



Vika Atrium
Photo: Jan O. Kiese

REPORT 1. QUARTER 2020

KEY FIGURES

| Amounts in NOK million | 31.03.20 | 31.03.19 | 31.12.19 |
|---|----------|----------|----------|
| Net rental income | 625 | 667 | 2 684 |
| Fair value adjustments in investment properties and interest rate derivatives ¹⁾ | -3 132 | -143 | 424 |
| Profit before taxes | -2 742 | 354 | 2 336 |
| Profit before tax and fair value adjustments ²⁾ | 353 | 505 | 1 941 |
| Equity per share (NOK) | 244 | 252 | 264 |
| Equity ratio | 45 % | 46 % | 46 % |
| Non-current net asset value per share (NOK) ³⁾ | 291 | 300 | 315 |
| Net cash flow from operations | 378 | 456 | 1 765 |
| Cash reserves ⁴⁾ | 7 764 | 7 437 | 6 796 |
| Amortisation next 12 months | 7 418 | 5 436 | 4 913 |
| Interest-bearing debt ⁵⁾ | 21 602 | 21 261 | 21 481 |
| Interest rate as at 31.03 | 3,38 % | 3,10 % | 3,27 % |
| Loan to value ratio ⁶⁾ | 40 % | 39 % | 39 % |
| Net investments ⁷⁾ | 236 | 261 | 548 |
| Market value properties ⁸⁾ | 52 668 | 53 348 | 54 257 |
| Annual rental income ⁹⁾ | 3 215 | 3 130 | 3 215 |
| Yield | 5,34 % | 5,14 % | 5,13 % |
| Sales, owned shopping centres | 10 404 | 10 733 | 50 211 |
| Sales, managed shopping centres | 1 668 | 1 954 | 8 058 |
| Share price as at 31.03 (NOK) | 113,0 | 151,6 | 167,8 |

Please note that as a result of rounding differences and reclassifications, figures and percentages will not always match the total sum.

1) Including value adjustments in joint ventures and associated companies

2) Including taxes in joint ventures and associated companies

3) (Majority share of equity + deferred tax liabilities - fair value of debt (deferred tax 6%) / Number of shares

4) Bank deposits etc. + Undrawn borrowing facilities

5) Unsecured part of interest-bearing debt NOK 6,426 million (31.03.20), 4,362 million (31.03.19) and 5,430 million (31.12.19), respectively

6) (Interest bearing debt - Bank deposits etc) / Market value properties

7) Property purchase/sale/upgrade costs + purchase/sale of companies + assets + other investments (purchase/sale)

8) Includes market value of investment properties and owner-occupied properties. In addition, the Group owns through jointly controlled companies/associated companies with market value (Group's share) NOK 4,335 million (31.03.20), 4,798 million (31.03.19) and 4,519 million (31.12.19).

9) Market rent for rented and vacant premises.

Olav Thon Eiendomsselskap

Report for Q1 2020

THE HIGHLIGHTS OF THE INTERIM REPORT ARE AS FOLLOWS:¹

- Rental income was NOK 754 (741) million.
- Profit before income tax and fair value adjustments was NOK 353 (505) million.
- Total fair value adjustments in investment properties (inclusive of joint ventures and associated companies) amounted to NOK -2,328 (-92) million, a decrease of 3.9% (-0.2%).
- Total fair value adjustments in interest rate derivatives (inclusive of joint ventures and associated companies) amounted to NOK -804 (-51) million.
- The result before income tax amounted to NOK -2,742 (354) million.
- Net cash flow from operations was NOK 378 (456) million.
- The Group's equity ratio at the end of Q1 was 45% (46%), and equity per share increased to NOK 244 (252).
- Cash reserves at the end of the quarter were NOK 7,764 (7,437) million.
- Retail sales in the shopping centre portfolio owned by the Group were NOK 10,404 (10,733) million.



¹ The figures in brackets are for the corresponding period/date last year

FINANCIAL POSITION/BALANCE SHEET AS AT 31 MARCH 2020

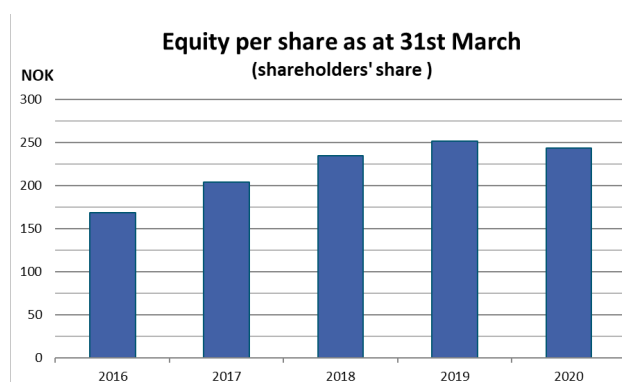
The Group's total assets were NOK 57,687 (58,824) million, with investment properties accounting for NOK 52,455 (53,136) million of that figure.

Total equity was NOK 25,682 (27,080) million and the equity ratio was 45% (46%).

Equity per share (majority share) was NOK 244 (252), while the "triple net asset value per share" was calculated as being NOK 291 (300).

Interest-bearing debt was NOK 21,602 (21,260) million, with a loan to value ratio ² of 40% (39%).

The Group's share of the equity in joint ventures and associated companies was NOK 2,755 (2,846) million.



Equity per share increased by 44% during the period.

SUMMARY OF THE RESULTS FOR Q1

The result before income tax was NOK -2,742 (354) million.

Total comprehensive income amounted to NOK -2,133 (247) million.

Fair value adjustments in investment properties and interest rate derivatives amounted to NOK -3,132 (-143) million.³

The result before income tax and fair value adjustments therefore amounted to NOK 353 (505) million.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Rental income was NOK 754 (741) million.

Other property-related income amounted to NOK 241 (250) 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 370 (324) million, including the above-mentioned service charges of NOK 201 (226) million.

Provisions for expected credit losses on trade receivables increased by NOK 65 (-3) million because of the Group's shopping centres were partly closed following the outbreak of the Corona pandemic. Please refer to note 4 for a further description of the assessment.

Maintenance expenses for the property portfolio amounted to NOK 34 (33) million.

Net rental income was therefore NOK 625 (667) million.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

At the end of Q1 2020, valuation of the Group's investment properties is associated with greater uncertainty than normal.

The Corona pandemic and the various measures implemented have led to a significant weakening of the Norwegian economy, and the value of commercial property is considered to be reduced.

Please see notes 4 and 8 in the interim report for a further description of the valuations and the calculation of property values in the event of changes in yield and market rent. For further information on the valuation model and parameters used in the valuation please see the annual report for 2019.

Given the above, in Q1, the value of the Group's investment properties was adjusted downwards by NOK 2,120 (-87) million, a drop of 3.9%.

The Group operates with two different property segments:

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

Property values fell in both property segments in Q1, but to a different extent.

The value of the Group's shopping centre properties was adjusted downwards by NOK 1,803 million (-4.4%), while the drop in the value of its commercial properties amounted to NOK 317 million, (-2.3%).

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATED COMPANIES

The Group's share of the results from joint ventures and associated companies amounted to NOK -159 (42) million.

The decline from last year is explained by the value of shopping-centre properties owned through joint ventures and associated companies were downgraded, while last year there was an increase in value.

² See page 2 for definitions

³ Includes investments in joint ventures and associated companies

A full overview of the income statements and balance sheets for these companies can be found in note 11 in this interim report.

OTHER OPERATING INCOME AND EXPENSES

Other operating income amounted to NOK 39 (42) million and consisted mainly of income from property management for external owners and sales revenue from other activities.

Other operating and administrative expenses amounted to NOK 91 (85) million, while scheduled depreciation amounted to NOK 7 (6) million.

FINANCIAL INCOME AND EXPENSES

Net financial expenses were NOK 254 (167) million.

Net interest expenses amounted to NOK 180 million (166), of which interest expenses tilted to leasing debt were NOK 6 million (6).

Compared with Q1 last year, the Group's interest-bearing debt remains relatively unchanged, although a higher average interest rate contributed to the increase.

Other financial expenses amounted to NOK 74 (8) million, of which unrealised losses on exchange associated with the SEK exchange rate amounted to NOK 64 (0) million.

FAIR VALUE ADJUSTMENTS, INTEREST RATE DERIVATIVES

Long-term market interest rates fell significantly in both Norway and Sweden in Q1. In Norway, the 10-year swap rate fell by 2.06% to 1.03%, while the corresponding rate in Sweden fell by 0.67% to 0.39%.

The interest rate movements resulted in the fair value of the Group's interest rate derivatives falling by NOK 771 (-50) million.

CASH FLOW AND LIQUIDITY

Net cash flow from operations was NOK 378 (456) million.

Net cash flow from operating activities was NOK 410 (368) million.

Investment activities reduced liquidity by NOK 172 (176) million, while financing activities reduced liquidity by NOK 240 (174) million.

Exchange-rate effects amounted to NOK 26 (4) million in Q1, thereby increasing the Group's liquidity holdings by NOK 24 (21) million.

Cash reserves amounted to NOK 7,764 (7,437) million at the end of the quarter and consisted of short-term investments of NOK 410 (326) million and undrawn long-term credit facilities of NOK 7,354 (7,111) million.

INVESTMENTS

The Group's net investments in Q1 amounted to NOK 236 (261) million.

MAJOR PROPERTY ACQUISITIONS

Oscar Hanssens Veg 1-3, Molde

A retail and office property of 4,100 square metres near the Group's shopping centres in Molde was taken over in Q1 2020.

MAJOR PROPERTY PROJECTS⁴

Under construction

Bernt Ankers Gate 6, Oslo

Construction of a new building in the centre of Oslo with a total space of 5,600 square metres with 46 flats for rent and four smaller commercial premises for rent. The project is scheduled for completion in 2021.

Amfi Rørvik, Vikna

At Amfi Rørvik, 30 flats are being built for sale and commercial premises are being expanded by 3,400 square meters. The project is scheduled for completion in 2020.

Refurbishment of shopping centre portfolio

Smaller upgrade and refurbishments projects are also taking place at several of the Group's shopping centres.

In planning phase

Olav Thon Eiendomsselskap is developing a number of 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.

For more information about our property projects, please see olt.no.

INVESTMENT PROPERTIES AS AT 31 MARCH 2020

The property portfolio was valued at NOK 52,455 (53,136) million, based on an average yield of 5.34% (5.13%).

Average yields by property segment were as follows:

| | |
|-----------------------------|---------------|
| Shopping centre properties | 5.60% (5.34%) |
| Other commercial properties | 4.57% (4.48%) |

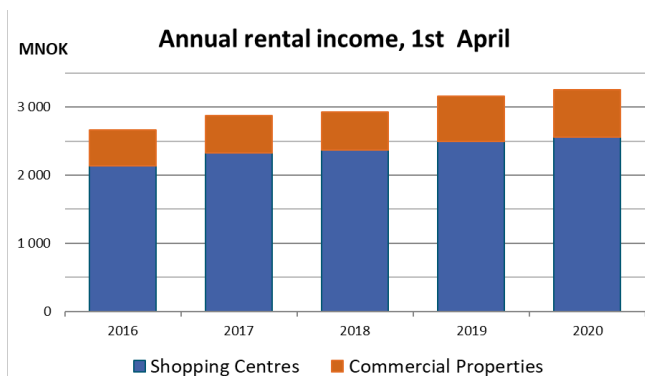
Annual rental income was NOK 3,200 (3,130) million, with the following segment distribution:

| | |
|----------------------------|-----------|
| Shopping centre properties | 79% (81%) |
| Other commercial property | 21% (19%) |

The vacancy rate in the property portfolio was 3.0% (2.4%).

The increase in rental income compared with the previous year was primarily due to completed property projects.

⁴ Over NOK 50 million



The property portfolio's annual rental income level has increased by 22% since 2016.

PROPERTY PORTFOLIO OWNED THROUGH JOINT VENTURES AND ASSOCIATED COMPANIES

In addition to the property portfolio, which is recognised on the Group's balance sheet, the Group's share of the rental income of joint ventures and associated companies was NOK 280 (290) million.

The Group's share of the property values was NOK 4,335 (4,798) million.

SHOPPING CENTRES

At the end of Q1, the shopping centre portfolio comprised 77 shopping centres, 16 of which are managed for external owners.

Olav Thon Eiendomsselskap is Norway's leading shopping centre player 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 a total of seven of the country's nine largest shopping centres.

Shopping centres owned by the Group

Retail sales in the shopping centre portfolio owned by the Group were NOK 10,404 (10,733) million for Q1.

Since the Corona pandemic, store sales in the quarter can be broken down as follows:

Total store sales as of 29.02 amounted to NOK 7,406 million (7,004), while sales in March were NOK 2,998 million (3,729).

The comparative figures for 2019 have been corrected for retail sales in the Norwegian shopping centres no longer owned by the Group.

Similarly, the figures for the Swedish shopping centres have been corrected to take account of one shopping centre that is closed for refurbishment.

Norway

The Group's Norwegian shopping centres reported sales of NOK 9,593 (9,948) million for Q1.

Sweden

The shopping centres in Sweden reported retail sales of SEK 828 (840) million.

Shopping centres managed for other owners

Retail sales in this part of the portfolio were NOK 1,668 (1,954) million.

RISK FACTORS

The biggest risk factors to which Olav Thon Eiendomsselskap is exposed are considered to be market and financial risks associated with the property and financial markets in Norway and Sweden.

THE PROPERTY MARKET

Trends in the property market in Norway and Sweden are affected by both macroeconomic factors and demand for commercial property as an investment object.

Changes in yield and market rents have a direct effect on the value of the property portfolio. Calculations of these effects can be found in the note 8 in the interim report and on the company's website: olt.no.

The valuation as at 31 March 2020 was based on an average yield of 5.34%. The yield has varied between 5.10% and 5.50% over the last 3 years.

THE FINANCIAL MARKETS

The most significant financial risk for Olav Thon Eiendomsselskap is considered to be the Group's access to financing in the banking and capital markets.

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

The Group's financing is described in more detail in the next section, and further information about financial risk management can be found in the annual report for 2019 and on the company's website: olt.no.

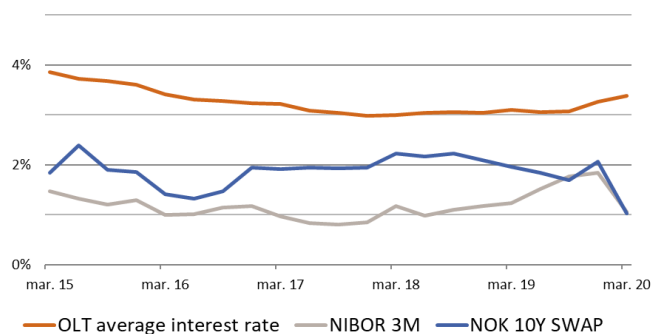
The Group's interest rate derivatives (interest rate swaps) are carried at fair value. Interest rate swaps are primarily used to secure the Group long-term fixed interest rates and thereby ensure more predictable cash flow.

At the end of Q1, the portfolio of interest rate swaps entered for this purpose was NOK 11,519 (11,022) million and had a fair value of NOK -2,099 (-1,542) million.

Fair value is affected by both 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.

It is estimated that a change of one percentage point in the short-term interest rate would change the Group's average interest rate by less than 0.50%. Net annual interest expenses would be changed by NOK 100-110 million.

Interest rates last 5 years



As at 31 March 2020, the Group's average interest rate was 3.38%.⁵

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.

Access to funding in the banking market is considered good, while in the last few weeks of the quarter availability in the capital markets has been reduced and prices have risen sharply. Availability was good in the banking market throughout the quarter, although credit margins widened considerably in this market as well in last few weeks of the quarter.

The Group's sources for new funding in the quarter were the capital markets in Norway and Sweden, in which new borrowing of NOK 1,400 million and SEK 450 million was raised.

At the end of Q1, the outstanding certificate and bond debt amounted to NOK 11,225 (11,815) million, broken down as follows:

Norway: NOK 8,780 (8,253) million
Sweden: SEK 2,350 (3,565) million

Total credit facilities were NOK 28,956 (28,372) million, NOK 7,354 (7,111) million of that was undrawn. For details of the Group's interest-bearing debt, see notes 11 and 12 in the interim report.

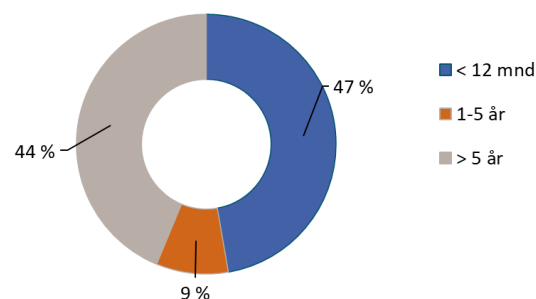
The debt had an average remaining term of 2.1 (2.4) years, and 34% (26%) of the debt is due for repayment within 1 year.

At the end of Q1, the Group had a fixed interest rate of 53% (55%), with an average fixed interest period of 3.7 (3.7) years.

The Group's average interest rate was 3.38% (3.10%), divided into the following currencies:

| Currency | Proportion of debt | Average interest rate |
|----------|--------------------|-----------------------|
| NOK | 84% | 3.81% |
| SEK | 16% | 1.08% |

Interest rate maturity structure



53% of interest-bearing debt has a fixed-interest period of over 1 year. The average fixed-interest period is 3.7 years.

SHARES AND SHAREHOLDERS

The share price of Olav Thon Eiendomsselskap s was NOK 113.00 at the end of Q1, down from NOK 167.80 at the start of the quarter. The highest and lowest prices were NOK 173.00 and NOK 85.90, respectively.

Thus, the share price fell 33% in Q1, somewhat more than the main index at the Oslo Stock Exchange, which fell 24% during the same period.

3,755,000 (751,000) shares were traded during the quarter, with 9,446 (4,292) trades in the share on the Oslo Stock Exchange.

At the end of Q1, the company's market capitalisation was NOK 11.7 (16.1) billion, and the company's largest owners were:

| | |
|---------------------------------------|-------------|
| Olav Thon Gruppen AS and subsidiaries | 73.9% |
| Folketrygdfondet | 2.7% |
| VPF Nordea Norge | 2.7% |
| MP Pensjon | 2.2% |
| Otto Olsen Invest AS | 1.3% |
| Other owners | 17.2% |
| TOTAL | 100% |

⁵ Loans in NOK and SEK

CANCELLATION OF DIVIDEND FOR 2019

In March, the Board of Olav Thon Eiendomsselskap AS decided to cancel the announced dividend for 2019.

Therefore, the proposal presented to the company's annual general meeting in June 2020 will be that no dividend be paid out for 2019.

The background for this is the uncertainty surrounding the spread of the Corona pandemic and the economic consequences of the various actions that have been taken.

Cancellation of the dividend for 2019 does not imply any changes to the company's dividend policy.

OUTLOOK

The Norwegian economy is now in a deep recession caused by the Corona pandemic and the extensive measures to prevent infection that have been introduced both in Norway and abroad.

These are the most invasive measures that have been introduced in Norway during peacetime and major parts of the society have been shut down. This has led to a significant decline in the Norwegian economy, which was also compounded by a fall in oil prices.

The Norwegian authorities have implemented several financial measures to mitigate the economic impact of the pandemic and Norges Bank has cut its interest rate from 1.50% to 0%.

The pandemic and measures implemented have major consequences for both the Norwegian economy in general and for Olav Thon Eiendomsselskap in particular. The further development will depend, among other factors, on the course of the pandemic and the duration of the infection prevention measures in Norway and abroad, but also on how companies and private individuals will adapt when the measures are gradually phased out.

Possible consequences for Olav Thon Eiendomsselskap are described in notes to the interim report. Based on the Group's financial position with a high equity ratio and solid liquidity reserves, the Group is considered well equipped to meet the financial consequences of the Corona pandemic.

Oslo, 20 May 2020

Board of Directors, Olav Thon Eiendomsselskap ASA

Every effort has been made to ensure that this translation of the Norwegian text and the report is true translation. However, in case of any discrepancy, the Norwegian version takes place.

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

| (NOK million) | Note | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|----------|---------------|-------------|--------------|
| Rental income | 6 | 754 | 741 | 2 984 |
| Other property-related income | | 241 | 250 | 900 |
| Property-related expenses | | -370 | -324 | -1 201 |
| Net rental income | 7 | 625 | 667 | 2 684 |
| Other operating income | | 39 | 42 | 167 |
| Other operating expenses | | -41 | -37 | -157 |
| Administrative expenses | 6 | -50 | -48 | -189 |
| Depreciation | | -7 | -6 | -24 |
| Net income from property management | 7 | 566 | 619 | 2 481 |
| Fair value adjustments, investment property | 8 | -2 120 | -87 | 218 |
| Fair value adjustments, right-of-use assets | | -3 | -1 | -14 |
| Share of profit from joint ventures and associates | 9 | -159 | 42 | 213 |
| Operating profit | 7 | -1 716 | 572 | 2 898 |
| Financial income | 10 | 4 | 10 | 12 |
| Financial expenses | 10 | -258 | -177 | -737 |
| Fair value adjustments, interest rate derivatives | | -771 | -50 | 164 |
| Net financial items | | -1 026 | -217 | -561 |
| Profit before income tax | | -2 742 | 354 | 2 336 |
| Income taxes | | 566 | -89 | -498 |
| Profit | | -2 176 | 265 | 1 838 |
| Other Comprehensive income | | | | |
| <i>Items to be reclassified to P&L in subsequent periods:</i> | | | | |
| Currency translation differences from foreign operations | | 143 | -72 | -46 |
| Hedging of net investment in foreign operations | | -128 | 69 | 39 |
| Income taxes on other comprehensive income | | 28 | -15 | -8 |
| Total comprehensive income | | -2 133 | 247 | 1 822 |
| Profit attributable to: | | | | |
| Shareholders of the parent | | -2 125 | 268 | 1 857 |
| Non-controlling interests | | -51 | -2 | -20 |
| Total comprehensive income attributable to: | | | | |
| Shareholders of the parent | | -2 082 | 249 | 1 842 |
| Non-controlling interests | | -51 | -2 | -20 |
| Earnings per share, basic and diluted (NOK) | | -20 | 2 | 17 |

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

| (NOK million) | Note | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|------|---------------|---------------|---------------|
| ASSETS | | | | |
| Deferred tax asset | | 294 | 328 | 294 |
| Investment properties | 3, 8 | 52 455 | 53 136 | 54 037 |
| Owner-occupied properties | | 191 | 192 | 191 |
| Right-of-use assets | | 360 | 362 | 365 |
| Fixed assets | | 86 | 82 | 88 |
| Investments in joint ventures and associates | 9 | 2 755 | 2 846 | 2 914 |
| Other non-current assets | | 548 | 613 | 592 |
| Total non-current assets | | 56 689 | 57 559 | 58 482 |
| Trade receivables and other current receivables | 3 | 588 | 938 | 1 001 |
| Cash and cash equivalents | | 410 | 326 | 386 |
| Total current assets | | 998 | 1 265 | 1 387 |
| Total assets | | 57 687 | 58 824 | 59 869 |
| EQUITY AND LIABILITIES | | | | |
| Share capital | | 104 | 106 | 106 |
| Share premium | | 318 | 318 | 318 |
| Other equity | | 24 860 | 26 178 | 26 942 |
| Non-controlling interests | | 399 | 477 | 452 |
| Total equity | | 25 682 | 27 080 | 27 819 |
| Deferred tax liabilities | | 6 669 | 6 976 | 7 250 |
| Lease liabilities | | 356 | 357 | 360 |
| Non-current liabilities | 11 | 16 128 | 17 248 | 17 820 |
| Total non-current liabilities | | 23 153 | 24 581 | 25 431 |
| Income tax payable | | 72 | 146 | 240 |
| Interest-bearing current liabilities | 12 | 7 418 | 5 437 | 4 913 |
| Trade payables and other current liabilities | 12 | 1 363 | 1 580 | 1 467 |
| Total current liabilities | | 8 852 | 7 163 | 6 619 |
| Total liabilities | | 32 005 | 31 744 | 32 050 |
| Total equity and liabilities | | 57 687 | 58 824 | 59 869 |

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF CASH FLOW

| (NOK million) | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-------------|-------------|--------------|
| Net cash flow from operations | 378 | 456 | 1 765 |
| Expensed interest | 134 | 163 | 710 |
| Paid interest | -134 | -173 | -707 |
| Paid income tax | -167 | -164 | -215 |
| Change in working capital | 200 | 86 | -55 |
| Net cash flow from operating activities | 410 | 368 | 1 497 |
| Payment on the sale of tangible fixed assets | - | - | - |
| Acquisition of investment properties | -172 | -219 | -672 |
| Acquisition of subsidiaries | -43 | - | -55 |
| Other investments | 44 | 42 | 155 |
| Net cash flow from investment activities | -172 | -176 | -573 |
| Proceeds from interest-bearing liabilities | 3 230 | 5 915 | 19 051 |
| Repayment of interest-bearing liabilities | -3 462 | -6 084 | -19 071 |
| Payment on leasing liabilities | -4 | -1 | -6 |
| Dividends paid | -4 | -5 | -481 |
| Acquisition of own shares | - | - | -341 |
| Net cash flow from financing activities | -240 | -174 | -847 |
| Currency translation effects | 26 | 4 | 2 |
| Net change in cash | -2 | 17 | 78 |
| Cash at beginning of period | 386 | 305 | 305 |
| Cash at end of period | 410 | 326 | 386 |

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

| (NOK million) | Share capital | Share premium | Currency translation differences | Other Equity | Hedging reserve | Shareholders of the parent | Non-controlling interests | Total |
|----------------------------|---------------|---------------|----------------------------------|---------------|-----------------|----------------------------|---------------------------|---------------|
| Equity 31.12.2018 | 106 | 318 | -87 | 25 935 | 58 | 26 331 | 496 | 26 827 |
| Profit | - | - | - | 268 | - | 268 | -2 | 265 |
| Other comprehensive income | - | - | -72 | - | 54 | -18 | - | -18 |
| Other changes | - | - | - | 22 | - | 22 | -17 | 6 |
| Equity 31.03.2019 | 106 | 318 | -159 | 26 224 | 113 | 26 603 | 477 | 27 080 |
| Profit | - | - | - | 1 590 | - | 1 590 | -17 | 1 573 |
| Other comprehensive income | - | - | 26 | - | -24 | 3 | - | 3 |
| Acquisitions of own share | - | - | - | -341 | - | -341 | - | -341 |
| Dividends paid | - | - | - | -456 | - | -456 | -25 | -481 |
| Other changes | - | - | - | -31 | - | -31 | 17 | -15 |
| Equity 31.12.2019 | 106 | 318 | -132 | 26 987 | 88 | 27 367 | 452 | 27 819 |
| Profit | - | - | - | -2 125 | - | -2 125 | -51 | -2 176 |
| Other comprehensive income | - | - | 143 | - | -100 | 43 | - | 43 |
| Amortization own shares | -3 | - | - | 3 | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | -4 | -4 |
| Other changes | - | - | - | -3 | - | -3 | 3 | -0 |
| Equity 31.03.2020 | 104 | 318 | 10 | 24 862 | -11 | 25 282 | 399 | 25 682 |

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

(NOK million)

Note 1 GENERAL INFORMATION

Olav Thon Eiendomsselskap ASA is based in Norway and is listed on Oslo Stock Exchange. The head office is situated in Oslo.

The Group's consolidated financial statements encompass Olav Thon Eiendomsselskap ASA and subsidiaries, as well as the Group's interests in joint ventures and associated companies. The Group has activities in Norway and Sweden.

The interim financial statements were adopted by the Board on 20 May 2020.

Note 2 ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB and as adopted by EU. The consolidated accounts have been prepared in accordance with IAS 34 Interim Financial Reporting.

In preparing these interim financial statements, management has used the same judgements regarding application of accounting principles that were used in the consolidated financial statements for 2019.

There has been no audit of the interim financial information.

Note 3 CHANGES IN GROUP STRUCTURE

There are no significant changes in the group structure during the quarter, except for the reorganisation of the Group in order to turn the parent company into a pure holding company.

Note 4 ESTIMATES

Preparation of interim financial statements involves the use of judgements, estimates and assumptions that affect the application of accounting principles and amounts recognised for assets, liabilities, income and expenses.

As a result of the Corona pandemic, management's estimates in some areas have a significant impact on the first quarter financial statements. This applies to both valuation of investment property and provision for expected credit losses on accounts receivable.

The assessments and assumptions used in the calculation of the above mentioned conditions are described below.

Fair value of investment property

Valuation of investment properties has been associated with significantly higher uncertainty than normally. Due to the Corona pandemic, there has been a minimal transaction volume and available information contains a high degree of uncertainty.

The most significant assumptions in the valuation of investment property are market rents and yield.

The long-term effect of the corona pandemic on the rent level is considered uncertain, although there is a risk that the rents for individual industries could be reduced in the short term. In the absence of reliable information and an assumption that the situation will normalize, it has been chosen to keep the same estimate for the long-term rent level that was used in the valuation made as of 31 December 2019. To reflect increased risk and uncertainty, the average yield is increased by 0,21 %. The effect of decreasing long-term market rates by 1,00 % - 1,20 % in the valuation reduces the total effect of increased risk premium in the yield.

A sensitivity analysis related to the valuation is shown in note 8. It must be assumed that valuation of investment properties will show large variations in the near future.

The assumptions in the valuations have been compared with two external advisers, Cushman and Wakefield and Newsec. The external advisors did not take into account the effects of the pandemic, because of the absence of reliable information, both in terms of yield and market rents. This is mainly due to the fact that there have been no relevant transactions in the period that can support the valuation.

Provision for expected credit losses on accounts receivable

As a basis for calculating provisions for expected credit losses on accounts receivable, the Group uses a provision matrix with days over maturity as a common risk category. The Corona pandemic has resulted in significant changes in the future factors and the general economic situation on which the estimate is based, and the historical loss rates used in the calculation can not be used for the first quarter. Tenants of retail and service providers have generally been affected significantly, but some industries have also had a positive development. An individual assessment of expected credit loss per customer in the Group has therefore been made. Provisions for expected credit losses on accounts receivable amount to NOK 77 million, an increase of NOK 62 million from 31 December 2019. The provision contains a high degree of uncertainty, and is expected to be influenced by the support packages the government has adopted that will have positive impact on the Groups tenants. Provisions are expected to vary considerably in near future, based on the duration and the development of the pandemic.

Note 5 SUBSEQUENT EVENTS*Support packages adopted by the government*

On 17 April 2020, the Norwegian authorities approved a support package that aims to cover fixed costs, including rental costs, for companies affected by the Corona pandemic. The support package is expected to reduce the Groups risk associated with loss on accounts receivable and decrease in rental income.

The Group will also seek reimbursement for those companies that have had a significant decline in income.

Lease modification Corona pandemic

The Group has expressed a general willingness to provide rent reductions for a limited period to tenants who are substantially affected by the Corona pandemic. Prior to the balance sheet date, no binding commitment has been made for rent reduction and the lease modification is therefore not considered to have taken place until after the balance sheet date.

Note 6 RELATED PARTY TRANSACTIONS

| Transactions | Counterparty | Counterparty associate of | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-----------------------|--------------------------------------|-------------------|-------------------|-------------------|
| | Companies in | | | | |
| Current leases | Olav Thon Gruppen AS | Olav Thon Foundation | 30 | 30 | 122 |
| Current operating and administration agreements | Thon Eiendomsdrift AS | Olav Thon Foundation | 33 | 31 | 125 |

Note 7 BUSINESS SEGMENTS

At 31.03.2020, the Group has activities within two strategic business segments and two geographical areas. The segment reporting is based on the internal management reporting.

The operating segments:

- * Shopping centres
- * Commercial property

The geographical areas:

- * Norway
- * Sweden

| Business segments | Operating segments | | | | Geographical areas | | |
|--|--------------------|---------------------|----------------|---------------|--------------------|-------------|---------------|
| | Shopping centres | Commercial property | Other activity | Group | Norway | Sweden | Group |
| 31.03.2020 | | | | | | | |
| Rental income | 561 | 193 | - | 754 | 700 | 54 | 754 |
| Other property-related income | 216 | 24 | - | 241 | 225 | 16 | 241 |
| Property-related expenses | -284 | -86 | - | -370 | -324 | -46 | -370 |
| Net rental income | 494 | 131 | - | 625 | 601 | 24 | 625 |
| Other operating income | 17 | - | 22 | 39 | 39 | - | 39 |
| Other operating expenses | -14 | - | -26 | -41 | -41 | - | -41 |
| Administrative expenses | -43 | -8 | - | -50 | -47 | -4 | -50 |
| Depreciation | -4 | -3 | - | -7 | -7 | -0 | -7 |
| Net income from property management | 450 | 120 | -5 | 566 | 546 | 20 | 566 |
| Fair value adjustments, investment property | -1 803 | -317 | - | -2 120 | -1 648 | -472 | -2 120 |
| Share of profit from joint ventures & associates | -159 | - | - | -159 | -159 | - | -159 |
| Operating profit | -1 510 | -202 | -5 | -1 716 | -1 264 | -452 | -1 716 |

| Business segments | Operating segments | | | | Geographical areas | | |
|--|--------------------|---------------------|----------------|------------|--------------------|-----------|------------|
| | Shopping centres | Commercial property | Other activity | Group | Norway | Sweden | Group |
| 31.03.2019 | | | | | | | |
| Rental income | 548 | 193 | - | 741 | 690 | 51 | 741 |
| Other property-related income | 230 | 20 | - | 250 | 231 | 19 | 250 |
| Property-related expenses | -243 | -82 | - | -324 | -296 | -29 | -324 |
| Net rental income | 535 | 132 | - | 667 | 626 | 41 | 667 |
| Other operating income | 21 | - | 22 | 42 | 42 | - | 42 |
| Other operating expenses | -18 | - | -19 | -37 | -37 | - | -37 |
| Administrative expenses | -40 | -7 | - | -48 | -45 | -3 | -48 |
| Depreciation | -3 | -3 | - | -6 | -6 | -0 | -6 |
| Net income from property management | 494 | 122 | 2 | 619 | 581 | 38 | 619 |
| Fair value adjustments, investment property | -356 | 269 | - | -87 | -68 | -19 | -87 |
| Share of profit from joint ventures & associates | 42 | - | - | 42 | 42 | - | 42 |
| Operating profit | 179 | 391 | 2 | 572 | 553 | 19 | 572 |

| Business segments | Operating segments | | | | Geographical areas | | |
|--|--------------------|---------------------|----------------|--------------|--------------------|------------|--------------|
| | Shopping centres | Commercial property | Other activity | Group | Norway | Sweden | Group |
| 31.12.2019 | | | | | | | |
| Rental income | 2 218 | 766 | - | 2 984 | 2 782 | 203 | 2 984 |
| Other property-related income | 817 | 83 | - | 900 | 831 | 69 | 900 |
| Property-related expenses | -907 | -293 | - | -1 201 | -1 085 | -116 | -1 201 |
| Net rental income | 2 128 | 556 | - | 2 684 | 2 527 | 157 | 2 684 |
| Other operating income | 78 | - | 89 | 167 | 167 | - | 167 |
| Other operating expenses | -75 | - | -82 | -157 | -157 | - | -157 |
| Administrative expenses | -158 | -31 | - | -189 | -175 | -14 | -189 |
| Depreciation | -12 | -12 | - | -24 | -23 | -0 | -24 |
| Net income from property management | 1 961 | 513 | 7 | 2 481 | 2 338 | 143 | 2 481 |
| Fair value adjustments, investment property | -575 | 792 | - | 218 | 404 | -187 | 218 |
| Share of profit from joint ventures & associates | 213 | - | - | 213 | 213 | - | 213 |
| Operating profit | 1 590 | 1 301 | 7 | 2 898 | 2 942 | -44 | 2 898 |

Note 8 INVESTMENT PROPERTY

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|---------------|---------------|---------------|
| Opening balance | 54 037 | 53 174 | 53 174 |
| Acquisitions/expenditure on properties | 168 | 213 | 646 |
| Investment property from companies bought in the period | 43 | - | 100 |
| Change in fair value recognised in the period | -2 120 | -87 | 218 |
| Effect of currency exchange differences in foreign operations | 327 | -158 | -102 |
| Other changes | -0 | -6 | 0 |
| Closing balance | 52 455 | 53 136 | 54 037 |

The Group's annual financial statement presents a sensitivity analysis showing changes in fair value of investment properties when yield and rent levels is changed. As a result of the Corona pandemic, we show how the sensitivity analysis will be as of March 31, 2020.

| | Fair Value | Rent level | | |
|-------|---------------------|------------|-----------|--------|
| | Investment property | - 10 % | Unchanged | + 10 % |
| Yield | - 1 %-points | 58 056 | 64 473 | 70 889 |
| | - 0,5 %-points | 52 089 | 57 843 | 63 596 |
| | Unchanged | 47 240 | 52 455 | 57 669 |
| | + 0,5 %-points | 43 221 | 47 989 | 52 757 |
| | + 1,0 %-points | 39 836 | 44 228 | 48 620 |

Note 9 JOINT VENTURES AND ASSOCIATED COMPANIES

The table below shows underlying figures in the income statement and financial position for joint ventures and associated companies.

| Joint ventures | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|--------------|--------------|--------------|
| Net rental income | 92 | 100 | 378 |
| Fair value adjustments, investment property | -155 | -3 | 32 |
| Fair value adjustments, interest rate derivatives | -33 | -1 | 8 |
| Expenses | -59 | -58 | -236 |
| Income taxes | 29 | -5 | -15 |
| Profit | -126 | 33 | 167 |
| Investment properties | 3 504 | 3 917 | 3 638 |
| Other assets | 303 | 349 | 341 |
| Total assets | 3 806 | 4 266 | 3 979 |
| Equity | 2 247 | 2 335 | 2 373 |
| Non-current liabilities | 1 396 | 1 782 | 1 478 |
| Current liabilities | 163 | 149 | 127 |
| Total equity and liabilities | 3 806 | 4 266 | 3 979 |

| Associated companies | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-------------------|-------------------|-------------------|
| Net rental income | 14 | 22 | 75 |
| Fair value adjustments, investment property | -50 | -1 | 17 |
| Fair value adjustments, interest rate derivatives | - | - | - |
| Expenses | -6 | -10 | -33 |
| Income taxes | 9 | -2 | -13 |
| Profit | -32 | 8 | 46 |
| Investment properties | 831 | 881 | 881 |
| Other assets | 155 | 129 | 148 |
| Total assets | 986 | 1 010 | 1 028 |
| Equity | 509 | 510 | 541 |
| Non-current liabilities | 455 | 459 | 465 |
| Current liabilities | 22 | 41 | 22 |
| Total equity and liabilities | 986 | 1 010 | 1 028 |

Note 10 FINANCIAL INCOME AND FINANCIAL EXPENSES

| | Q1 2020 | Q1 2019 | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|--|----------------|----------------|-------------------|-------------------|-------------------|
| Interest income | 4 | 3 | 4 | 3 | 11 |
| Other financial income | -0 | 7 | -0 | 8 | 0 |
| Total financial income | 4 | 10 | 4 | 10 | 12 |
| Interest expenses | -178 | -163 | -178 | -163 | -683 |
| Interest expenses related to lease liabilities | -6 | -6 | -6 | -6 | -26 |
| Other financial expenses | -74 | -8 | -74 | -8 | -27 |
| Total financial expenses | -258 | -177 | -258 | -177 | -737 |

Note 11 NON-CURRENT LIABILITIES

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-------------------|-------------------|-------------------|
| Bonds | 7 784 | 6 462 | 7 538 |
| Other interest-bearing liabilities | 6 400 | 9 362 | 9 030 |
| Non-interest-bearing liabilities (fair value interest rate swaps) * | 1 868 | 1 542 | 1 177 |
| Other liabilities | 76 | 66 | 75 |
| Total non-current liabilities | 16 128 | 17 432 | 17 820 |

* Fair value of interest rate swaps had a negative trend in Q1, due to the fact that the long term interest rates in the market fell significantly and due to an increasingly volatility in the financial markets.

Note 12 CURRENT LIABILITIES

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-------------------|-------------------|-------------------|
| Commercial paper debt | 2 632 | 2 690 | 2 258 |
| Bonds | 1 589 | 2 663 | 1 214 |
| Interest-bearing current liabilities | 3 196 | 84 | 1 440 |
| Total interest-bearing current liabilities | 7 418 | 5 437 | 4 913 |
| Non-interest-bearing liabilities (fair value interest rate swaps) | 231 | 184 | 151 |
| Lease liabilities | 9 | 5 | 9 |
| Trade payables | 162 | 209 | 117 |
| Accrued interest | 57 | 45 | 57 |
| Duties payable | 101 | 125 | 70 |
| Other current liabilities | 803 | 1 012 | 1 063 |
| Total trade payables and other current liabilities | 1 363 | 1 580 | 1 467 |

OLAV THON EIENDOMSSSELKAP 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.

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.

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|--|-------------------|-------------------|-------------------|
| Fair value adjustments in; | | | |
| investment properties recognised in profit and loss | -2 120 | -87 | 218 |
| right-of-use assets recognised in profit and loss | -3 | -1 | -14 |
| investment properties in joint ventures | -155 | -3 | 32 |
| investment properties in associated companies | -50 | -1 | 17 |
| interest rate derivatives recognised in profit and loss | -771 | -50 | 164 |
| interest rate derivatives in joint ventures | -33 | -1 | 8 |
| Fair value adjustments, investment properties & interest rate derivatives | -3 132 | -143 | 424 |

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.

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-------------------|-------------------|-------------------|
| Profit before income tax | -2 742 | 354 | 2 336 |
| Income tax in joint ventures | -29 | 5 | 15 |
| Income tax in associated companies | -9 | 2 | 13 |
| Fair value adjustments in investment properties and interest rate derivatives | 3 132 | 143 | -424 |
| Profit before income tax and fair value adjustments | 353 | 505 | 1 941 |

ALTERNATIVE PERFORMANCE MEASURES (continued)**Long term net asset value per share**

Long term net asset value per share takes into account a fair value assessment of the deferred tax liabilities.

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-------------------|-------------------|-------------------|
| Majority share of equity | 25 282 | 26 603 | 27 367 |
| Deferred tax liabilities (deferred tax liabilities current assets excluded) | 6 654 | 6 970 | 7 244 |
| Fair value of debt - deferred tax liabilities - 6 % | -1 815 | -1 901 | -1 976 |
| Long term net asset value | 30 122 | 31 672 | 32 636 |
| Number of shares (own shares not included) | 103 623 171 | 105 745 320 | 103 623 171 |
| Long term net asset value per share in NOK | 291 | 300 | 315 |
| Equity per share in NOK | 244 | 252 | 264 |

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.

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|---|-------------------|-------------------|-------------------|
| Bonds, non-current | 7 784 | 6 462 | 7 538 |
| Bonds, current | 1 589 | 2 663 | 1 214 |
| Commercial paper debt, current | 2 632 | 2 690 | 2 258 |
| Other interest-bearing liabilities, non-current | 6 400 | 9 362 | 9 030 |
| Other interest-bearing liabilities, current | 3 196 | 84 | 1 440 |
| Interest-bearing debt | 21 602 | 21 261 | 21 481 |
| Cash and cash equivalents | -410 | -326 | -386 |
| Net interest-bearing debt | 21 192 | 20 934 | 21 095 |
| Investment property | 52 455 | 53 136 | 54 037 |
| Loan to value ratio | 40 % | 39 % | 39 % |

Net investments

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

| | 31.03.2020 | 31.03.2019 | 31.12.2019 |
|------------------------|-------------------|-------------------|-------------------|
| Investment properties | 168 | 213 | 646 |
| New companies | 43 | 0 | 100 |
| Other fixed assets | 4 | 5 | 24 |
| Other investments | 21 | 42 | -223 |
| Net investments | 236 | 261 | 548 |



OLAV THON EIENDOMSSSELKAP ASA
STENERSGATA 2A
POSTBOKS 489 SENTRUM
0105 OSLO NORWAY
TELEPHONE: +47 23 08 00 00

olt.no