

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

ALTERNATIVE PERFORMANCE MEASURES

Amounts in NOK million

Olav Thon Eiendomsselskap ASA prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The company also wishes to present alternative performance measures (APM) in order to provide readers with a better understanding of the company's underlying financial results.

1. Fair value adjustments in investment properties and interest rate derivatives

Fair value adjustments in investment properties and interest rate derivatives affect the Group's profit before tax. These income statement items are considered to be more determined by external factors than the other profit and loss items.

	Q3 2024	Q3 2023	30.09.2024	30.09.2023	31.12.2023
Fair value adjustments in:					
investment properties recognised in profit and loss	108	-1 308	-158	-2 445	-4 361
investment properties in joint ventures	52	-71	-14	-66	-157
investment properties in associated companies	–	-34	-18	-17	3
interest rate derivatives recognised in profit and loss	-106	80	240	492	183
interest rate derivatives in joint ventures	-5	2	-1	16	2
Fair value adjustments, investment properties and derivatives	48	-1 332	50	-2 020	-4 330

2. Profit before income tax, fair value adjustment and currency result

Profit before tax, fair value adjustments and currency is intended to give readers a better understanding of the Group's operating business development.

	Q3 2024	Q3 2023	30.09.2024	30.09.2023	31.12.2023
Profit before income tax	502	-763	1 601	-356	-2 177
Income tax in joint ventures	7	–	9	20	7
Income tax in associated companies	2	-5	2	2	8
Fair value adjustments investment properties and derivatives	-48	1 332	-50	2 020	4 330
Currency gain	–	-22	–	–	–
Currency loss	55	–	41	41	93
Profit before income tax, fair value adjustment and currency result	518	541	1 603	1 727	2 261

3. Equity ratio

Equity ratio is the Group's total book equity divided by the Group's total equity and debt on the balance sheet date, and indicates the relative proportion of equity used to finance a company's assets.

	30.09.2024	30.09.2023	31.12.2023
Total equity	31 064	31 780	30 437
Total equity and debt	61 106	62 205	60 501
Equity ratio	51 %	51 %	50 %

4. Long term net asset value per share and equity per share

Long term net asset value per share takes into account a fair value assessment of the deferred tax liabilities. Equity per share is calculated as the majority's share of equity divided by the number of shares.

	30.09.2024	30.09.2023	31.12.2023
Majority share of equity	30 684	31 390	30 097
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 358	7 682	7 143
Fair value of debt - deferred tax liabilities - 6 %	-2 007	-2 095	-1 948
Long term net asset value	36 035	36 978	35 292
Number of shares (own shares not included)	101 478 908	101 478 908	101 478 908
Long term net asset value per share in NOK	355	364	348
Equity per share in NOK	302	309	297

5. Liquidity reserves

Calculation of liquidity reserves is considered to give the reader a better understanding of the Group's ability to service short-term liquidity needs.

	30.09.2024	30.09.2023	31.12.2023
Unutilized overdrafts and other credit facilities	9 112	5 017	5 156
Cash and cash equivalents	109	215	226
Liquidity reserves	9 221	5 232	5 382

6. Amortisation next 12 months

Amortisation for the next 12 months show interest-bearing debt that falls due over the next 12 months, and provides a picture of the Group's future obligations.

	30.09.2024	30.09.2023	31.12.2023
Commercial papers	2 821	244	–
Bonds	1 893	2 156	1 500
Bank loans	40	27	27
Amortisation next 12 months	4 754	2 427	1 527

7. Net Interest-bearing debt and loan to value ratio

Splitting the Group's total debt into interest-bearing debt and non-interest-bearing debt is intended to give readers a better understanding of the Group's debt situation and the Group's financial position. Net interest-bearing debt is calculated by deducting the Group's cash and cash equivalents from its interest-bearing debt. Net interest-bearing debt is used in, among other things, the calculation of the Group's loan to value ratio.

	30.09.2024	30.09.2023	31.12.2023
Bonds, non-current	10 396	9 283	10 309
Bonds, current	1 893	2 156	1 500
Commercial papers, current	2 821	244	0
Debt to credit institutions, long-term	5 714	9 353	9 161
Debt to credit institutions, short-term	40	27	27
Interest-bearing debt ¹⁾	20 864	21 063	20 997
Cash and cash equivalents	-109	-215	-226
Net interest-bearing debt	20 754	20 848	20 772
Market value properties (see APM 11)	57 052	58 249	56 568
Loan to value ratio	36 %	36 %	37 %
¹⁾ Unsecured part of interest-bearing debt (where the Group has not provided collateral)	15 109	11 683	11 809

8. Interest per balance sheet date

Interest on the balance sheet date is accounted interest expenses on the balance sheet date converted to annualized interest divided by interest-bearing debt on the balance sheet date.

	30.09.2024	30.09.2023	31.12.2023
Annualized interest expenses on interest-bearing debt	1 145	1 114	1 130
Annualized interest expenses on current interest rate swaps	-124	-40	-43
Annualized interest expenses per balance sheet date	1 021	1 074	1 086
Interest-bearing debt	20 864	21 063	20 997
Interest per balance sheet date	4,89 %	5,10 %	5,17 %

9. Interest coverage ratio

The interest coverage ratio shows the Group's ability to pay its interest obligations. It is calculated by dividing the net income from property management before depreciation (12-month rolling) on net interest expenses from interest-bearing debt (12-month rolling).

	30.09.2024	30.09.2023	31.12.2023
Net income from property management (12-month rolling)	3 171	3 060	3 171
Depreciation (12-month rolling)	14	18	17
Net income from property management before depreciation (12-month rolling)	3 185	3 078	3 188
Interest expenses on interest-bearing debt (12-month rolling)	1 243	970	1 048
Interest income (12-month rolling)	-146	-26	-26
Net interest expenses (12-month rolling)	1 096	944	1 023
Interest coverage ratio	2,9	3,3	3,1

10. Net investments

Net investments is calculated by using fair value of investments in investment properties in addition to net supply of other fixed assets and other investments.

	Q3 2024	Q3 2023	30.09.2024	30.09.2023	31.12.2023
Investment properties	179	124	486	570	692
Acquisitions and divestments companies	–	–	40	1 222	1 222
Other fixed assets	3	1	11	1	11
Other investments	36	10	121	37	99
Net investments	218	135	657	1 830	2 025

11. Market value properties

Market value of properties shows the sum of the market value of investment properties owned and owner-occupied properties, which are accounted for according to different accounting principles in the Group's balance sheet. The market value does not include investment property defined as right-to-use assets.

	30.09.2024	30.09.2023	31.12.2023
Market value investment properties - owned (see note 8)	56 867	58 054	56 382
Market value owner-occupied properties	185	195	187
Market value properties	57 052	58 249	56 568

In addition, the Group owns properties through joint ventures and associated companies:

Market value of properties joint venture (Group share)	2 512	2 445	2 410
Market value of properties associated companies (Group share)	873	874	896

12. Annualized rental income level

The annualized rental income level shows the real estate portfolio's expected market rent for leased and vacant premises, and provides a picture of the Group's earning potential.

	30.09.2024	30.09.2023	31.12.2023
Annualized market rent leased premises	3 856	3 641	3 665
Annualized market rent vacant premises	144	129	135
Annualized rental income level	4 000	3 770	3 800

In addition, the Group owns properties through joint ventures and associated companies:

Annualized market rent leased premises (Groups share)	221	224	224
Annualized market rent vacant premises (Groups share)	9	6	6
Annualized rental income JVs and associated companies (Groups share)	230	230	230
Total annualized rental income level	4 230	4 000	4 030

13. Yield properties

Yield is the annualized rental income level less normalized (over time) lessor's owner costs divided by the market value of properties adjusted for plots and the relevant non-rental part of properties.

	30.09.2024	30.09.2023	31.12.2023
Annualized rental income level	4 000	3 770	3 800
Lessor's owner cost	538	492	499
Annualized net rental income level	3 462	3 278	3 301
Market value properties	57 052	58 249	56 568
Adjustment market value for plots etc.	517	596	586
Market value properties after adjustment	56 535	57 653	55 983
Yield properties	6,1%	5,7%	5,9%