



OLAV THON EIENDOMSSSELKAP IN BRIEF

HISTORY

Olav Thon Eiendomsselskap ASA was founded in 1982 and its shares were listed on the Oslo Stock Exchange in 1983.

The company has grown significantly since its start-up, with its annual rental income from properties having risen from NOK 27 million originally to NOK 3,250 million at the start of 2021. In the same period, the company's market capitalisation has increased from NOK 200 million to NOK 19 billion.

Since the early 1990s, its main focus area has been shopping centre properties and Olav Thon Eiendomsselskap is today the largest shopping centre actor in Norway and also an important player in the Swedish shopping centre market.

The company is part of the Olav Thon Group, which is Norway's largest private property player and one of Norway's largest hotel operators (Thon Hotels). The Olav Thon Group is owned by the Olav Thon Foundation.

MAIN STRATEGY: ACQUIRE - DEVELOP - OWN

The company's strategy is to invest in properties with development potential within various property segments.

The company aims to realise the development potential of the property portfolio through active development, effective management and satisfied tenants. In a capital intensive industry, it is important for the company to have an unconditional and strong financial position.

The combination of a high current return on the property portfolio and value creation through active property development is expected to help maximise growth in value in both the short- and long-term.

BUSINESS OBJECTIVES

The overall goal for Olav Thon Eiendomsselskap's business is to achieve maximum growth in equity per share so that shareholders achieve a long-term return that is competitive with comparable investment alternatives.

BOARD AND SENIOR MANAGEMENT

Olav Thon, Chairman of the Board
Sissel Berdal Haga Thon, Board Member
Stig O. Jacobsen, Board Member
Line Norbye, Board Member
Ole-Christian Hallerud, Deputy Member
Dag Tangevald-Jensen, CEO

HIGHLIGHTS 2020

Highlights of the annual report for 2020:

- Profit before income tax amounted to NOK 338 (2,336) million.
- Profit before income tax and fair value adjustments was NOK 1,874 (1,941) million.
- The group's financial position is solid, and at the end of the year the group's equity ratio was 47 % (46), and the liquidity reserve NOK 7,226 million (6,796).
- The turnover in the shopping center portfolio owned by the group was NOK 52,951 million, an increase of 5.5 % from 2019.
- The group started construction of two logistics buildings totalling 47,000 square metres at Gardermoen Oslo Airport.

KEY FIGURES

	ARM*	31.12.20	31.12.19
(In NOK millions)			
Net rental income		2 707	2 684
Fair value adjustments in investment properties and interest rate derivatives	1	-1 548	424
Profit before taxes		338	2 336
Profit before tax and fair value adjustments	2	1 874	1 941
Equity ratio	3	47 %	46 %
Equity per share (NOK)	4	268	264
Non-current net asset value per share (NOK)	4	318	315
Net cash flow from operations	5	1 710	1 765
Cash reserves	6	7 226	6 796
Amortisation next 12 months	7	5 533	4 913
Interest-bearing debt	8	21 003	21 481
Interest rate as at 31.12	9	3,06 %	3,27 %
Loan to value ratio	8	38 %	39 %
Net investments	10	914	548
Market value properties	11	54 656	54 257
Annual rental income level	12	3 250	3 215
Yield (net yield)	13	5,19 %	5,13 %
Sales, owned shopping centres		52 951	50 211
Share price as at 31.12 (NOK)		183,5	167,8

* Definitions, calculations and explanations on the use of alternative performance measures (APM) are included at the end of the report.

BOARD OF DIRECTORS' REPORT 2020

THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which are issued by IASB and approved by the EU. The accounting policies have been applied consistently to all periods presented.

In accordance with the requirements of the Norwegian Accounting Act, the Board of Directors confirms that the basis for continued operations is still present. The annual financial statements for 2020 have been prepared based on this assumption. The basis is provided by results achieved from underlying operations and an expectation that an uncertain market situation is temporary. Reference is made to accounting notes 18 and 33 (in Norwegian only) for information concerning the uncertainty surrounding the Coronavirus pandemic and its effects on the consolidated financial statements.

No events have occurred after the reporting date that would materially affect the assessment of the Group's financial position and results as at 31 December 2020.

IMPACT OF THE CORONAVIRUS PANDEMIC ON OLAV THON EIENDOMSSKAP

The year 2020 was strongly affected by the Coronavirus pandemic and the comprehensive infection control measures that were introduced, and this had a major impact on Olav Thon Eiendomsselskap.

The Group's activities were affected, among other things, by tenants who had to close their businesses for parts of the year, and the extensive infection control measures led to fewer visitors at shopping centres.

Overall, the Group's shopping centers had significant revenue growth in 2020, but with large segment differences. Segments such as food and beverages, and houses, homes and hobbies had revenue growth, while industries such as clothing, shoes, and restaurants had a decline in turnover.

The Norwegian and Swedish authorities introduced support schemes for businesses that were significantly affected by the Coronavirus pandemic, which many of the Group's tenants benefited from. To further remedy the situation, the Group granted rent reductions and payment deferrals for many tenants.

Despite the pandemic, the operating results achieved were on a par with 2019. The Group's provisions for losses on receivables were increased significantly in 2020.

At the beginning of the new year, a mutated variant of the Coronavirus led to higher infection rates in large parts of the country, and several new strict infection control measures were introduced. This resulted in a large proportion of the Group's tenants in retail and restaurants had to close the businesses for extended periods.

It is expected that the infection control measures will be able to be removed completely or partially when a sufficiently large part of the population has been vaccinated. According to the health authorities, it is likely that it will be possible during the Summer of 2021.

Further assessments and a description of the consequences of the Coronavirus pandemic for Olav Thon Eiendomsselskap can be found in the section on outlook and accounting notes 18 and 33 (in Norwegian only) in the financial statements.

SUMMARY OF INCOME STATEMENT AND BALANCE SHEET

Financial position/balance sheet as at 31 December 2020

The Group's total assets were NOK 59,958 (59,869) million, with investment properties accounting for NOK 54,453 (54,037) million of that figure.

Equity amounted to NOK 28,136 (27,819) million and the equity ratio was 47 % (46 %).

Equity per share (majority share) was NOK 268 (264), while the triple net asset value per share was calculated at NOK 318 (315).

Interest-bearing debt was NOK 21,003 (21,481) million, with a loan to value ratio of 38 % (39 %).

The Group's share of the equity in joint ventures and associated companies was NOK 2,740 (2,914) million.

Summary of the income statement for 2020

Profit before income tax was NOK 338 (2,336) million.

Fair value adjustments of investment properties and interest rate derivatives (inclusive of joint ventures and associated companies) amounted to NOK -1,548 (424) million.

Profit before income tax and fair value adjustments therefore amounted to NOK 1,874 (1,941) million.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Rental income in 2020 was NOK 2,962 (2,984) million.

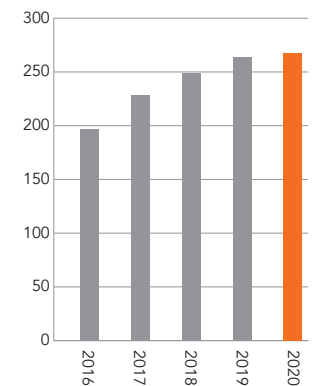
Rental income is net reduced by NOK 43 million as a result of some income from tenants being assessed as a non-rental component and therefore classified as property-related income (IFRS 15). This does not change net rental income.

During 2020 it was granted temporary rent reductions at NOK 53 (0) million due to the Coronavirus pandemic.

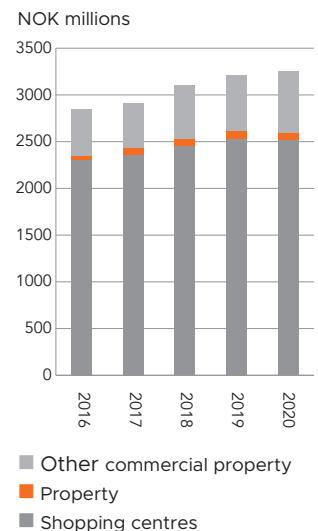
Property-related income amounted to NOK 857 (900) million and consisted mainly of payments from the Group's tenants to cover property service charges and operation of shopping centre associations.

Property-related expenses amounted to NOK 1,112 (1,201) million, including the above-mentioned service charges of NOK 709 (796) million.

EQUITY PER SHARE (NOK)



ANNUAL RENTAL INCOME LEVEL



Maintenance expenses for the property portfolio amounted to NOK 132 (140) million.

Net rental income amounted to NOK 2,707 (2,684) million.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The value of the Group's investment properties fell by NOK 909 (218) million.

The Group's property portfolio consists of the following property segments:

- Shopping centre properties in Norway and Sweden
- Commercial property including rental housing, primarily in the Oslo area

As a result of market developments in the Norwegian and Swedish property markets, the value of the property segments developed differently in 2020 as well.

The value of the Group's commercial properties, which include rental housing, increased by NOK 1,051 (792) million, while the value of the shopping centre portfolio decreased by NOK 1,960 (-574) million.

For further details please refer to the section on property activities later in the report and accounting note 14 (in Norwegian only) in the consolidated annual financial statements.

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATED COMPANIES

The Group's share of the results of joint ventures and associated companies amounted to NOK -22 (213) million.

The decrease is mainly due to fair value adjustments in shopping centre properties and interest rate derivatives amounting to NOK -219 (57) million in these companies.

A summary of the income statements and balance sheets for these companies can be found in accounting notes 3, 4 and 5 (in Norwegian only).

OTHER OPERATING INCOME AND EXPENSES

Other operating income amounted to NOK 148 (167) million and consisted mainly of sales revenue from other activities of NOK 113 (127) million and income from property management for external owners, which amounted to NOK 36 (40) million.

Other operating and administrative expenses amounted to NOK 342 (346) million, while scheduled depreciation amounted NOK 35 (24) million.

FINANCIAL INCOME AND EXPENSES

The Group's net financial expenses were NOK 792 (725) million, while net interest expenses amounted to NOK 667 (672) million.

Net exchange rate losses related to the SEK exchange rate amounted to NOK 63 (-3) million.

FAIR VALUE ADJUSTMENTS OF FINANCIAL INSTRUMENTS

The value of the Group's interest rate derivatives fell by NOK 407 (164) million, primarily due to a fall in long-term market interest rates in 2020.

Cash flow and liquidity

Net cash flow from operations in 2020 was NOK 1,710 (1,765) million.

Net cash flow from operating activities was NOK 1,373 (1,497) million and the effect from investing activities was NOK -410 (-573) million, while financing activities reduced liquidity by NOK 868 (-847) million.

The exchange rate effect on cash was NOK 4 (2) million, and the liquidity reserves thus increased by NOK 98 (80) million.

The Group's liquidity reserves ended the year at NOK 7,226 (6,796) million and consisted of short-term investments of NOK 484 (386) million and undrawn long-term credit facilities of NOK 6,742 (6,410) million.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ALLOCATION OF PROFIT FOR THE YEAR

The parent company Olav Thon Eiendomsselskap ASA's financial statements have been prepared in accordance with Norwegian accounting rules (NGAAP).

The reorganization of parent company into holding company affects parent company's financial statement 2020. The parent company's property portfolio is now owned indirectly through subsidiaries. Further information on this is given on page 12 in the report.

The parent company's operating income amounted to NOK 0 (1,002) million, while profit before income tax was NOK 1,693 (181) million.

Profit after income tax for the year was NOK 1,823 (102) million.

The Board of Directors proposes the following allocation of the parent company's profit for the year:

Transferred to other equity:	NOK 1,823 million
Allocated net result	NOK 1,823 million

The book value of the parent company's assets was NOK 23,569 (21,537) million at year end. As at the same date, book equity was NOK 2,699 (755) million and the equity ratio was 11.5 % (3.5 %).

PROPERTY OPERATIONS

Property portfolio as at 31 December 2020

The Group's portfolio of investment properties is carried at fair value. For information about the valuation model and the variables used in the valuation, please see accounting note 14 (in Norwegian only).

The property portfolio was valued at NOK 54,453 (54,037) million, based on an average yield of 5.19 % (5.13 %).

Annual rental income level, which is equal to current rental income plus market rents for vacant spaces, increased by NOK 35 million in 2020 to NOK 3,250 million (3.215).

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

Segment	Share of the portfolio	Net yield
Shopping centre properties	77 % (79 %)	5,57 % (5,36 %)
Commercial properties	23 % (21 %)	4,31 % (4,43 %)

As at 31 December 2020, the vacancy rate in the property portfolio was 3.9 % (2.7 %).

Property portfolio owned by joint ventures and associated companies

In addition to the property portfolio carried on the Group's balance sheet, the Group owns shares in a further 12 shopping centres through joint ventures and associated companies. The stakes in these companies are between 25 % and 50 %.

The Group's share of the rental income level, which is equal to current rental income plus market rents for vacant

spaces, at year end was NOK 275 (280) million, and the value of the property portfolio was NOK 4,260 (4,519) million.

SHOPPING CENTRES

At the end of the year, the shopping centre portfolio comprised 78 shopping centres, 17 of which are managed for external owners.

Olav Thon Eiendomsselskap is Norway's leading shopping centre actor and has a solid market position.

The shopping centre portfolio includes Norway's largest shopping centre in terms of retail sales, Lagunen Storsenter in Bergen, and 7 of the country's 10 largest shopping centres

Shopping centres owned by the Group

Rental income in the portfolio of shopping centres owned by the Group increased to NOK 2,830 (2,815) million in 2020 (inclusive of the Group's share of jointly owned shopping centres).

In 2020, total retail sales in the shopping centres amounted to NOK 52,951 (50,211) million.

Norway

In Norway, rental income from the shopping centres was NOK 2,590 (2,585) million (inclusive of rental income from jointly owned shopping centres) and total retail sales were NOK 49,459 (46,745) million.

Sweden

Rental income from the Group's Swedish shopping centres was SEK 230 (245) million. Retail sales amounted to SEK 3,413 (3,725) million.

COMMERCIAL PROPERTIES

Rental income from the Group's commercial properties amounted to NOK 695 (680) million, inclusive of

around NOK 60 million from residential properties for rent.

Further information on property operations can be found on the company's website: olt.no.

Investments

The Group's net investments in 2020 amounted to NOK 914 (548) million and included investments in property projects under construction, upgrades of the existing property portfolio and property acquisitions.

MAJOR PROPERTY ACQUISITIONS

Oscar Hanssens veg 1-3, Molde

A retail and office property totalling 4,100 square metres close to the Group's shopping centres in Molde was acquired in Q1.

Amfi Larvik

The Group's stake in Amfi Larvik was increased from 50 % to 100 % in Q4. Amfi Larvik is a combined shopping centre and office property totalling 14,700 square metres in the centre of Larvik in the County of Vestfold og Telemark.

PROPERTY DEVELOPMENT

Property development is an important part of the Group's activities and several new property projects were started in 2020.

At the end of 2020, two logistics buildings totalling 47,000 square metres were under construction in Gardermoen Park near Oslo Airport in the Municipality of Ullensaker.

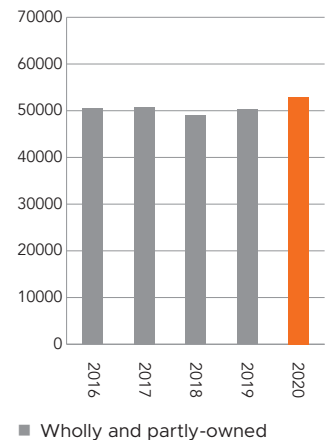
A property totalling 4,600 square metres with 46 apartments for rent is under construction in the center of Oslo East.

Refurbishment of property portfolio

In addition to the major property projects, smaller upgrade and

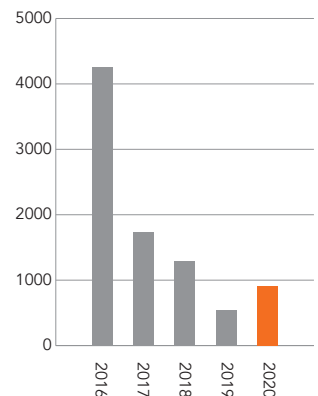
SHOPPING CENTRE SALES

NOK millions



NET INVESTMENTS

NOK millions



refurbishment projects are taking place at several of the Group's shopping centres and commercial properties.

Projects under planning

Olav Thon Eiendomsselskap is working on several major property projects linked to the further development of its property portfolio. Whether these projects will be executed depends on factors such as official permits and market conditions.

Further information on the Group's property projects can be found on the company's website: olt.no.

FINANCING

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

At year end, total credit facilities were NOK 27,745 (27,891) million, of which NOK 6,742 (6,410) million was undrawn.

Interest-bearing debt therefore was NOK 21,003 (21,481) million.

The capital markets in Norway and Sweden are important sources of financing and a substantial proportion of the Group's financing is raised in these financing markets.

At year end, the outstanding certificate and bond debt amounted to NOK 10,914 (11,010) million, distributed as follows:

Norway:	NOK 8,723 (7,880) million
Sweden:	SEK 2,100 (3,315) million

The debt had an average remaining term of 2.6 (2.4) years, and 23 % (26 %) of the debt is due for repayment within 1 year.

At year end, the Group had a fixed-rate ratio of 55 % (51 %), with an average fixed-rate period of 3.6 (3.6) years.

Further information on financial matters can be found on the company's website: olt.no.

ORGANISATION AND WORKING ENVIRONMENT

Olav Thon Eiendomsselskap practises equality and has zero tolerance for any form of discrimination or harassment of employees.

All employees are entitled to equal and fair treatment regardless of age, ethnic origin, disability, skin colour, nationality, political views and religion or other beliefs.

Olav Thon Eiendomsselskap has defined equal pay for men and women with comparable positions as a goal for its gender equality work. No systematic differences in pay between men and women have been identified in the Group.

Work is in progress to promote universal design of the company's general facilities, so that they can also be used by persons with impaired functional ability.

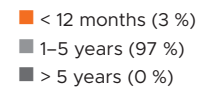
The Board of Directors considers the above-mentioned conditions and general working environment to be satisfactory.

At the end of 2020, there were 467 (468) FTEs in the Group. At the same time, the parent company Olav Thon Eiendomsselskap had 2 (28) FTEs.

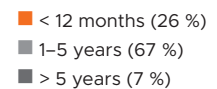
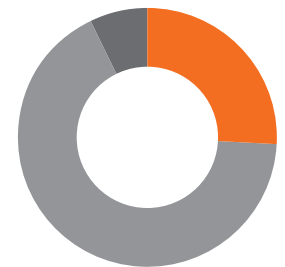
46 % of the Group's employees are women and 54 % are men. The Group's sick leave rate in 2020 was 3.4 % (3.7 %).

No significant injuries or accidents occurred during business operations in the period. Nor have deficiencies in employee safety or the working environment otherwise been identified.

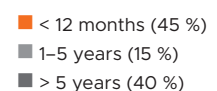
UNUTILIZED CREDIT FACILITIES



REPAYMENT STRUCTURE



INTEREST MATURITY STRUCTURE



The company's Board of Directors consists of two women and two men.

Kristian Leer-Salvesen passed away abruptly and unexpectedly in January 2021. As a board member since 2003, he has made a significant contribution to the company's development.

Statutory reporting regarding equality and anti-discrimination under section 26 of the Norwegian Equality and Discrimination Act for group companies can be found on the company's website: olt.no.

ENVIRONMENTAL STATUS

Olav Thon Eiendomsselskap follows Olav Thon Group's guidelines on sustainable value creation and eco-friendly business operations.

Environmental work is an integral part of operations in Olav Thon Eiendomsselskap and environmentally friendly initiatives are implemented both for its own business operations and use of its properties by tenants.

The Group focuses on environmental efficiency with energy management and recycling as key areas.

Operations satisfy the requirements for limiting pollution of the external environment.

Further information on environmental and sustainable value creation can be found on the company's website: olt.no.

SUSTAINABLE VALUE CREATION AND CORPORATE SOCIAL RESPONSIBILITY

Olav Thon Eiendomsselskap follows Olav Thon Group's guidelines for sustainable development and corporate social responsibility.

Olav Thon Group is a member of the UN Global Compact, and works

systematically in the areas of human rights, working conditions, the environment, anti-corruption, and social responsibility.

This work is followed up through goals and measures in accordance with the Global Reporting Initiative (GRI) and documented in an annual Corporate Social Responsibility Report.

Further information on corporate social responsibility and sustainable value creation work can be found on the company's website: olt.no.

CORPORATE GOVERNANCE

Olav Thon Eiendomsselskap aims to maintain a high level of trust among investors, lenders, tenants and society in general, and therefore strives to achieve good corporate governance.

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

A supplementary report on corporate governance can be found on the company's website: olt.no.

The Board of Olav Thon Eiendomsselskap ASA held five board meetings in 2020.

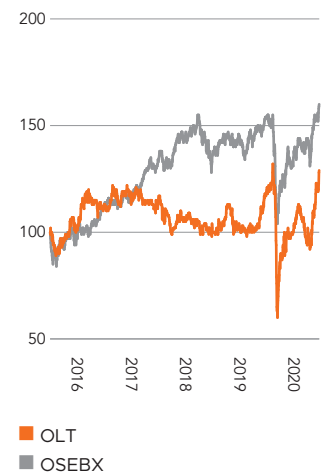
SHARES AND SHAREHOLDERS

The price of Olav Thon Eiendomsselskap shares at the end of 2020 was NOK 183.50, up from NOK 167.80 at the beginning of the year.

The share price thus rose by 9 % in 2020, while the main index at the Oslo Stock Exchange rose by 6 %.

At year end, the company's market capitalisation was NOK 19.0 (17.9) billion.

SHARE PRICE AND OSEBX DEVELOPEMENT LAST 5 YEARS



Share trades

In 2020, 7.6 (6.6) million shares were traded, and 27,051 (16,223) transactions were conducted on the Oslo Stock Exchange.

The highest and lowest prices in 2020 were NOK 189.60 (167.80) and NOK 85.90 (139.00), respectively.

Dividend

The company's dividend policy is that shareholders should receive a dividend equivalent to 30-40 % of the Group's profit excluding fair value adjustments, given a satisfactory solvency ratio and liquidity.

In light of the current pandemic and the infection control measures that are impacting the Group's activities, the Board of Directors proposes that no dividend should be paid for 2020 for the time being.

It will, however, ask the General Meeting to authorise it to approve payment of a dividend for 2020 at a later date.

Further information on shares and shareholders can be found on the company's website: olt.no.

Reorganisation of the Olav Thon Eiendomsselskap Group

At the Extraordinary General Meeting held in November 2019, it was decided to reorganise the Group to cultivate the parent company as a holding company.

Following the reorganisation, the Group's property portfolio is owned indirectly through subsidiaries, which gives the Group greater financial flexibility. The reorganisation was completed in January 2020.

OLAV THON EIENDOMSSSELKAP'S RISK FACTORS

The Group's risk factors can be divided into the following main categories:

- Market risk
- Financial risk
- Operational risk

The review of the Group's market risk assumes that the Norwegian economy and society will gradually return to a normalised situation in the course of 2021. Please see the outlook for the company later in the report.

MARKET RISK

The Group's market risk is related to the general development of the property markets, which are affected by both general macroeconomic developments and demand for commercial property as an investment object.

The market risk is related to the development of rental prices for retail, office and residential properties and the development of the fair value of the Group's property portfolio.

The fair value and rental price development of the properties is affected by macroeconomic variables such as changes in gross domestic product (GDP), unemployment, inflation, and interest rate changes.

Changes in the market yields used in the sale of commercial property and changes in market rents for properties have a direct effect on property values. Calculations of this effect can be found in accounting note 14 (in Norwegian only) in the annual report

THE COMMERCIAL PROPERTY MARKET IN 2020

The commercial property market showed good development in 2020, with generally high demand for commercial

property as an investment object. The Group's property segments developed differently, with high demand for centrally located office and combination properties but less interest in shopping centre properties.

Rental prices in shopping centres mainly displayed a slight downward trend.

Rental prices were stable on the office rental market in the Oslo area, but there were significant differences in rental price and vacancy rate between the different parts of the city.

THE GROUP'S MARKET RISK

77% of the Group's rental income comes from shopping centres, primarily those located in the large towns and cities in Norway and Sweden. A substantial proportion of the tenants are stores selling product lines with stable demand. Overall, the shopping centers have developed well through the pandemic, although there have been significant differences between the various product groups at the centers.

Growth in e-commerce is expected to grow faster than physical retail in the future, but today it still accounts for a small share of the total retail trade. The Group's shopping centres are gradually being changed in order to adapt to new consumer behaviour and digitalisation of the retail trade.

Private consumption is expected to increase throughout 2021 in line with the vaccination. The trend of greater differences between different segments and actors in the retail trade is expected to continue in the time ahead. The modernisation of the shopping centres contributes to the overall framework conditions for shopping centre property being considered satisfactory.

23% of rental income comes from commercial properties in the Oslo area, of which office properties make up the largest share. The properties are leased to a large number of tenants from various segments, and the leases have a balanced maturity structure in this property segment as well.

The risk of a substantially higher vacancy rate and a fall in the Group's rental income is considered moderate. A sensitivity analysis of what effects any changes to the yield and rental income would have on property values and the equity ratio can be found in accounting note 14 (in Norwegian only) and on the company's website: olt.no.

Financial risk

Olav Thon Eiendomsselskap's financial risk is considered mainly to be the Group's access to financing in the banking and capital markets and the cost of financing.

Access to financing depends on both developments in the financial markets and the Group's creditworthiness.

The risk is mitigated by maintaining a low loan to value ratio, a balanced debt portfolio and significant liquidity reserves.

The cost of financing depends on market interest rates and the specific credit margin the Group needs to pay.

The credit margin is again linked to the Group's creditworthiness and developments in the credit market.

Trends in the financial markets

Access to financing was good both in the banking and capital markets for most of the year, with exception from the period in March when the outbreak of the Coronavirus pandemic limited

the funding opportunities in the capital market. From June and onwards, both the banking and capital markets developed positively.

Development of interest rates

As a result of the Coronavirus pandemic, Norges Bank cut interest rate by 1.50 % to 0 %, and the short-term Norwegian money market interest rate (3-month NIBOR) fell to 0.49 % (1.86 %) at year-end. The long-term money market rate (10-year swap rate) fell from 2.06 % to 1.30 % at year-end.

The Swedish Central Bank kept its interest rate unchanged at 0 % in 2020, but the short-term money market interest rate (3-month STIBOR) fell to -0.05 % (0.20%) at year-end. The long-term money market rate (10-year swap rate) fell from 0.67 % to 0.39 % at year-end.

The credit market

The credit spread indicated for new loans issued by the Group increased significantly in the first half of the year before falling back gradually in the second half of the year. At year end, the credit margin for 5-year unsecured bond issues in Norway was indicated at 1.05 % (0.85 %), while 12-month unsecured certificate loans were indicated at 0.35 % (0.32 %).

The Group's financial risk factors

The Group's financial risk can in turn be divided into:

- Liquidity risk
- Interest rate risk
- Currency risk
- Credit risk

Descriptions of financial risk factors and financial risk management can be found in accounting note 18 (in Norwegian only) of the 2020 annual report. Below is the status of the different risk groups at the end of the year.

LIQUIDITY RISK

The Group's total liquidity reserves at the end of the year amounted to NOK 7,226 (6,796) million. The debt portfolio had an average remaining term of 2.6 (2.4) years.

26 % (23 %) of debt is due within 1 year and the need for refinancing in the coming year can be covered by existing liquidity reserves.

Interest rate risk

At year end, the Group had a fixed interest rate with fixed interest rates beyond 1 year of 55% (51), with an average fixed interest rate of 3.6 years (3.6).

The average interest rate at the end of the year was 3.06 % (3.27 %).

The Group uses financial instruments (interest rate swaps) to secure long-term fixed interest.

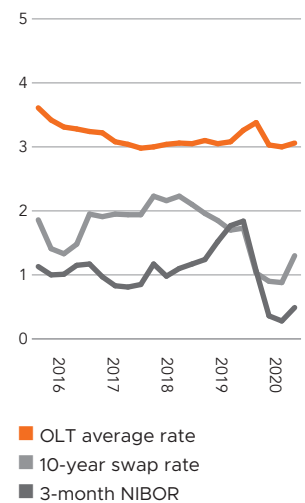
At year end, the portfolio of interest rate swaps entered for this purpose was NOK 13,875 (11,539) million and had a fair value of NOK -1,748 (-1,328) million.

Fair value is affected by changes in long-term interest rates and volatility in the financial markets in Norway and Sweden. It is estimated that a change of 1 percentage point in interest rates would change the fair value of the portfolio by approx. NOK 750-850 million.

Currency risk

At year end, 86 % of the Group's interest-bearing debt was nominated in Norwegian kroner, with an average interest rate of 3.35 %. 14 % of the debt was borrowed in Swedish kroner and had an average interest rate of 1.20 %.

INTEREST RATES LAST FIVE YEARS



Credit risk

The Group's credit risk is mainly the risk of incurring losses because of the tenants not paying the agreed rent. The properties are leased to many tenants from various sectors, and the Group is considered to have good routines in connection with the management of the leases.

Some of the Group's tenants in the retail trade are significantly affected by the Coronavirus pandemic and due to uncertainty related to future developments, the provision for losses on trade receivables has increased through 2020.

Operational risk

The group's operational risk is mainly related to the fact that employees and systems for managing the business will not function as intended.

Management is organized so that the risk associated with individuals' activities and absences is relatively low, and the group's management systems are considered robust.

OUTLOOK

The Norwegian economy is still in a recession caused by the Coronavirus pandemic.

In line with the reopening of society, there was again increased activity in the Norwegian economy in the second half of 2020, but higher spread of infection and new virus mutations have in recent months led to new strict infection control measures which in turn curb growth.

Norges Bank cut its interest rate to 0 % in Spring of 2020 and indicates that the rate will remain at the current level for some time to come.

In view of strict infection control measures and vaccination of the population, there is uncertainty regarding future economic developments. Norwegian economic growth is nevertheless expected to increase during the year as more people are vaccinated.

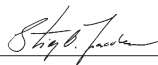
Based on the Group's financial position with its high equity and solid liquidity reserves, the Group is considered well equipped to deal with the future financial consequences of the Coronavirus pandemic.

Oslo, 24 March 2021

Board of Directors, Olav Thon Eiendomsselskap ASA



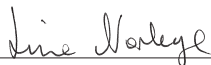
Olav Thon (Chairman of the Board)



Stig O. Jacobsen



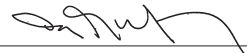
Sissel Berdal Haga Thon



Line Norbye



Ole-Christian Hallerud (Deputy Member)



Dag Tangevald-Jensen (CEO)

DECLARATION PURSUANT TO SECTION 5-5 OF THE NORWEGIAN SECURITIES TRADING ACT

We confirm that the company's annual financial statements for 2020 have been prepared to the best of our knowledge in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the Group's and the company's assets and liabilities, financial position, and results.

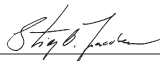
To the best of the Board's knowledge, the Board of Directors' Report provides a fair overview of the development, result and position of the Group and the company and describes the Group's most important risks and uncertainty factors.

Oslo, 24 March 2021

Board of Directors, Olav Thon Eiendomsselskap ASA



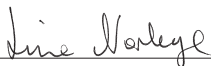
Olav Thon (Chairman of the Board)



Stig O. Jacobsen



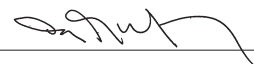
Sissel Berdal Haga Thon



Line Norbye



Ole-Christian Hallerud (Deputy
Member)



Dag Tangevald-Jensen (CEO)

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

GROUP

STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
(NOK millions)		
Rental income	2 962	2 984
Property-related income	857	900
Property-related expenses	-1 112	-1 201
Net rental income	2 707	2 684
Other operating income	148	167
Other operating expenses	-151	-157
Administrative expenses	-190	-189
Depreciation	-35	-24
Net income from property management	2 479	2 481
Fair value adjustments, investment property	-909	218
Fair value adjustments, right-of-use assets	-12	-14
Share of profit from joint ventures and associates	-22	213
Operating profit	1 537	2 898
Financial income	10	12
Fair value adjustments, interest rate derivatives	-802	-737
Financial expenses	-407	164
Net financial items	-1 198	-561
Profit before income tax	338	2 336
Change in deferred tax	89	-259
Income tax payable	-170	-239
Income tax	-81	-498
Profit	257	1 838
Other Comprehensive income		
Items to be reclassified to P&L in subsequent periods:		
Currency translation differences from foreign operations	165	-46
Hedging of net investment in foreign operations	-128	39
Income taxes on other comprehensive income	28	-8
Total comprehensive income	322	1 822
Profit attributable to:		
Shareholders of the parent	315	1 857
Non-controlling interests	-57	-20
Total comprehensive income attributable to:		
Shareholders of the parent	379	1 842
Non-controlling interests	-57	-20
Earnings per share, basic and diluted (NOK)	3	18

GROUP

STATEMENT OF FINANCIAL POSITION

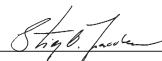
	2020	2019
(NOK millions)		
ASSETS		
Deferred tax asset	326	294
Investment properties	54 453	54 037
Owner-occupied properties	347	365
Right-of-use assets	189	191
Fixed assets	73	88
Investments in joint ventures and associates	2 740	2 914
Other non-current assets	440	592
Total non-current assets	58 570	58 481
Trade receivables and other current receivables	905	1 001
Cash and cash equivalents	484	386
Total current assets	1 388	1 387
Total assets	59 958	59 869
EQUITY AND LIABILITIES		
Share capital	104	106
Share premium	318	318
Other equity	27 331	26 942
Non-controlling interests	385	452
Total equity	28 136	27 819
Deferred tax liabilities	7 138	7 250
Lease liabilities	347	360
Interest-bearing non-current liabilities	15 475	16 568
Non-current liabilities	1 406	1 112
Total non-current liabilities	24 365	25 291
Income tax payable	170	240
Interest-bearing current liabilities	5 528	4 913
Trade payables and other current liabilities	1 759	1 607
Total current liabilities	7 457	6 759
Total liabilities	31 822	32 050
Total equity and liabilities	59 958	59 869

Oslo, 24 March 2021

The Board of Directors, Olav Thon Eiendomsselskap ASA



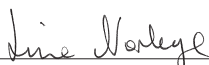
Olav Thon (Chairman of the Board)



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Line Norbye



Ole-Christian Hallerud



Dag Tangevald-Jensen (CEO)

GROUP

STATEMENT OF CASH FLOW

	2020	2019
(NOK millions)		
Profit before income tax	338	2 336
Fair value adjustments, investment property	909	-218
Fair value adjustment, interest rate derivatives	407	-164
Expensed interest	702	710
Paid interest	-731	-707
Paid income tax	-251	-215
Share of profit from joint ventures and associated companies	22	-213
Depreciation of fixed assets	35	23
Change in operating related accruals	-57	-55
Net cash flow from operating activities	1 373	1 497
Proceeds from sale of property, plant and equipment	-	-
Purchase of investment properties and property, plant and equipment	-680	-672
Net payments of acquisition of subsidiaries	-33	-55
Other investments	304	155
Net cash flow from investment activities	-410	-573
Proceeds from interest-bearing liabilities	10 257	19 051
Repayment of interest-bearing liabilities	-11 099	-19 071
Payment on leasing liabilities	-13	-6
Dividends paid	-13	-481
Payments of purchase of own shares	-	-341
Net cash flow from financing activities	-868	-847
Currency translation effects on cash and cash equivalents	4	2
Net change in cash and cash equivalents	98	80
Cash and cash equivalents as at 1 January	386	305
Cash and cash equivalents as at 31 December	484	386
Unutilized overdrafts and other credit facilities	6 742	6 410

GROUP

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Currency translation differences	Other equity	Hedging reserve	Majority share of equity	Non-controlling interests	Total
(NOK millions)								
Equity 31 Dec 2018	106	318	-87	25 935	58	26 331	496	26 827
Profit				1 857		1 857	-20	1 838
Other comprehensive income			-46		30	-15		-15
Acquisitions of own shares				-341		-341		-341
Dividends paid				-456		-456		-481
Other changes				-9		-9	0	-9
Equity 31 Dec 2019	106	318	-132	26 987	88	27 368	452	27 819
Profit				315		314	-57	257
Other comprehensive income			165		-100	64		64
Acquisitions of own shares	-3			3		0		0
Dividends paid						0	-13	-13
Other changes				5		5	3	9
Equity 31 Dec 2020	104	318	32	27 310	-12	27 752	385	28 136

GROUP

ALTERNATIVE PERFORMANCE MEASURES

(NOK millions)

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.

As a result of rounding differences, numbers and percentages do not always match the total.

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

Fair value adjustments in investment properties and interest rate derivatives affect the company's profit before tax, both in the Group's financial statements and in joint ventures and associated companies. These income statement items are considered to be more exogenously determined than the other income statement items.

	2020	2019
Fair value adjustments in investment properties recognised in profit and loss	-909	218
Fair value adjustments in right-of-use assets recognised in profit and loss	-12	-14
Fair value adjustments in investment properties in joint ventures	-175	32
Fair value adjustments in investment properties in associated companies	-24	17
Fair value adjustments in interest rate derivatives recognised in profit and loss	-407	164
Fair value adjustments in interest rate derivatives in joint ventures	-20	8
Fair value adjustments in investment properties and interest rate derivatives	-1 548	424

2. Profit before tax and fair value adjustments

Profit before fair value adjustments in investment properties and interest rate derivatives is intended to give readers a better understanding of the Group's operating business development.

	2020	2019
Profit before income tax	338	2 336
Income tax in joint ventures	-16	15
Income tax in associated companies	4	13
Fair value adjustments investment properties / interest rate derivatives	1 548	-424
Profit before income tax and fair value adjustments	1 874	1 941

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.

	2020	2019
Total equity	28 136	27 819
Total equity and debt	59 958	59 869
Equity ratio	47 %	46 %

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.

	2020	2019
Majority share of equity	27 752	27 367
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 120	7 250
Fair value of debt - deferred tax liabilities - 6 %	-1 942	-1 977
Long term net asset value	32 930	32 640
Number of shares (own shares not included)	103 623 171	103 623 171
Long term net asset value per share in NOK	318	315
Equity per share in NOK	268	264

5. Net cash flow from operating activities

Net cash flow from operations is considered to give readers a better understanding of the liquidity generated from the group's operating activities. This is important for assessing the group's financial results and financial position.

	2020	2019
Net cash flow from operating activities	1 373	1 497
Expensed / paid interest	-29	3
Paid income tax	-251	-215
Change in working capital	-57	-55
Net cash flow from operations	1 710	1 765

6. 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.

	2020	2019
Unutilized overdrafts and other credit facilities	6 742	6 410
Cash and cash equivalents	484	386
Liquidity reserves	7 226	6 796

7. Amortisation next 12 months

Installments 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.

	2020	2019
Commercial papers	926	2 258
Bonds	3 980	1 214
Bank loans	627	1 440
Amortisation next 12 months	5 533	4 913

8. 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.

	2020	2019
Bonds, non-current	6 008	7 538
Bonds, current	3 980	1 214
Commercial papers, current	926	2 258
Debt to credit institutions, long-term	9 466	9 030
Debt to credit institutions, short-term	622	1 440
Interest-bearing debt	21 003	21 481
Cash and cash equivalents	-484	-386
Net interest-bearing debt	20 519	21 095
Market value properties	54 656	54 257
Loan to value ratio	38 %	39 %

9. 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.

	2020	2019
Annualized interest expenses on interest-bearing debt as of the balance sheet date	269	512
Annualized interest expenses on current interest rate swaps per balance sheet date	373	190
Annualized interest expenses per balance sheet date	643	702
Interest-bearing debt*	21 003	21 481
Interest per balance sheet date	3,06 %	3,27 %
* Unsecured part of interest-bearing debt (debt where the group has not provided collateral)	6 341	5 430

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.

	2020	2019
Investment properties	706	646
New companies	269	100
Other fixed assets	15	25
Other investments	-76	-223
Net investments	914	548

11. Market value properties

Market value of properties shows the sum of the market value of investment properties and owner-occupied properties, which are accounted for according to different accounting principles in the group's balance sheet.

	2020	2019
Market value investment properties	54 453	54 037
Market value owner-occupied properties	203	220
Market value properties	54 656	54 257

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

Market value of properties joint venture (group share)	3 401	3 638
Market value of properties associated with companies (group share)	859	881

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.

	2020	2019
Annualized market rent leased premises	3 122	3 129
Annualized market rent vacant premises	128	86
Annualized rental income level	3 250	3 215

13. Net yield properties

Net 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.

	2020	2019
Annualized rental income level	3 250	3 215
Lessor's owner cost	432	459
Annualized net rental income level	2 818	2 756
Market value properties	54 656	54 257
Adjustment market value for plots etc	385	497
Market value properties after adjustment	54 271	53 760
Net yield properties	5,19 %	5,13 %



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