-25 338	11 844
Impairment/reversal of shares	-1 859	9 627		
Impairment/reversal of fixed assets	3 784	3 010	-3 614	467
Impairment/reversal of properties			32 117	-26 517
<b>Total</b>	<b>1 925</b>	<b>12 638</b>	<b>3 165</b>	<b>-14 206</b>

Impairment/reversal are shown as net in the group above. Refer to segment information for further information.

### NOTE 2 HOTEL REVENUES AND OTHER OPERATING INCOME - OTHER ADMINISTRATIVE EXPENSES

#### Hotel revenues and other operating income

This includes income from the group's international hotel operations, with the main items being restaurant and room revenues. The group also receives fees for the management of properties in Portugal and Norway. See also the distribution of group income by segment.

#### Other administrative expenses

International operations also include costs related to the running of the group's hotels. Costs such as maintenance, marketing and cleaning are therefore included.

## NOTES

### NOTE 3 WAGES, SALARIES, EMPLOYER'S NATIONAL INSURANCE CONTRIBUTIONS AND PENSION COSTS

#### Wages, salaries and employer's national insurance contributions

	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Wages/salaries and pensions	-53 723	-56 102	-219 471	-210 607
Public duties payable	-8 206	-7 815	-47 646	-43 110
Other			1 972	1 487
<b>Total</b>	<b>-61 929</b>	<b>-63 917</b>	<b>-265 145</b>	<b>-252 230</b>

#### Pension expense

	Linstow AS		Linstow Group	
	2016	2015	2016	2015
<b>Net pension expense</b>				
Current service cost	-5 154	-6 323	-5 154	-6 323
Cost of interest on pension liabilities	-2 213	-2 207	-2 213	-2 207
Return on plan assets	1 397	1 350	1 397	1 350
Accrued employer contributions	-842	-1 012	-842	-1 012
Administration	-519	-564	-519	-564
Recognised changes in plan	1 119		1 119	
Recognised actuarial gains/losses	1 094	-107	1 094	-107
<b>Net pension expense</b>	<b>-5 118</b>	<b>-8 864</b>	<b>-5 118</b>	<b>-8 864</b>
<b>Net pension expense, inclusive of defined contribution pensions</b>	<b>-5 430</b>	<b>-9 173</b>	<b>-5 430</b>	<b>-9 173</b>

#### Pension liabilities - funded pension plans

Calculated pension liabilities	56 694	60 419	56 694	60 419
Plan assets	-41 354	-41 676	-41 354	-41 676
Employer contributions	2 163	2 643	2 163	2 643
Unrecognised changes in plan	-3 528	-5 981	-3 528	-5 981
<b>Net pension liabilities</b>	<b>13 976</b>	<b>15 404</b>	<b>13 976</b>	<b>15 404</b>

#### Pension liabilities - unfunded pension plans

Calculated pension liabilities	24 190	22 225	24 190	22 225
Employer contributions	3 388	3 111	3 388	3 111
Unrecognised actuarial gains/losses	-2 472	-1 545	-2 472	-1 545
<b>Net pension liabilities</b>	<b>25 106</b>	<b>23 790</b>	<b>25 106</b>	<b>23 790</b>

#### Composition of pension fund assets

Shares	9,5 %	7,9 %	9,5 %	7,9 %
Bonds	66,2 %	54,8 %	66,2 %	54,8 %
Money market etc.	10,2 %	25,8 %	10,2 %	25,8 %
Property	14,0 %	11,5 %	14,0 %	11,5 %

Composition of the pension fund assets as at 30 September 2016.

## NOTES

### Financial assumptions:

	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Discount rate	2,60 %	2,70 %	2,60 %	2,70 %
Annual wage increases	2,50 %	2,50 %	2,50 %	2,50 %
Annual pension increases	1,48 %	1,48 %	1,48 %	1,48 %
Annual increase in NI base rate	2,50 %	2,25 %	2,50 %	2,25 %
Expected return on plan assets	3,60 %	3,30 %	3,60 %	3,30 %
Mortality table	K2013	K2013	K2013	K2013

The company's occupational pension scheme fulfils legal requirements. Linstow AS has a defined benefit pension scheme for all employees in Norway in the form of a collective pension insurance for pay up to 12 G (G = the National Insurance scheme's basic amount). Full pension requires an earning period of 30 years and gives the right to a retirement pension of the difference between 70% of pay and calculated National Insurance benefits. This scheme fulfils the requirements of the Occupational Pensions Act. The company's defined-benefit pension scheme was closed as of 1 January 2012. Those employed after this date have a contributory pension scheme. In 2016, four persons are connected with this scheme.

Linstow AS also has obligations relating to pay over 12 G and agreements regarding early retirement for certain employees. Obligations relating to pay over 12 G and early retirement pensions are financed from operations in the company. Subsidiaries outside of Norway have pension schemes for their employees only to a limited degree. Such schemes are mainly defined contribution.

### Number of employees

The number of employees in the group at year-end 2016 was 1 200 (about 980 FTEs), compared with 1 219 (about 1 018 FTEs) the previous year, excluding associated companies. The parent company had 21,5 full-time equivalents in 2016, compared with 24 the previous year.

### Remuneration of key management personnel - auditor's fees

#### Auditor's fees

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Auditor's fees (incl. VAT)	-388	-535	-3 000	-3 109
Attestation and other fees - audit (incl. VAT)	-19	-30	-378	-712
<b>Total</b>	<b>-407</b>	<b>-565</b>	<b>-3 378</b>	<b>-3 821</b>

### Remuneration of key management personnel and/or the Board of Directors

(NOK 000)	Linstow AS	
	2016	2015
Salary Managing Director	-3 999	-3 929
Bonus scheme paid to Managing Director	-3 583	-2 924
Bonus scheme accrued to Managing Director	-843	-1 015
Pension Managing Director	-981	-1 004
<b>Total</b>	<b>-9 405</b>	<b>-8 871</b>

There are no agreements for the board or managing director with regard to special compensation on termination of employment.

There is a bonus scheme for the company's managing director and other key management personnel based on the growth of Linstow. Payment of the accrued bonus scheme is dependent on future growth for the group. Payment is based on value-adjusted equity at 31 December 2009 and on future growth in this exceeding the return on 5-year government bonds. As of 31 December 2012 and for subsequent years payment is made of 20% of the increase in value and corresponding new shares are also awarded. It is a condition for payment and award of shares that the employee remains in the position. In total, NOK 16 672 000 net including employer's national insurance contributions was expensed for the scheme in 2016, compared with NOK 15 977 000 the previous year. The bonus scheme has been adopted in accordance with NRS 15A.

## NOTES

### NOTE 4 RESULTS AND INVESTMENTS IN ASSOCIATES - INVESTMENTS IN GROUP COMPANIES

Profit/loss from associated companies can be found below under shares in associated companies.

The parent company's profit represents group contributions received and dividends from subsidiaries.

#### Shares in subsidiaries

<b>Company</b>	<b>Reg'd office</b>	<b>Linstow AS number of shares</b>	<b>Linstow AS shares/votes %</b>	<b>Linstow AS Carrying amount (NOK 000)</b>
Viesnica Latvija SIA	Riga	18 212 759	100,0 %	333 461
Linstow Center Development AS	Oslo	100	100,0 %	288 845
Romerike Helsebygg AS	Oslo	157 874	100,0 %	275 822
Olümpia Holding Nederland B.V.	Amsterdam	40 100	100,0 %	222 670
Flesland 110/15 and 22 AS	Oslo	2 343 570	100,0 %	222 388
Tollbugaten 32 AS	Oslo	7 000	100,0 %	158 166
Onistus Ltd (*)	Nicosia	99 999	100,0 %	156 672
Elizabetes Centrs SIA	Riga	139 494	100,0 %	129 041
Galleriet parkering AS	Oslo	25 658	100,0 %	124 744
Depotgata 22 AS	Oslo	100 000	100,0 %	124 113
Saliena Retail SIA	Riga	1 741 343	100,0 %	112 929
Central Holding Nederland B.V.	Amsterdam	40 100	100,0 %	104 036
Viesbutis "Lietuva" UAB	Vilnius	845 612	100,0 %	96 848
Grønland Torg Parkering AS	Oslo	30 751	100,0 %	70 153
Hotel Neris UAB	Kaunas	1 000 000	100,0 %	56 501
Attistibas Agentura SIA	Riga	13 300 000	100,0 %	42 541
Attistibas ADX SIA	Riga	3 650 000	100,0 %	34 930
Brubakkveien 16 AS	Oslo	10 000	100,0 %	28 548
Linstow Airport Bratislava s.r.o.	Bratislava	1	100,0 %	14 669
A/S Storetvedt Utbyggingsselskap	Oslo	24 990	100,0 %	12 544
Viesnica Ridzene SIA	Riga	3 600 000	100,0 %	11 978
Linstow Center Management SIA	Riga	1 162 486	100,0 %	9 783
Dunas Holding AS	Oslo	300 000	100,0 %	8 020
Linstow Eiendom AS	Oslo	1 000	100,0 %	3 265
Linstow Fastigheter AB	Malmö	3 000	100,0 %	450
Reval Hotel Management OÜ	Tallinn	1	100,0 %	19
Ülemiste Holding Nederland B.V.	Amsterdam	40 100	100,0 %	0
Linstow Baltic SIA	Riga	7 094 723	100,0 %	0
<b>Total</b>				<b>2 643 134</b>

(\*) Via the company, Linstow AS owns 100% of the Russian company LLC Liteiny 5, which is the owner of Sonya Hotel in St. Petersburg.

#### Shares and interests in associated companies

<b>Company</b>	<b>Reg'd office</b>	<b>Linstow Group number of shares</b>	<b>Linstow Group shares/votes %</b>	<b>Linstow AS Carrying amount (NOK 000)</b>
Baltic Park AS	Oslo	1 375	50,0 %	9 500
Bergen Lufthavn Utvikling AS	Oslo	1 200	50,0 %	5 461
Oslo S. Utvikling AS	Oslo	3 000	33,3 %	295 333
Helsehusene Fredrikstad AS	Oslo	250 000	25,0 %	74 500
<b>Total</b>				<b>384 794</b>



## NOTES

Company	Linstow Group Carrying amount 2015 (NOK 000)	Linstow Group Profit/Loss (NOK 000)	Linstow Group Acquisitions and other (NOK 000)	Linstow Group Carrying amount 2016 (NOK 000)
Baltic Park AS	17 890	8 015	-1 720	24 184
Bergen Lufthavn Utvikling AS		-13 517	14 511	995
AS "Infrastruktur FINCO" (*)	189		-189	0
Oslo S. Utvikling AS	476 946	58 763	-50 000	485 709
Helsehusene Fredrikstad AS		-4 337	74 500	70 163
<b>Total</b>	<b>495 024</b>	<b>48 925</b>	<b>37 102</b>	<b>581 051</b>

(\*) During 2016 the company is fully consolidated.

### Other shares

Company	Reg'd office	Linstow AS number of shares	Linstow AS shares/votes %	Linstow Group Carrying amount (NOK 000)
Koksa Eiendom AS	Oslo	16 146 670	12,5 %	85 173
Norefjell Golfbane AS	Krødsherad	312	31,2 %	0
<b>Total Linstow AS</b>				<b>85 173</b>
Other				0
<b>Total Linstow Group</b>				<b>85 173</b>

## NOTE 5 INTANGIBLE ASSETS AND FIXED ASSETS

### Fixed assets - Linstow AS

(NOK 000)	Machinery, fixtures and vehicles	Properties	Land	Projects in progress	Total
Cost, 1 Jan	5 932		14 387	4 032	24 351
Transferred from/to projects in progress and for sale			-6 664	-3 790	-10 454
Additions	261				261
Disposals	3 188				3 188
<b>Cost, 31 Dec</b>	<b>9 381</b>	<b>0</b>	<b>7 724</b>	<b>242</b>	<b>17 347</b>
Accumulated amortisation and impairment, 1 Jan	-3 207				-3 207
Depreciation for the year	-1 578				-1 578
Disposal of depreciation and impairment	-3 188				-3 188
<b>Accumulated depreciation and impairment, 31 Dec</b>	<b>-7 973</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7 973</b>
<b>Carrying amount, 31 Dec</b>	<b>1 407</b>	<b>0</b>	<b>7 724</b>	<b>242</b>	<b>9 373</b>

Interest on capital expenditure in 2016 recognised in balance sheet 0

Depreciation rates 20-30%. 0% 0%

## NOTES

### Fixed assets - Linstow Group

(NOK 000)	Machinery, fixtures and vehicles	Properties	Land	Projects in progress	Total
Cost, 1 Jan	436 863	5 434 319	1 197 777	97 754	7 166 713
Transferred from/to projects in progress and for sale	7 017	44 338	-9 125	-58 486	-16 257
Exchange differences	-21 247	-220 298	-49 851	-4 488	-295 884
Additions	27 244	8 250	61 016	443 185	539 695
Disposals	-15 288	-106 410	30 867	-5 402	-96 233
<b>Cost, 31 Dec</b>	<b>434 588</b>	<b>5 160 199</b>	<b>1 230 684</b>	<b>472 563</b>	<b>7 298 034</b>
Accumulated amortisation and impairment, 1 Jan	-329 321	-2 185 041	-474 439	-28 458	-3 017 259
Depreciation for the year	-30 010	-140 182			-170 193
Impairment/reversal for the year		39 463	-7 345	-24 854	7 264
Exchange differences	16 565	108 808	25 829	1 092	152 295
Disposal of depreciation and impairment	14 312	82 125	-43 140	5 326	58 624
Accumulated depreciation and impairment, 31 Dec	-328 454	-2 094 827	-499 095	-46 893	-2 969 269
<b>Carrying amount, 31 Dec</b>	<b>106 134</b>	<b>3 065 373</b>	<b>731 589</b>	<b>425 670</b>	<b>4 328 765</b>

Interest on capital expenditure in 2016 recognised in balance sheet 1 425

Depreciation rates 20-30% 1-8% 0% 0%

### Projects for sale

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Cost, 1 Jan			111 201	113 350
Impairment			-484	-2 209
Transferred from fixed assets	10 454		16 257	5 550
Exchange differences			-5 159	6 323
Additions	9 213		22 147	31
Disposals			-32 908	-11 844
<b>Carrying amount, 31 Dec</b>	<b>19 666</b>	<b>0</b>	<b>111 055</b>	<b>111 201</b>

## NOTE 6 FINANCIAL ITEMS

### Finance income

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Finance income from group companies	28 580	24 147	5 518	7 988
Finance income from group account arrangement	1 755	555	2 325	1 226
Finance income from associates	5 159	2 452	5 159	5 109
Currency gains	82 826	54 069	33 787	39 662
Adjustment to value of financial instruments	4 153		4 841	4 503
Other finance income	3 826	2 581	5 904	4 498
<b>Total</b>	<b>126 299</b>	<b>83 803</b>	<b>57 535</b>	<b>62 986</b>

Finance income includes dividends from Koksa Eiendom AS of NOK 3.77 million in 2016 and 2.52 million in 2015.

## NOTES

### Finance expense

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Finance costs - group companies	-22 490	-26 557	-1 334	
Currency losses	-27 060	-105 801	-16 957	-55 152
Adjustment to value of financial instruments		-2 458	-1 737	-2 382
Other finance expense	-33 585	-25 208	-92 911	-103 381
<b>Total</b>	<b>-83 135</b>	<b>-160 023</b>	<b>-112 939</b>	<b>-160 915</b>

### NOTE 7 TAX EXPENSE

#### Tax expense for the year consists of:

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Income tax payable			-21 301	-20 036
Change in deferred tax	5 741	35 817	-12 425	2 390
<b>Total tax expense</b>	<b>5 741</b>	<b>35 817</b>	<b>-33 725</b>	<b>-17 646</b>

#### Tax impact of temporary differences:

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Current assets			-1 611	-5 753
Tangible fixed assets	-1 631	-1 689	126 242	126 534
Profit and loss account	11 628	15 140	13 544	17 635
Pensions	-9 380	-9 324	-9 380	-9 798
Other temporary items	-9 050	-9 798	114 704	97 389
Tax loss carryforwards	-130	-464	-32 665	-32 827
Tax loss carryforwards, interest limitation				-189
Differences not offset			19 815	10 700
<b>Deferred tax/tax benefit</b>	<b>-8 563</b>	<b>-6 135</b>	<b>230 648</b>	<b>203 691</b>

Tax rate at the end of the year	24 %	25 %		
Of which Norwegian business,	-8 563	-6 135	18 377	2 719
Of which foreign business			212 271	200 972

#### Change in deferred tax

Change in deferred tax	2 428	7 067	-26 957	-32 441
Acquired through acquisitions			12 500	
Group contributions, currency gains/losses and other	3 313	28 750	2 032	34 831
<b>Change in deferred tax in income statement</b>	<b>5 741</b>	<b>35 817</b>	<b>-12 425</b>	<b>2 390</b>

## NOTES

### Explanation of the Group's tax expense

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Profit before tax	115 377	180 380	271 569	151 707
25% tax (27% in 2015)	-28 844	-48 703	-67 892	-40 961
Tax effect of:				
Permanent differences	34 942	87 310	3 325	3 991
Changes to and tax rate differences	-357	-2 791	30 842	19 324
Calculated tax expense	5 741	35 817	-33 725	-17 646
Effective tax rate for the group	-5 %	-20 %	12 %	12 %

### NOTE 8 CHANGES IN EQUITY

#### Changes in equity - Linstow AS

(NOK 000)	Paid-in capital		Retained equity	Total equity
	Share capital	Other paid-in capital		
Balance, 1 Jan	817 808	405 333	759 613	1 982 754
Accrued dividend			-240 000	-240 000
Group contribution received after tax			30 000	30 000
Profit for the year			121 118	121 118
<b>Balance sheet as at 31 Dec</b>	<b>817 808</b>	<b>405 333</b>	<b>670 731</b>	<b>1 893 872</b>

#### Changes in equity - Linstow Group

(NOK 000)	Share capital	Other paid-in capital	Retained equity	Minority interests	Total equity
	Balance, 1 Jan	817 808	405 333	-157 985	1 465
Accrued dividend			-240 000		-240 000
Group contribution received after tax			30 000		30 000
Translation effects (*)			-2 208		-2 208
Profit for the year			237 921	-77	237 844
<b>Balance sheet as at 31 Dec</b>	<b>817 808</b>	<b>405 333</b>	<b>-132 272</b>	<b>1 450</b>	<b>1 092 320</b>

(\*) Accumulated translation effects included in retained earnings

	4 556	160	4 716
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### NOTE 9 OTHER RECEIVABLES

#### Current receivables

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Accounts receivable	117	1 021	27 455	37 286
Inventories			7 784	8 314
Accruals and other receivables	1 018	11 235	27 428	38 919
<b>Total</b>	<b>1 136</b>	<b>12 256</b>	<b>62 666</b>	<b>84 519</b>

Accounts receivable are measured at their nominal value, less provisions for expected losses.

## NOTES

### Long-term receivables

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Advance payments, etc. the Baltics			30 018	70 305
Other receivables	1 520	1 840	1 520	1 840
<b>Total</b>	<b>1 520</b>	<b>1 840</b>	<b>31 538</b>	<b>72 145</b>

### NOTE 10 MORTGAGES

Carrying amounts of assets provided as collateral for mortgage liabilities are:

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Mortgage liabilities	1 278 956	1 202 686	4 130 528	4 046 756
<b>Carrying amounts of assets pledged as collateral for liabilities:</b>				
Shares (*)	1 108 688	958 053	85 173	
Real property and projects in progress			3 525 099	3 855 449
Fixtures & fittings			76 852	77 847
Other			68 465	58 654
<b>Total</b>	<b>1 108 688</b>	<b>958 053</b>	<b>3 755 589</b>	<b>3 991 950</b>

(\*) Linstow AS has entered into several loan agreements secured by property owned by subsidiaries. For two of the loan agreements, shares have also been pledged as security.

### Guarantees for parent company

Linstow AS is wholly owned by Møllegaarden AS. Møllegaarden AS is wholly owned by AS Investa, and the latter is wholly owned by Awilhelmsen AS. Møllegaarden AS has provided 1st priority collateral in all its shares in Linstow AS as security for a syndicated loan raised by Awilhelmsen AS. The collateral has an upper limit of USD 2.2 billion.

### Repayment schedule for secured debt and credit facilities

Long-term liabilities due within:	Linstow AS		Linstow Group	
	2016	2015	2016	2015
1 years				897 255
2 years	249 192		1 042 615	23 470
3 years	287 764	330 653	916 889	1 169 701
4 years	110 000	303 989	219 036	1 268 047
5 years	632 000	110 000	922 595	230 238
6 years +		638 400	1 159 327	638 400
<b>Total</b>	<b>1 278 956</b>	<b>1 383 042</b>	<b>4 260 462</b>	<b>4 227 112</b>

### Other liabilities / Other long-term liabilities

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Plan liabilities (see note 3)	39 082	39 194	39 082	39 194
Other liabilities and provisions	19 970	27 907	15 434	49 103
<b>Total</b>	<b>59 052</b>	<b>67 100</b>	<b>54 516</b>	<b>88 297</b>

Other liabilities in the Group are primarily losses on swap contracts.



## NOTES

### NOTE 11 CURRENT INTEREST-FREE LIABILITIES

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Trade payables	2 197	2 469	60 307	57 969
Accrued interest	838	1 188	9 129	7 449
Income tax payable			7 670	2 100
Dividends and group contributions (*)	240 000	315 000	240 000	315 000
Advances from tenants and customers			100 212	88 229
Public duties payable, holiday pay etc.	6 678	6 316	19 856	29 392
Other accruals	42 247	35 746	89 569	89 018
<b>Total</b>	<b>291 960</b>	<b>360 719</b>	<b>526 744</b>	<b>589 157</b>

(\*) Group contributions received and dividend provisions are presented on a gross basis in the accounts.

### NOTE 12 BANK DEPOSITS, GROUP ACCOUNT

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Cash and bank deposits	2 645	1 444	291 341	279 260
Group account	483 259	242 985	512 036	313 887
<b>Total</b>	<b>485 905</b>	<b>244 428</b>	<b>803 378</b>	<b>593 146</b>

Linstow AS and some of its subsidiaries form a group banking system with the Awilhelmsen Group. The balance in the group account thus represents a receivable from the parent company of the group. Only an insignificant amount of bank deposits in the group are related to tax withholding accounts.

### NOTE 13 GUARANTEE LIABILITIES AND OTHER COMMITMENTS

(NOK 000)	Linstow AS		Linstow Group	
	2016	2015	2016	2015
Guarantee commitments	368 193	303 547		240 475

The entire guarantee commitments for the parent company relate to foreign subsidiaries. In addition to the above, Linstow AS has given guarantees that Linstow Baltic SIA will be provided with sufficient means to remain a going concern for the coming 12 months.

## NOTES

### NOTE 14 SHAREHOLDER INFORMATION

#### Shareholders at 31 Dec 2016

	Number of share	Nominal	Shareholding %
Møllegaarden AS	1 264 000	647	100,0%

All the company's shares carry one vote.

#### Weighted average number of shares during the period

	2016	2015
Weighted average number of shares during the period	1 264 000	1 264 000
Number of shares at end of year	1 264 000	1 264 000

#### Related parties

Linstow AS has managed several properties and companies owned by Awilhelmsen Group and its shareholders. Linstow AS also contributes to the management of wholly and partly owned companies in Norway and abroad. Loans and interest have been given to and received from wholly and partly owned companies. Fees are paid at market prices.

Linstow AS' transactions with related parties can be grouped as follows:

2016 (NOK 000)	Shareholders	Group companies	Associates	Total
Fee income		5 379	5 436	10 815
Administrative costs		-1 449		-1 449
Finance income	5 518	23 062	5 159	33 739
Finance income group banking system		1 755		1 755
Finance expense	-1 334	-22 490		-23 824
Intragroup contributions	30 000			30 000
Dividends	-240 000		73 639	-166 361
<b>Total</b>	<b>-205 816</b>	<b>6 257</b>	<b>84 234</b>	<b>-115 325</b>

Lending	161 060	668 140		829 201
Borrowing		944 626		944 626
Group account		483 259		483 259

2015 (NOK 000)	Shareholders	Group companies	Associates	Total
Fee income	2 424	5 489	4 726	12 639
Administrative costs		-1 399		-1 399
Finance income	8 888	15 259	2 452	26 599
Finance income group banking system		555		555
Finance expense		-26 557		-26 557
Intragroup contributions	86 250			86 250
Dividends	-315 000		60 000	-255 000
<b>Total</b>	<b>-217 438</b>	<b>-6 653</b>	<b>67 177</b>	<b>-156 914</b>

Lending	431 876	892 333	106 430	1 430 639
Borrowing	315 000	840 112		1 155 112
Group account		242 985		242 985

## NOTE 15 SEGMENT INFORMATION LINSTOW AS GROUP

## Income statement 1 Jan – 31 Dec

(NOK 000)	Hotels Baltics/Eastern Europe		Shopping centres Baltics		Other Included Portugal		Investments Norway		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>OPERATING INCOME</b>										
Rental income, properties			231 815	216 769	6 808	6 194	101 373	97 693	339 996	320 655
Profit from sale of fixed assets	3 410	372	2	99		1 108	248	134	3 661	1 713
Project income					37 249	15 753			37 249	15 753
Hotel revenues and other operating income	626 748	610 603	42 085	35 630	80 208	68 896	8 174	10 333	757 215	725 462
<b>Total operating income</b>	<b>630 158</b>	<b>610 975</b>	<b>273 902</b>	<b>252 497</b>	<b>124 265</b>	<b>91 950</b>	<b>109 795</b>	<b>108 160</b>	<b>1 138 120</b>	<b>1 063 583</b>
<b>OPERATING EXPENSES</b>										
Wages, salaries, employer's national insurance contributions and pension costs	-150 447	-138 794	-31 475	-30 250	-20 892	-18 877	-62 330	-64 309	-265 145	-252 230
Other administrative expenses	-204 432	-201 840	-21 354	-19 443	-49 891	-42 605	-14 112	-14 971	-289 789	-278 859
Cost of materials	-51 015	-49 692			-6 038	-4 867			-57 053	-54 559
Operating costs for properties and bad debts	-162	-105	-23 209	-18 084	-2 429	-3 196	-22 210	-19 252	-48 010	-40 637
Project expenses					-32 908	-11 844			-32 908	-11 844
Loss on the sale of fixed assets	-110	-91	-29	-23		-1			-140	-116
Impairment of fixed assets	18 573	-18 741	-24 017	-3 085	8 610	7 620			3 165	-14 206
Amortisation	-85 896	-82 795	-45 959	-42 943	-4 896	-3 592	-33 441	-31 215	-170 193	-160 545
<b>Total operating expenses</b>	<b>-473 490</b>	<b>-492 059</b>	<b>-146 044</b>	<b>-113 829</b>	<b>-108 443</b>	<b>-77 361</b>	<b>-132 094</b>	<b>-129 746</b>	<b>-860 071</b>	<b>-812 996</b>
<b>Operating profit</b>	<b>156 668</b>	<b>118 916</b>	<b>127 858</b>	<b>138 669</b>	<b>15 822</b>	<b>14 588</b>	<b>-22 299</b>	<b>-21 586</b>	<b>278 049</b>	<b>250 587</b>
<b>FINANCIAL ITEMS</b>										
Profit/loss from group companies and associates					8 015	8 065	40 910	-9 017	48 925	-952
Finance income	1 038	965	1 014	830	11	120	16 395	16 906	18 458	18 821
Finance expense	-23 866	-24 749	-34 054	-36 808	-1 368	-1 619	-34 509	-40 206	-93 797	-103 381
Net financial instruments	-3 710	76	2 661	2 054			4 153	-9	3 104	2 121
Net currency gains/losses	-70	-110	-318	271	-39	-1	17 257	-15 650	16 830	-15 490
<b>Net financial items</b>	<b>-26 608</b>	<b>-23 818</b>	<b>-30 695</b>	<b>-33 653</b>	<b>6 619</b>	<b>6 566</b>	<b>44 205</b>	<b>-47 975</b>	<b>-6 479</b>	<b>-98 880</b>
<b>Profit before tax</b>	<b>130 060</b>	<b>95 097</b>	<b>97 163</b>	<b>105 016</b>	<b>22 441</b>	<b>21 154</b>	<b>21 906</b>	<b>-69 561</b>	<b>271 570</b>	<b>151 707</b>
Investments, not incl. associates	67 194	53 887	53 444	63 239	13 359	1 086	427 845	10 044	561 843	128 256
Sale of fixed assets and projects, not incl. associates	36 637	398		109		2 925	246	134	36 883	3 566

## SEGMENT INFORMATION LINSTOW AS GROUP

## Balance sheet at 31 Dec

(NOK 000)	Hotels Baltics/Eastern Europe		Shopping centres Baltics		Other Included Portugal		Investments Norway		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>										
Real property	1 421 054	1 524 134	1 256 522	1 330 299	50 214	46 014	1 069 173	1 072 170	3 796 963	3 972 617
Projects in progress	12 056	11 808	31 628	46 707	4	763	381 982	10 017	425 670	69 296
Machinery, fixtures/fittings and vehicles	84 592	82 595	17 866	19 837	1 592	2 005	2 083	3 104	106 133	107 541
Other shares						4	85 173	131 077	85 173	131 081
Receivables from group companies and associates								106 430		106 430
Interests in associates				189	24 184	17 890	556 867	476 946	581 051	495 024
Other long-term receivables	2 016	2 531	23 423	62 949	4 580	4 826	1 520	1 840	31 538	72 145
<b>Total fixed assets</b>	<b>1 519 719</b>	<b>1 621 068</b>	<b>1 329 438</b>	<b>1 459 982</b>	<b>80 574</b>	<b>71 501</b>	<b>2 096 799</b>	<b>1 801 585</b>	<b>5 026 529</b>	<b>4 954 136</b>
Current receivables	24 340	25 871	24 530	23 475	10 324	19 119	164 532	447 930	223 726	516 395
Projects for sale					84 599	111 201	26 457		111 056	111 201
Cash, bank deposits, group account	115 800	129 220	120 717	116 740	43 887	32 022	522 973	315 164	803 378	593 146
<b>Total current assets</b>	<b>140 140</b>	<b>155 091</b>	<b>145 247</b>	<b>140 215</b>	<b>138 811</b>	<b>162 342</b>	<b>713 962</b>	<b>763 094</b>	<b>1 138 160</b>	<b>1 220 743</b>
<b>Total assets</b>	<b>1 659 859</b>	<b>1 776 158</b>	<b>1 474 685</b>	<b>1 600 197</b>	<b>219 384</b>	<b>233 844</b>	<b>2 810 760</b>	<b>2 564 679</b>	<b>6 164 689</b>	<b>6 174 878</b>
<b>EQUITY AND LIABILITIES</b>										
Share capital (1 264 600 shares – par value NOK 647)							817 808	817 808	817 808	817 808
Other equity	261 396	385 815	-117 049	-100 768	43 070	48 410	85 643	-86 109	273 060	247 348
Minority interests	1 451			1 465					1 451	1 465
<b>Total equity</b>	<b>262 847</b>	<b>385 815</b>	<b>-117 049</b>	<b>-99 303</b>	<b>43 070</b>	<b>48 410</b>	<b>903 451</b>	<b>731 699</b>	<b>1 092 319</b>	<b>1 066 621</b>
Deferred tax	99 203	95 850	108 079	96 274	4 989	8 848	18 377	2 718	230 648	203 690
Credit facilities							129 934	180 356	129 934	180 356
Secured debt	1 227 821	1 224 984	1 375 353	1 485 147	121 201	133 939	1 406 153	1 202 686	4 130 528	4 046 756
Other non-current liabilities	5 971	4 210	5 889	8 717	43	46	42 611	75 324	54 515	88 297
<b>Total long-term liabilities</b>	<b>1 332 996</b>	<b>1 325 044</b>	<b>1 489 321</b>	<b>1 590 137</b>	<b>126 233</b>	<b>142 833</b>	<b>1 597 075</b>	<b>1 461 084</b>	<b>4 545 625</b>	<b>4 519 099</b>
Current interest-free liabilities	64 016	65 299	102 413	109 363	50 081	42 601	310 235	371 894	526 744	589 157
<b>Total current liabilities</b>	<b>64 016</b>	<b>65 299</b>	<b>102 413</b>	<b>109 363</b>	<b>50 081</b>	<b>42 601</b>	<b>310 235</b>	<b>371 894</b>	<b>526 744</b>	<b>589 157</b>
<b>Total equity and liabilities</b>	<b>1 659 859</b>	<b>1 776 158</b>	<b>1 474 685</b>	<b>1 600 197</b>	<b>219 384</b>	<b>233 843</b>	<b>2 810 761</b>	<b>2 564 678</b>	<b>6 164 689</b>	<b>6 174 877</b>

Segment information is subject to a higher degree of uncertainty than non-segment data.

In 2016, the Commercial Baltic and Portugal/Sweden segments previously used have been combined into one segment.

Figures for 2015 have been revised accordingly.



Statsautoriserte revisorer  
Ernst & Young AS

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### INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Linstow AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Linstow AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheet as at 31 December 2016, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2016 and their financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.





### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

#### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.



### **Opinion on registration and documentation**

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 21 March 2017  
ERNST & YOUNG AS

Finn Ole Edstrøm  
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)



