

August 25, 2016

Interim Report

Ahold Finance U.S.A., LLC – Half Year 2016 Management Report

Ahold Finance U.S.A., LLC ("AFUSA" or the "Company") is a wholly-owned subsidiary of Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or "KAD"). KAD was formed by the merger of Koninklijke Ahold N.V. ("Ahold") and Delhaize Group NV/SA ("Delhaize"), which became effective on July 24, 2016. As such, AFUSA is part of an international retailing group, being Ahold Delhaize and its subsidiaries ("Ahold Delhaize Group"), based in the Netherlands with consumer brands in Europe, the United States and Indonesia. The purpose of AFUSA is to engage in financing activities, with its financial indebtedness and obligations, current and future, guaranteed by KAD. For more details on the merger of Ahold and Delhaize, reference is made to the Q2 Interim Report, Second Quarter and Half Year 2016 in which Ahold and Delhaize standalone numbers are included.

AFUSA's home Member State is the Netherlands, as referred to in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). AFUSA has issued notes under a Euro Medium Term Note program, out of which the 2017 notes are in part still outstanding and are admitted to trading at Euronext Amsterdam and at the Luxembourg Stock Exchange. AFUSA also has notes that are due May 2029, which are not listed.

This interim report is a half-year report as referred to in section 5:25d sub section 1 of the Dutch Financial Markets Supervision Act and comprises regulated information within the meaning of section 1:1 of this act.

Highlights

During the first half year of 2016, AFUSA's interest income on the loans to Ahold Finance Company N.V. ("AFC") was \$20 million and AFUSA settled in total a \$13 million dividend declaration with KAD.

Financial performance

(\$ million)	HY 2016	HY 2015
Net financial income (expense)	(12)	80
Income taxes	7	8
Net income (loss)	(5)	88

Net financial income (expense) decreased from an income of \$80 million in HY 2015 to an expense of \$12 million in HY2016 as a result of \$92 million lower interest income on the loans to AFC due to the intra-group reorganization in 2015.

As of HY 2016, AFUSA's total assets in the amount of \$849 million (2015: \$912 million) mainly included the \$527 million (2015: \$541 million) loans to AFC and derivatives with KAD in the amount of \$321 million (2015: \$367 million). In HY 2016, the notes payable decreased by \$37 million to \$826 million as a result of foreign exchange translation, of which \$326 million has been classified as the current portion of the notes payable. Equity decreased by \$8 million to \$4 million.

Related party transactions

Related party transactions are described in *Note 9* to the financial statements.

Governance, risks and uncertainties

As a wholly owned subsidiary of KAD, AFUSA benefits from the Ahold Delhaize Group's corporate governance structure. KAD is committed to a corporate governance structure that best suits its business and stakeholders and that complies with the relevant rules and regulations. Ahold Delhaize applies the relevant principles and best practices of the Dutch Corporate Governance Code in the manner set out in the "governance" sections of Ahold's 2015 annual report.

As a wholly-owned subsidiary of KAD, AFUSA benefits from the Ahold Delhaize Group's risk management and control systems, including its enterprise risk management program. These risk management and control systems are designed to ensure that the Company takes a structured and consistent approach to risk management and internal control in order to provide reasonable assurance that business objectives are achieved.

Credit risk

AFUSA's counterparties are related parties within the Ahold Delhaize Group and its current outstanding obligations to third parties are fully guaranteed by KAD. On July 27, 2016, Moody's affirmed the Baa2 issuer rating of KAD, and the Baa2 senior unsecured ratings of its 100%-owned and fully guaranteed subsidiary AFUSA. Moody's noted that KAD's issuer rating is a continuation of the existing Ahold issuer rating and the outlook on the ratings was changed to positive from stable. In June 2009, S&P upgraded Ahold's corporate credit rating to BBB with a stable outlook, since then, this rating has remained unchanged. A BBB rating with a stable outlook was assigned to KAD after the merger.

Financial risk

Refer to *Note 7* for the discussion on AFUSA's financial risk management.

Taxation risk

AFUSA is exposed to a number of different tax risks including, but not limited to, changes in tax laws or the interpretation of tax laws. As part of the intra-group reorganization in 2015, AFUSA is no longer part of the fiscal unity between KAD and its main Dutch subsidiaries for Dutch corporate income tax purposes as of December 15, 2015. After this date AFUSA has been an independent taxpayer for Dutch corporate income tax purposes. For the period AFUSA was part of the aforementioned fiscal unity, AFUSA may face unforeseen tax liabilities in the future for the whole fiscal unity. This could have a material adverse effect on AFUSA's financial position, financial results and liquidity.

Outlook

AFUSA will continue to engage in finance activities. As of the date of this report, management does not expect significant changes in the activities or AFUSA's financial position. The GBP 500 notes are due in March, 2017 and consequently are presented as current position in the interim financial statements included in this interim report.

Declarations

The managers of AFUSA hereby declare that, to the best of their knowledge, the half-year financial statements included in this interim report, which have been prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position and profit or loss of AFUSA, and the half-year management report included in this interim report includes a fair review of the information required pursuant to section 5:25d, subsection 8 of the Dutch Financial Markets Supervision Act.

Zaandam, the Netherlands

August 25, 2016

Management during the reporting period

Eugène Bartman (President and CEO)

Guy Thomson (CFO)

Andre van der Toorn (Treasurer)

Income statement

(unaudited)

(\$ million)	Note	HY 2016	HY 2015
Interest income	3	20	112
Interest expense	3	(20)	(22)
Other financial expense	3	(12)	(10)
Net financial income (expense)		(12)	80
Income (loss) before income taxes		(12)	80
Income taxes	4	7	8
Net income (loss) attributable to member		(5)	88

Statement of comprehensive income

(unaudited)

(\$ million)	HY 2016	HY 2015
Net income (loss) attributable to member	(5)	88
Other comprehensive income (loss) reclassifiable to profit or loss	—	—
Total comprehensive income (loss) attributable to member	(5)	88

Balance sheet

(unaudited)

(\$ million)	Note	July 17, 2016	January 3, 2016
Assets			
Other non-current financial assets (related parties)	5	500	908
Total non-current assets		500	908
Receivables from related parties	5	28	4
Other current financial assets (related parties)	5, 9	321	—
Total current assets		349	4
Total assets	9	849	912
Equity and liabilities			
Share capital		—	—
Additional paid-in capital		23	13
Retained earnings		(14)	(153)
Net income		(5)	152
Member's equity	8	4	12
Notes payable	6	500	863
Deferred tax liabilities	4	4	12
Total non-current liabilities		504	875
Notes payable - current portion	6	326	—
Interest payable	6	15	25
Total current liabilities		341	25
Total equity and liabilities		849	912

Statement of changes in equity

(unaudited)

(\$ million)	Note	Share capital	Additional paid-in capital	Legal reserves			Retained earnings including result for the year	Member's equity
				Currency translation reserve	Cash flow hedging reserve	Legal reserves participations		
Balance as of December 28, 2014		—	1,166	—	—	—	873	2,039
Net income		—	—	—	—	—	88	88
Other comprehensive income (loss)		—	—	—	—	—	—	—
Total comprehensive income		—	—	—	—	—	88	88
Dividends		—	—	—	—	—	(85)	(85)
Balance as of July 12, 2015	8	—	1,166	—	—	—	876	2,042
Balance as of January 3, 2016		—	13	—	—	—	(1)	12
Net income		—	—	—	—	—	(5)	(5)
Other comprehensive income (loss)		—	—	—	—	—	—	—
Total comprehensive income		—	—	—	—	—	(5)	(5)
Capital contribution		—	10	—	—	—	—	10
Dividends		—	—	—	—	—	(13)	(13)
Balance as of July 17, 2016	8	—	23	—	—	—	(19)	4

Statement of cash flows

(unaudited)

(\$ million)	HY 2016	HY 2015
Interest receivable settled	20	112
Interest payable settled	(30)	(32)
Income taxes	—	6
Net change from operating activities	(10)	86
Change in loans receivable and other current receivables	13	—
Net change from investing activities	13	—
Derivative settlements	(2)	(2)
Dividends	(13)	(85)
Capital contributions	10	—
Net change from financing activities	(5)	(87)
Change in current account with the parent company	(2)	(1)
Current account balance with the parent company:		
Balance at the beginning of the reporting period	2	3
Balance at the end of the of the reporting period	—	2
Change in current account with the parent company	(2)	(1)

As the Company does not maintain its own bank account there are no cash flows from operations, investing and financing activities. Cash settlements are paid or received on its behalf by other group companies. The related balance, referred to above (current account with the parent company), is reflected in receivables from related parties.

Notes to the financial statements

1. AFUSA and its operations

Ahold Finance U.S.A., LLC ("AFUSA" or "the Company") is a limited liability company duly organized and validly existing under the laws of Delaware (in the United States), having its statutory seat in Delaware and managed and controlled in Zaandam, the Netherlands. AFUSA was formed on December 18, 2001, and is governed by its operating agreement, which was last amended and restated on July 2, 2012. Until April 24, 2002, AFUSA was known as "Ahold Finance U.S.A., Inc." On April 24, 2002, Ahold Finance U.S.A., Inc. merged into Ahold International Finance LLC and changed its name to Ahold Finance U.S.A., LLC.

The purpose of AFUSA is to engage in financing activities and any other business activity in connection with the foregoing. AFUSA's operation falls under the Dodd-Frank regulation. The Company is eligible for and utilizes an exemption to the Dodd-Frank regulation.

The ultimate parent company of AFUSA is Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or "KAD").

2. Accounting policies

Basis of preparation

These condensed interim financial statements ("interim financial statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting." The accounting policies applied by AFUSA are consistent with those applied in AFUSA's 2015 financial statements, except for any change arising from the new standards and amendments to existing standards effective for 2016, as described further below.

AFUSA's reporting calendar is based on Ahold Delhaize's reporting calendar and consists of 13 periods of four weeks, with the first half ("HY") of 2016 comprising 28 weeks, and ending on July 17, 2016 (HY 2015: 28 weeks ending on July 12, 2015).

New and revised IFRSs effective in 2016

Amendments to IAS 1, "Disclosure initiative"

The disclosure initiative clarifies existing disclosure requirements, which do not have a significant effect on the financial statements.

Annual improvements to IFRSs 2012-2014

Annual improvements to IFRSs 2012-2014 Cycle made a number of amendments to various IFRSs, which do not have a significant effect on the consolidated financial statements.

3. Net financial result

(\$ million)	HY 2016	HY 2015
Interest income	20	112
Interest expense	(20)	(22)
Gain on foreign exchange - net	39	1
Fair value losses on financial instruments	(51)	(11)
Net financial income (loss)	(12)	80

Interest income relates to the loan to AFC. For additional information, see *Note 5*.

Interest expense primarily relates to financial liabilities measured at amortized cost.

The gain on foreign exchange of \$39 million (2015: \$1 million gain) relates to the GBP 500 million notes (with GBP 250 million outstanding amount).

Fair value gain (losses) on financial instruments mainly include fair value changes in swaps related to the GBP 500 million notes. These swaps do not qualify for hedge accounting treatment.

4. Income taxes

As part of the intra-group reorganization in 2015, AFUSA is no longer part of the fiscal unity between KAD and its main Dutch subsidiaries for Dutch corporate income tax purposes as of December 15, 2015. After this date AFUSA has been an independent taxpayer for Dutch corporate income tax purposes.

The HY 2016 income taxes have been positively impacted by a one-time item related to previous years.

5. Other current and non-current financial assets

(\$ million)	July 17, 2016			January 3, 2016		
	Current	Non-current	Total	Current	Non-current	Total
Loans receivable from related parties	27	500	527	—	541	541
Other receivables from related parties	1	—	1	4	—	4
Related party other derivatives	321	—	321	—	367	367
Total other financial assets	349	500	849	4	908	912

On December 15, 2015, KAD completed an intra-group reorganization. As part of this reorganization the subordinated loan facility between AFUSA and AFC in the amount of \$2,575 million was replaced by a new intra-group loan from AFUSA to AFC in the amount of \$41 million and a new intra-group loan from AFUSA to AFC in the amount of \$500 million. The terms and conditions, including the interest rates and the repayment dates, of these new intra-group loans equal the terms and conditions of the USD 500 notes and of the underlying swap of the GBP 500 notes.

The value of the other derivatives relates to a cross-currency swap and an interest rate swap on the GBP 500 million notes (with GBP 250 million outstanding amount, see Note 6).

6. Financial liabilities

(\$ million)	July 17, 2016				January 3, 2016			
	Current	Non-current		Total	Current	Non-current		Total
	Within 1 year	From 1 to 5 years	After 5 years		Within 1 year	From 1 to 5 years	After 5 years	
GBP 500 notes 6.50%, due March 2017 ¹	326	—	—	326	—	363	—	363
USD 500 notes 6.875%, due May 2029	—	—	500	500	—	—	500	500
Total notes	326	—	500	826	—	363	500	863
Interest payable	15	—	—	15	25	—	—	25
Total financial liabilities	341	—	500	841	25	363	500	888

¹ During 2005 AFUSA bought back GBP 250 million of the notes. The remaining notional redemption amount of GBP 250 million (\$330 million) has been reduced by \$4 million representing an amount which is amortized until the remaining terms of the notes, that relates to a hedging instrument that stopped qualifying for fair value hedge accounting. The remaining notional amount of GBP 250 million was, through two intra-group swap contracts, swapped to \$356 million and carries a six-month floating U.S. dollar interest rate. AFUSA is required under these swap contracts to redeem the U.S. dollar notional amount through semi-annual installments that commenced in September 2004. \$328 million has been paid down as of July 17, 2016.

7. Financial risk management and financial instruments

Fair values of financial instruments

The following table presents the fair values of financial instruments, based on AFUSA's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are included on the balance sheet:

\$ million	July 17, 2016		January 3, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable from related parties	500	500	541	541
Other receivables from related parties	28	28	4	4
Derivatives	321	321	367	367
Total financial assets	849	849	912	912
Notes	826	997	863	1,012
Interest payable	15	15	25	25
Total financial liabilities	841	1,012	888	1,037

Of AFUSA's categories of financial instruments, only derivatives are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is calculated based on discounted expected future cash flows. Interest rate swaps and cross currency swaps are measured at the present value of expected future cash flows and discounted based on the applicable yield curves derived from quoted interest rates.

The valuation of AFUSA's derivative instruments is adjusted for the credit risk of the counterparty (counterparty credit risk) and of the reporting entity (own credit risk). The valuation adjustment for counterparty credit risk requires a Credit Valuation Adjustment ("CVA") and a Debit Valuation Adjustment ("DVA") for an adjustment to own credit risk. The CVA / DVA calculations have been added to the risk-free fair value of AFUSA's interest and cross currency swaps. The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

The carrying amount of interest payable and other receivables from related parties approximate their fair values because of the short-term nature of these instruments. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of loans receivable from related parties that are not traded in an active market are estimated using a benchmark of financial instruments with comparable duration taking into account the Company's credit status.

8. Member's equity

Member interest

The capital of the Company is composed of uncertificated membership interests, which are not divided into classes or numbers. Members of the Company have an interest in the capital and profit and loss of AFUSA, relative to their respective capital contributions to the Company (the "Member Interest").

KAD is AFUSA's sole member since July 13, 2010, holding a 100% interest in the capital and profit and loss of the Company.

Share capital and additional paid-in capital

The Company's share capital is ten U.S. dollars.

Legal reserves

In accordance with the Dutch Civil Code, legal reserves have to be established in certain circumstances. The currency translation reserve, cash flow hedging reserve and legal reserve participation are legal reserves. Legal reserves are not available for distribution to the Company's shareholders. If the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions to the Company's shareholders are restricted to the extent of the negative balance.

Dividend

During 2016, AFUSA settled in total a \$13 million dividend declaration with KA (HY 2015: \$85 million).

9. Related parties

AFUSA has entered into arrangements with related parties within the Ahold Delhaize Group in the ordinary course of business. These arrangements relate to financing agreements.

For the periods shown below, AFUSA had the following transactions and positions with its related parties:

(\$ million)	Income statement HY 2016			Balance sheet July 17, 2016	
	Interest income	Interest expense	Fair value changes in derivatives	Amount owed by	Amount owed to
KAD (parent company)	—	(1)	(49)	321	—
AFC	20	—	—	528	—
Total	20	(1)	(49)	849	—

(\$ million)	Income statement HY 2015			Balance sheet January 3, 2016	
	Interest income	Interest expense	Fair value changes in derivatives	Amount owed by	Amount owed to
KAD (parent company)	—	(1)	(9)	369	—
AFC	112	—	—	543	—
Total	112	(1)	(9)	912	—

AFUSA has no employees. In accordance with the AFUSA's operating agreement, no remuneration is paid to the management.

10. Guarantee

KAD provided AFUSA with a guarantee of the current outstanding obligations to third parties of AFUSA as of July 30, 2010.

As part of the intra-group reorganization AFUSA is no longer part of the fiscal unity between KAD and its main Dutch subsidiaries for Dutch corporate income tax purposes as of December 15, 2015. After this date AFUSA has been an independent taxpayer for Dutch corporate income tax purposes. For the period AFUSA was part of the aforementioned fiscal unity, AFUSA is jointly and severally liable for the Dutch corporate income tax liabilities of the whole fiscal unity.

11. Subsequent events

There were no significant subsequent events.

Zaandam, the Netherlands

August 25, 2016

Management during the reporting period

Eugène Bartman

Guy Thomson

Andre van der Toorn

For more information:

Press office: +31 88 659 5134

Investor relations: +31 88 659 5213

Social media:

Twitter: @AholdDelhaize

YouTube: @AholdDelhaize

LinkedIn: @AholdDelhaize

Cautionary notice

This report includes forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements. These forward-looking statements include, but are not limited to, statements as to the benefits of AFUSA from the Ahold Delhaize Group's corporate governance structure, and the Ahold Delhaize Group's risk management and control systems, including its enterprise risk management program, credit risks, financial risks, taxation risks, financing activities, AFUSA's exemption to the Dodd-Frank regulation, , currency translation risks, currency transaction risks, interest rate risks and liquidity risks. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond AFUSA's or its parent company Koninklijke Ahold Delhaize N.V. ("KAD")'s ability to control or estimate precisely, such as the effect of general economic or political conditions, fluctuations in exchange rates or interest rates, increases or changes in competition, the ability to implement and complete successfully its plans and strategies, the benefits from and resources generated by plans and strategies being less than or different from those anticipated, changes in liquidity needs, actions of third parties, IT continuity, information security, legislative and regulatory environment and litigation risks, insurance and unforeseen tax liabilities and other factors discussed in respective AFUSA's and KAD's public filings and disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Neither AFUSA nor KAD assumes any obligation to update any public information or forward-looking statements (referred to) in this report to reflect subsequent events or circumstances, except as may be required by applicable laws.