



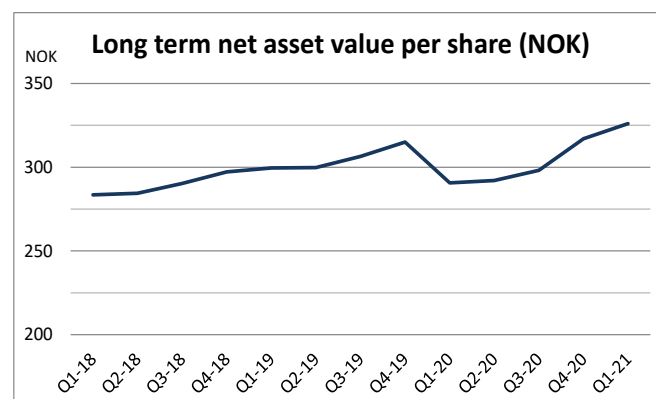
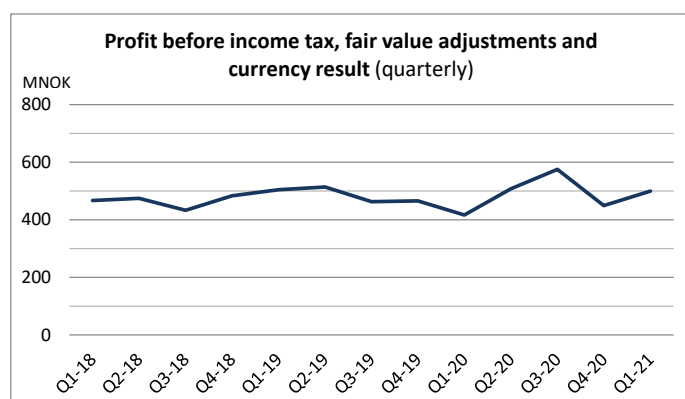
## REPORT FOR Q1 2021

## KEY FIGURES

Amounts in NOK million

	APM*	31.03.2021	31.03.2020	31.12.2020
Net rental income		686	625	2 707
Fair value adjustments in investment properties and interest rate derivatives	1	497	-3 132	-1 548
Profit before income tax		1 087	-2 742	338
Profit before income tax, fair value adjustments and currency result	2	500	417	1 936
Equity ratio	3	48 %	45 %	47 %
Equity per share (NOK)	4	275	244	268
Long term net asset value per share (NOK)	4	326	291	318
Net cash flow from operations	5	560	378	1 710
Liquidity reserves	6	7 696	7 764	7 226
Amortisation next 12 months	7	5 058	7 418	5 533
Interest-bearing debt	8	20 509	21 602	21 003
Interest per balance sheet date	9	3,12 %	3,38 %	3,06 %
Loan to value ratio	8	37 %	40 %	38 %
Net investments	10	246	236	914
Market value properties	11	54 733	52 668	54 656
Annualized rental income level	12	3 250	3 200	3 250
Net yield properties	13	5,18 %	5,34 %	5,19 %
Sales, owned shopping centres		11 000	10 404	52 951
Share price per balance sheet date (NOK)		163,5	113,0	183,5

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



# Olav Thon Eiendomsselskap

## Report for Q1 2021

### HIGHLIGHTS OF THE QUARTERLY REPORT<sup>1</sup>:

- The Group achieved solid financial development in the quarter, posting profit before income tax of NOK 1,087 (-2,742) million.
- Profit before income tax, fair value adjustments and currency result amounted to NOK 500 (417) million.
- The Group's financial position is solid, and the Group's equity ratio at year end was 48 % (45 %), while its liquidity reserves were NOK 7,696 (7,764) million.
- Retail sales in the shopping centre portfolio owned by the Group were NOK 11,000 (10,404) million, up 5.6 % on 2020.
- In February, the company was awarded a public credit rating by Moody's – Investment Grade Baa2.
- As a result of strict infection control measures, many shops in the Group's shopping centres in densely populated areas of the country were closed for physical shopping for large parts of the quarter.



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

## FINANCIAL POSITION/BALANCE SHEET AS AT 31 MARCH 2021

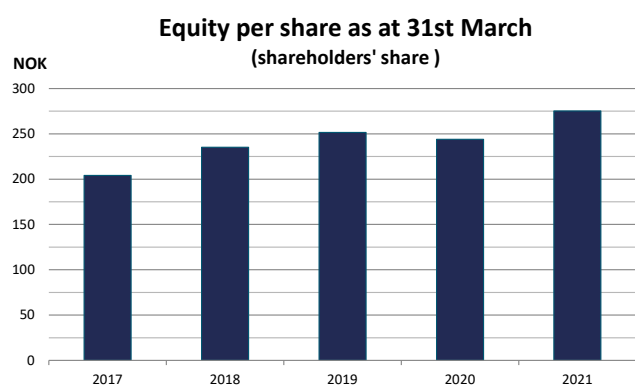
The Group's total assets were NOK 59,855 (57,687) million, with investment properties accounting for NOK 54,530 (52,455) million of that figure.

Total equity was NOK 28,905 (25,682) million and the equity ratio was 48 % (45 %).

Equity per share (majority share) was NOK 275 (244), while the long term net asset value per share was NOK 326 (291).

Interest-bearing debt was NOK 20,509 (21,602) million with a loan to value ratio <sup>2</sup> of 37 % (40 %).

The Group's share of the equity in joint ventures and associated companies was NOK 2,802 (2,755) million.



Equity per share has increased by 35 % since 2017.

## SUMMARY OF THE RESULTS FOR Q1

Profit before income tax was NOK 1,087 (-2,742) million.

Fair value adjustments in investment property and interest rate derivatives totalled NOK 497 (-3,132) million<sup>3</sup>.

Profit before income tax, fair value adjustments and currency result amounted to NOK 500 (417) million.

## RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Rental income was NOK 733 (754) million.

Property-related income amounted to NOK 260 (241) million and consists mainly of payments from the Group's tenants to cover letting and property administration costs as well as costs related to the operation of shopping centre associations.

Property-related expenses amounted to NOK 308 (370) million, including the above-mentioned letting and property administration costs of NOK 209 (225) million.

<sup>2</sup> For definitions, see alternative performance measures (APM) at the end of the report

<sup>3</sup> Includes investments in joint ventures and associated companies

Maintenance expenses for the property portfolio amounted to NOK 36 (34) million.

Net rental income was NOK 686 (625) million.

## FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The Group's investment properties increased in value by NOK 61 (-2,120) million in Q1.

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

The value of the property segments developed differently in Q1.

The value of the Group's commercial properties increased by NOK 141 million (0.9 %), while the value of the shopping centre properties was adjusted downwards by NOK 80 million (-0.5 %).

## 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 62 (-159) million.

Result improvements are due to increase in fair values of shopping centre properties of NOK 17 (-205) million.

Note 9 in the quarterly report shows underlying figures in the income statement and financial position for these companies.

## OTHER OPERATING INCOME AND EXPENSES

Other operating income amounted to NOK 33 (39) 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 84 (91) million, while scheduled depreciation amounted NOK 8 (7) million.

## FINANCIAL INCOME AND EXPENSES

Net financial expenses were NOK 71 (254) million.

Net interest expenses amounted to NOK 165 (180) million. The reduction on the previous year is due to both interest-bearing debt and the average interest rate being lower.

Other financial items amounted to NOK 95 (-74) million, with unrealised gains linked to the SEK exchange rate accounting for NOK 104 (-64) million of that figure.

## FAIR VALUE ADJUSTMENTS, INTEREST RATE DERIVATIVES

Long-term market interest rates (swap rates) rose considerably in both Norway and Sweden in Q1.

In Norway, the 10-year swap rate rose by 0.56 of a percentage point to 1.86 %, while the corresponding rate in Sweden fell by 0.40 of a percentage point to 0.79 %.

As a result of the change in interest rates and shorter remaining terms, the market value of the Group's interest rate derivatives increased by NOK 411 (-771) million.

## CASH FLOW AND LIQUIDITY

Net cash flow from operations was NOK 560 (378) million.

Net cash flow from operating activities was NOK 426 (410) million.

Investment activities reduced liquidity by NOK 229 (172) million, while financing activities reduced liquidity by NOK 311 (240) million.

The currency effect on cash was NOK -2 (26) million, and the Group's liquidity reserves thus fell by NOK 117 (24) million in Q1.

Liquidity reserves were NOK 7,696 (7,764) million at the end of the quarter and consisted of short-term investments of NOK 367 (410) million and undrawn long-term credit facilities of NOK 7,329 (7,354) million.

## INVESTMENTS

The Group's net investments in Q1 were NOK 246 (236) million.

## MAJOR PROPERTY PROJECTS<sup>4</sup>

### Under construction

#### Bernt Ankers Gate 6, Oslo

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

#### Bragesvei 1 and 3, Gardermoen Park Ullensaker

Two logistics buildings with 23,600 and 23,000 square metres of space, respectively. Scheduled for completion in the first half of 2022.

#### Arnljot Gellines vei 1, Oslo

Property centrally located at the East side of Oslo with a total space of 2,500 square metres. The building with 22 flats for rent is scheduled for completion in the second half of 2022.

### In planning phase

Olav Thon Eiendomsselskap is developing a number of major property projects linked to the further development of its property portfolio. Whether or not projects are executed depends on factors such as official permits and market conditions.

For more information about our property projects, please see [olt.no](http://olt.no).

<sup>4</sup> Over NOK 50 million

## INVESTMENT PROPERTIES AS AT 31 MARCH 2021

The property portfolio was valued at NOK 54,530 (52,455) million, based on an average yield of 5.18 % (5.34 %).

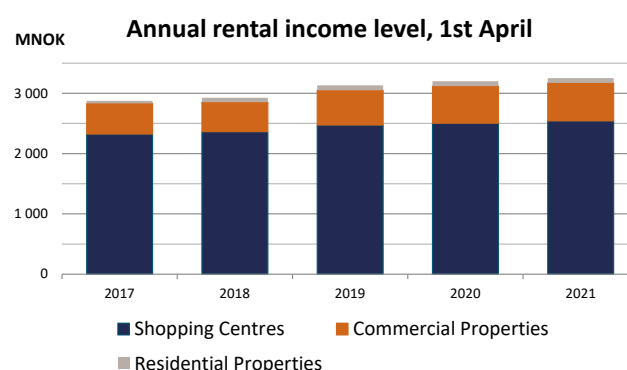
Average yields by property segment were as follows:

Shopping centre properties	5.52 % (5.60 %)
Other commercial properties	4.32 % (4.57 %)

Annual rental income level was NOK 3,250 (3,200) million with the following segment distribution:

Shopping centre properties	77 % (79 %)
Other commercial properties	23 % (21 %)

The vacancy rate in the property portfolio was 4.0 % (3.0 %).



The annual rental income level in the property portfolio has increased by 13 % in the last five years.

## PROPERTY PORTFOLIO OWNED THROUGH JOINT VENTURES AND ASSOCIATED COMPANIES

The Group's share of the rental income of joint ventures and associated companies was NOK 275 (280) million.

The Group's share of the property values in these companies was NOK 4,281 (4,335) million.

## SHOPPING CENTRES

At the end of the quarter, Olav Thon Eiendomsselskap wholly or partly owned 61 shopping centres in Norway and Sweden. The Group also manages 15 centres for external owners.

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

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

The retail sales figures for Q1 are affected by the fact that many shops in the shopping centres in the densely populated areas of Oslo and Viken was closed for physical shopping for extended periods.

### Shopping centres owned by the Group

Retail sales in the shopping centre portfolio wholly or partly owned by the Group amounted to NOK 11,000 (10,404) million in Q1.

The Group's shopping centres had the following retail sales in Q1, broken down by month:

	2021	2020	Change
January	3 640	3 756	-3,1 %
February	3 352	3 665	-8,6 %
March	4 008	2 983	34,4 %
<b>Total Q1</b>	<b>11 000</b>	<b>10 404</b>	<b>5,7 %</b>

#### Norway

In Q1, the Group's Norwegian shopping centres had retail sales of NOK 10,219 (9,593) million.

#### Sweden

In Sweden, the shopping centres had retail sales of SEK 781 (828) 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 impact on the value of the property portfolio. A sensitivity analysis showing these effects can be found in note 8 in the quarterly report and on the company's website: [olt.no](http://olt.no).

The valuation as at 31 March 2021 was based on an average yield of 5.18 %. In the last three years, the yield has varied between 5.10 % and 5.35 %.

### 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 greater depth in the next section, and more details about financial risk management can be found in the annual report for 2020 and on the company's website: [olt.no](http://olt.no).

### FINANCIAL INSTRUMENTS

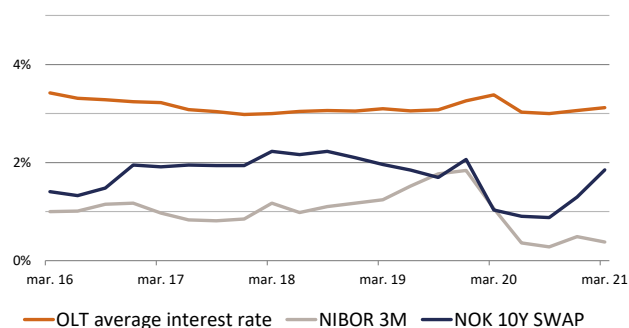
The Group's interest rate derivatives (interest rate swaps) are carried at fair value. Interest rate swaps are primarily used to secure the Group long-term fixed-rate periods.

At the end of Q1, the portfolio of interest rate swaps entered into for this purpose was NOK 13,801 (11,519) million and had a fair value of NOK -1,337 (-2,099) million.

Fair value is affected both by changes in long-term interest rates in Norway and Sweden and by the remaining term on interest rate swaps.

It is estimated that a change of 1 percentage point in long-term interest rates would change the fair value of the portfolio by approximately NOK 750 - 850 million.

#### Interest rates last 5 years



As at 31 March 2021, the Group's average interest rate was 3.12 %<sup>5</sup>.

### 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 financing on the banking market is considered very good, and both the banking and capital markets developed positively in Q1 2021.

The Group's financing sources in Q1 were both the capital markets in Norway and Sweden and the Nordic banking market.

New loans amounting to NOK 1,900 million and SEK 700 million were raised on the capital markets. In addition, a long-term loan agreement for NOK 1,150 million was signed with a Nordic bank.

### INTEREST-BEARING DEBT AND MATURITY STRUCTURE

At the end of Q1, outstanding certificate and bond debt amounted to NOK 12,228 (12,006) million, broken down as follows:

Norway: NOK 10,031 (8,780) million  
Sweden: SEK 2,250 (2,350) million

<sup>5</sup> Loans in NOK and SEK

Total credit facilities were NOK 27,838 (28,956) million, NOK 7,329 (7,354) million of which was undrawn.

For details of the Group's interest-bearing debt, see notes 11 and 12 in the quarterly report.

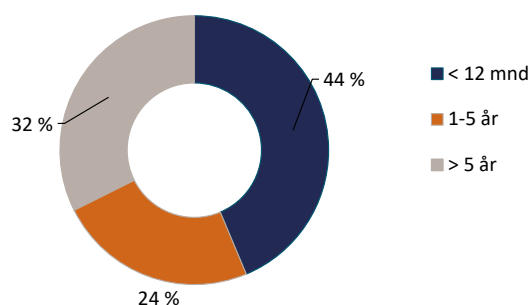
The debt had an average remaining term of 2.8 (2.1) years, and 25 % (34 %) of the debt is due for repayment within 1 year.

At the end of Q1, the Group had a fixed-rate ratio of 56 % (53 %), with an average fixed-rate period of 3.6 (3.7) years.

The Group's average interest rate was 3.12 % (3.38 %), divided into the following currencies:

Currency	Proportion of debt	Average interest rate
NOK	86 %	3.44 %
SEK	14 %	1.12 %

### Interest rate maturity structure



56 % of interest-bearing debt has a fixed-rate period of more than 1 year. The average fixed-rate period is 3.6 years.

### PUBLIC CREDIT RATING

In February 2021, Olav Thon Eiendomsselskap was awarded an Investment Grade Rating of Baa2 with stable outlook by Moody's.

It is assumed that the credit rating will further increase the Group's access to financing in both the Norwegian and international capital markets.

### SHARES AND SHAREHOLDERS

The closing price of the Olav Thon Eiendomsselskap share was NOK 163.50 at the end of Q1, down from NOK 183.50 at the start of the quarter. The highest and lowest prices were NOK 184.50 and 157.00, respectively.

This means that the share price fell by 11 % in Q1, while the main index at the Oslo Stock Exchange rose by 10 % in the same period.

In Q1, 2,892,188 (3,755,000) shares were traded, with 4,805 (9,446) trades in the share on the Oslo Stock Exchange.

At the end of Q1, the company's market capitalisation was NOK 16.9 (11.7) billion, and the company's largest shareholders were:

Olav Thon Gruppen AS and subsidiaries	73.9 %
Folketrygdfondet	2.3 %
MP Pensjon	2.2 %
VPF Nordea Norge	1.9 %
Otto Olsen Invest AS	1.0 %
Other owners	18.7 %
<b>TOTAL</b>	<b>100 %</b>

### DIVIDEND FOR 2020

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 ongoing pandemic and the infection control measures that affect the Group's activities, the Board of Directors has proposed to the company's General Meeting in June 2021 that no dividend should be paid for 2020 for the time being.

It has, however, asked the General Meeting to authorise it to approve payment of a dividend for 2020 at a later date. It is the Board's intention that a dividend for 2020 will be paid in the second half of the year given the infection control measures in Norway are reduced as planned.

### OUTLOOK

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

Following a gradual reopening of society in the second half of 2020, high infection rates and new virus mutations resulted at the beginning of 2021 in strict new infection control measures, which are suppressing growth again.

Norges Bank cut its key policy rate to 0 % in the spring of 2020 and, despite signals of interest rate increase in the autumn of 2021, there are expectations of continued low interest rate levels in the next few years.

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

Given the Group's financial position with its high equity ratio and solid liquidity reserves, the Group is considered well-equipped to deal with the financial consequences of the Covid-19 pandemic both in the short and long term.

Oslo, 19 May 2021

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	31.03.2021	31.03.2020	31.12.2020
Rental income	5, 6	733	754	2 962
Property-related income		260	241	857
Property-related expenses		-308	-370	-1 112
<b>Net rental income</b>	<b>7</b>	<b>686</b>	<b>625</b>	<b>2 707</b>
Other operating income		33	39	148
Other operating expenses		-35	-41	-151
Administrative expenses	6	-49	-50	-190
Depreciation		-8	-7	-35
<b>Net income from property management</b>	<b>7</b>	<b>627</b>	<b>566</b>	<b>2 479</b>
Fair value adjustments, investment property	4, 8	61	-2 120	-909
Fair value adjustments, right-of-use assets		-3	-3	-12
Share of profit from joint ventures and associates	9	62	-159	-22
<b>Operating profit</b>	<b>7</b>	<b>747</b>	<b>-1 716</b>	<b>1 537</b>
Financial income	10	106	4	10
Financial expenses	10	-177	-258	-802
Fair value adjustments, interest rate derivatives		411	-771	-407
<b>Net financial items</b>		<b>340</b>	<b>-1 026</b>	<b>-1 198</b>
<b>Profit before income tax</b>		<b>1 087</b>	<b>-2 742</b>	<b>338</b>
Change in deferred tax		-148	564	89
Income tax payable		-74	1	-170
<b>Income tax</b>		<b>-222</b>	<b>566</b>	<b>-81</b>
<b>Profit</b>		<b>865</b>	<b>-2 176</b>	<b>257</b>
<b>Other Comprehensive income</b>				
<i>Items to be reclassified to P&amp;L in subsequent periods:</i>				
Currency translation differences from foreign operations		-97	143	165
Hedging of net investment in foreign operations		-	-128	-128
Income taxes on other comprehensive income		-	28	28
<b>Total comprehensive income</b>		<b>768</b>	<b>-2 133</b>	<b>322</b>
<b>Profit attributable to:</b>				
Shareholders of the parent		858	-2 125	315
Non-controlling interests		7	-51	-57
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent		761	-2 082	379
Non-controlling interests		7	-51	-57
Earnings per share, basic and diluted (NOK)		7	-20	3



## OLAV THON EIENDOMSSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

**BALANCE SHEET**

(NOK million)	Note	31.03.2021	31.03.2020	31.12.2020
<b>ASSETS</b>				
Deferred tax asset		326	294	326
Investment properties	4, 8	54 530	52 455	54 453
Owner-occupied properties		189	191	189
Right-of-use assets		347	360	347
Fixed assets		70	86	73
Investments in joint ventures and associates	9	2 802	2 755	2 740
Other non-current assets		432	548	440
<b>Total non-current assets</b>		<b>58 696</b>	<b>56 689</b>	<b>58 570</b>
Trade receivables and other current receivables	4	793	588	905
Cash and cash equivalents		367	410	484
<b>Total current assets</b>		<b>1 159</b>	<b>998</b>	<b>1 388</b>
<b>Total assets</b>		<b>59 855</b>	<b>57 687</b>	<b>59 958</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		104	104	104
Share premium		318	318	318
Other equity		28 090	24 860	27 331
Non-controlling interests		393	399	385
<b>Total equity</b>		<b>28 905</b>	<b>25 682</b>	<b>28 136</b>
Deferred tax liabilities		7 233	6 669	7 138
Lease liabilities		348	356	347
Interest-bearing non-current liabilities	11	15 451	14 184	15 470
Other non-current liabilities	11	994	1 579	1 406
<b>Total non-current liabilities</b>		<b>24 026</b>	<b>22 788</b>	<b>24 360</b>
Income tax payable		116	72	170
Interest-bearing current liabilities	12	5 058	7 418	5 533
Trade payables and other current liabilities	12	1 751	1 727	1 759
<b>Total current liabilities</b>		<b>6 925</b>	<b>9 217</b>	<b>7 462</b>
<b>Total liabilities</b>		<b>30 951</b>	<b>32 005</b>	<b>31 822</b>
<b>Total equity and liabilities</b>		<b>59 855</b>	<b>57 687</b>	<b>59 958</b>

## OLAV THON EIENDOMSSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

**STATEMENT OF CASH FLOW**

(NOK million)	31.03.2021	31.03.2020	31.12.2020
Net cash flow from operations	560	378	1 710
Expensed interest	168	185	702
Paid interest	-172	-185	-731
Paid income tax	-128	-167	-251
Change in working capital	-3	200	-57
<b>Net cash flow from operating activities</b>	<b>426</b>	<b>410</b>	<b>1 373</b>
Acquisition of investment properties	-238	-172	-680
Acquisition of subsidiaries	-	-43	-33
Other investments	9	44	304
<b>Net cash flow from investment activities</b>	<b>-229</b>	<b>-172</b>	<b>-410</b>
Proceeds from interest-bearing liabilities	3 879	3 230	10 257
Repayment of interest-bearing liabilities	-4 188	-3 462	-11 099
Payment on leasing liabilities	-2	-4	-13
Dividends paid	-	-4	-13
<b>Net cash flow from financing activities</b>	<b>-311</b>	<b>-240</b>	<b>-868</b>
Currency translation effects on cash and cash equivalents	-2	26	4
<b>Net change in cash</b>	<b>-117</b>	<b>24</b>	<b>98</b>
Cash at beginning of period	484	386	386
Cash at end of period	367	410	484

## OLAV THON EIENDOMSSSELKAP 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
<b>Equity 31.12.2019</b>	<b>106</b>	<b>318</b>	<b>-132</b>	<b>26 987</b>	<b>88</b>	<b>27 367</b>	<b>452</b>	<b>27 819</b>
Profit	-	-	-	-2 125	-	-2 125	-51	-2 176
Other comprehensive incor	-	-	143	-	-100	43	-	43
Amortization own shares	-3	-	-	3	-	-	-	-
Dividends paid	-	-	-	-	-	-	-4	-4
Other changes	-	-	-	-3	-	-3	3	-0
<b>Equity 31.03.2020</b>	<b>104</b>	<b>318</b>	<b>10</b>	<b>24 862</b>	<b>-11</b>	<b>25 282</b>	<b>399</b>	<b>25 682</b>
Profit	-	-	-	2 439	-	2 439	-6	2 433
Other comprehensive incor	-	-	22	-	-0	22	-	22
Dividends paid	-	-	-	-	-	-	-9	-9
Other changes	-	-	-	9	-	9	-0	8
<b>Equity 31.12.2020</b>	<b>104</b>	<b>318</b>	<b>32</b>	<b>27 310</b>	<b>-12</b>	<b>27 752</b>	<b>385</b>	<b>28 136</b>
Profit	-	-	-	858	-	858	7	865
Other comprehensive incor	-	-	-97	-	-	-97	-	-97
Dividends paid	-	-	-	-	-	-	-	-
Other changes	-	-	-	1	-	1	-	1
<b>Equity 31.03.2021</b>	<b>104</b>	<b>318</b>	<b>-65</b>	<b>28 169</b>	<b>-12</b>	<b>28 514</b>	<b>393</b>	<b>28 905</b>

## OLAV THON EIENDOMSSSELKAP 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 includes 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 March 19, 2021. There has been no audit of the interim financial information.

**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.

The accounting principles on which the interim report is based are in accordance with the principles used in the preparation of the annual report for 2020.

**Note 3 CHANGES IN GROUP STRUCTURE**

There are no significant changes in the group structure during the quarter.

**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 in the group's position and results. As a result of the corona pandemic, management's estimates in some areas have a significant impact on the financial statements.

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

*Fair value of investment property*

The commercial real estate market also developed positively in the first quarter, with continued high demand for commercial real estate as an investment object. In the first quarter, the market's required rate of return for commercial real estate was mainly unchanged despite a significant increase in the long-term market interest rate.

The most important assumptions in the valuation of investment property are market rent and yield.

The long-term effect of the corona pandemic on rent levels is still considered uncertain. The group has assumed that the corona pandemic will gradually subside through 2021, and that society will largely normalize by the end of the year. The estimate for the long-term rent level that was used as a basis in the valuation made as of 31 December 2020 has therefore been continued. A sensitivity analysis related to the valuation of the real estate portfolio is shown in note 8.

The assumptions in the valuations have been compared with two external advisers, Cushman & Wakefield and Newsec.

*Provision for expected credit losses on accounts receivable*

The corona pandemic has resulted in historical loss rates not being considered as a good basis for the future financial situation, and the calculation of provisions for losses is mainly considered per tenant. The situation for the group's tenants is largely unchanged compared with the end of the year, and it is still the group's assessment that the development in the first half of 2021 depends on the spread of the virus, government measures and the vaccination process. Provisions for losses on accounts receivable amount to NOK 41 million (77) in the first quarter, which is at the same level as at year-end.

**Note 5 SUBSEQUENT EVENTS**

For tenants who are considered to be significantly affected by the corona pandemic, the group will provide rent reductions for a limited period. The lease modification will be accounted for when a binding agreement is entered into.

Beyond this, no events of significance to the assessment of the Group's position and results have occurred after the reporting date.

**Note 6 RELATED PARTY TRANSACTIONS**

The company has the following transactions with related parties.

Transactions	Counterparty	31.03.2021	31.03.2020	31.12.2020
Rental income	Companies in Thon Holding Group	20	30	87
Operating and administration agreements	Companies in Thon Holding Group	33	33	126

**Note 7 BUSINESS SEGMENTS**

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

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>31.03.2021</b>							
Rental income	541	192	-	733	680	53	733
Property-related income	236	25	-	260	244	16	260
Property-related expenses	-232	-76	-	-308	-278	-30	-308
<b>Net rental income</b>	<b>545</b>	<b>141</b>	<b>-</b>	<b>686</b>	<b>647</b>	<b>39</b>	<b>686</b>
Other operating income	15	-	18	33	33	-	33
Other operating expenses	-17	-	-18	-35	-35	-	-35
Administrative expenses	-41	-8	-	-49	-46	-3	-49
Depreciation	-5	-3	-	-8	-8	-0	-8
<b>Net income from property management</b>	<b>497</b>	<b>130</b>	<b>-0</b>	<b>627</b>	<b>591</b>	<b>35</b>	<b>627</b>
Fair value adjustments, investment property	-80	141	-	61	129	-68	61
Fair value adjustments, right-of-use assets	-2	-1	-	-3	-3	-	-3
Share of profit from joint ventures & associates	66	-4	-	62	62	-	62
<b>Operating profit</b>	<b>480</b>	<b>267</b>	<b>-0</b>	<b>747</b>	<b>780</b>	<b>-33</b>	<b>747</b>

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>31.03.2020</b>							
Rental income	561	193	-	754	700	54	754
Property-related income	216	24	-	241	225	16	241
Property-related expenses	-284	-86	-	-370	-324	-46	-370
<b>Net rental income</b>	<b>494</b>	<b>131</b>	<b>-</b>	<b>625</b>	<b>601</b>	<b>24</b>	<b>625</b>
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
<b>Net income from property management</b>	<b>450</b>	<b>120</b>	<b>-5</b>	<b>566</b>	<b>546</b>	<b>20</b>	<b>566</b>
Fair value adjustments, investment property	-1 803	-317	-	-2 120	-1 648	-472	-2 120
Fair value adjustments, right-of-use assets	2	-5	-	-3	-3	-	-3
Share of profit from joint ventures & associates	-159	-	-	-159	-159	-	-159
<b>Operating profit</b>	<b>-1 510</b>	<b>-202</b>	<b>-5</b>	<b>-1 716</b>	<b>-1 264</b>	<b>-452</b>	<b>-1 716</b>

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
<b>31.12.2020</b>							
Rental income	2 169	794	-	2 962	2 752	210	2 962
Other property-related income	772	86	-	857	794	63	857
Property-related expenses	-802	-310	-	-1 112	-1 008	-104	-1 112
<b>Net rental income</b>	<b>2 138</b>	<b>569</b>	<b>-</b>	<b>2 707</b>	<b>2 538</b>	<b>169</b>	<b>2 707</b>
Other operating income	84	-	64	148	148	-	148
Other operating expenses	-90	-	-60	-151	-151	-	-151
Administrative expenses	-158	-33	-	-190	-176	-14	-190
Depreciation	-22	-13	-	-35	-35	-	-35
<b>Net income from property management</b>	<b>1 952</b>	<b>523</b>	<b>4</b>	<b>2 479</b>	<b>2 324</b>	<b>155</b>	<b>2 479</b>
Fair value adjustments, investment property	-1 960	1 051	-	-909	-436	-472	-909
Fair value adjustments, right-of-use assets	-9	-3	-	-12	-12	-	-12
Share of profit from joint ventures & associates	-21	-1	-	-22	-22	-	-22
<b>Operating profit</b>	<b>-38</b>	<b>1 570</b>	<b>4</b>	<b>1 537</b>	<b>1 854</b>	<b>-317</b>	<b>1 537</b>

### Note 8 INVESTMENT PROPERTY

	31.03.2021	31.03.2020	31.12.2020
Opening balance	54 453	54 037	54 037
Acquisitions/expenditure on properties	235	168	706
Investment property from companies bought in the period	-	43	269
Change in fair value recognised in the period	61	-2 120	-909
Effect of currency exchange differences in foreign operations	-218	326	357
Other changes	-0	0	-7
<b>Closing balance</b>	<b>54 530</b>	<b>52 455</b>	<b>54 453</b>

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, 2021.

	Fair Value	Rent level		
		- 10 %	Unchanged	+ 10 %
	<b>Investment property</b>			
Yield	- 1 %-points	60 777	67 495	74 214
	- 0,5 %-points	54 319	60 320	66 322
	Unchanged	49 108	54 530	59 952
	+ 0,5 %-points	44 814	49 759	54 704
	+ 1,0 %-points	41 215	45 760	50 305

**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.

<b>Joint ventures</b>	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Net rental income	92	92	379
Fair value adjustments, investment property	15	-155	-175
Fair value adjustments, interest rate derivatives	11	-33	-20
Expenses	-50	-59	-234
Income taxes	-12	29	16
<b>Profit</b>	<b>56</b>	<b>-126</b>	<b>-34</b>
Investment properties	3 422	3 504	3 401
Other assets	243	303	225
<b>Total assets</b>	<b>3 665</b>	<b>3 806</b>	<b>3 626</b>
Equity	2 257	2 247	2 201
Non-current liabilities	1 293	1 396	1 308
Current liabilities	115	163	117
<b>Total equity and liabilities</b>	<b>3 665</b>	<b>3 806</b>	<b>3 626</b>

<b>Associated companies</b>	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Net rental income	13	14	60
Fair value adjustments, investment property	2	-50	-24
Fair value adjustments, interest rate derivatives	-	-	-
Expenses	-6	-6	-20
Income taxes	-2	9	-4
<b>Profit</b>	<b>7</b>	<b>-32</b>	<b>13</b>
Investment properties	859	831	859
Other assets	166	155	159
<b>Total assets</b>	<b>1 025</b>	<b>986</b>	<b>1 019</b>
Equity	545	509	539
Non-current liabilities	464	455	463
Current liabilities	16	22	17
<b>Total equity and liabilities</b>	<b>1 025</b>	<b>986</b>	<b>1 019</b>

**Note 10 FINANCIAL INCOME AND FINANCIAL EXPENSES**

	31.03.2021	31.03.2020	31.12.2020
Interest income	2	4	10
Currency gain	104	-0	0
Other financial income	0	-	0
<b>Total financial income</b>	<b>106</b>	<b>4</b>	<b>10</b>
Interest expenses	-161	-178	-676
Interest expenses related to lease liabilities	-6	-6	-26
Currency loss	-0	-64	-63
Other financial expenses	-10	-10	-37
<b>Total financial expenses</b>	<b>-177</b>	<b>-258</b>	<b>-802</b>

**CURRENCY ITEMS**

Currency translation differences from foreign operations	-97	143	165
Currency translation effects on cash and cash equivalents	-2	26	4
Hedging of net investment in foreign operations*	-	-128	-128
Other currency items	107	-90	-67
<b>Total currency effects</b>	<b>7</b>	<b>-49</b>	<b>-26</b>

\* The group has chosen to discontinue hedge accounting from Q3 2020.

**Note 11 NON-CURRENT LIABILITIES**

	31.03.2021	31.03.2020	31.12.2020
Bonds	7 465	7 784	6 008
Other interest-bearing liabilities	7 986	6 400	9 461
<b>Total Interest-bearing current liabilities</b>	<b>15 451</b>	<b>14 184</b>	<b>15 470</b>
Fair value interest rate swaps*	958	1 503	1 365
Other liabilities	36	76	41
<b>Total non-current liabilities</b>	<b>994</b>	<b>1 579</b>	<b>1 406</b>

\* The distribution between the short-term and long-term part of interest rate swaps has been adjusted since the report was submitted in 2020.

**Note 12 CURRENT LIABILITIES**

	31.03.2021	31.03.2020	31.12.2020
Commercial papers	1 676	2 632	926
Bonds	3 087	1 589	3 980
Bank loans	295	3 196	627
<b>Total Interest-bearing current liabilities</b>	<b>5 058</b>	<b>7 418</b>	<b>5 533</b>
Fair value interest rate swaps*	380	596	383
Lease liabilities	9	9	9
Trade payables	214	162	122
Accrued interest	24	57	28
Duties payable	129	101	83
Other current liabilities	996	803	1 135
<b>Total trade payables and other current liabilities</b>	<b>1 751</b>	<b>1 727</b>	<b>1 759</b>

\* The distribution between the short-term and long-term part of interest rate swaps has been adjusted since the report was submitted in 2020.



## OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

**ALTERNATIVE PERFORMANCE MEASURES**

Amounts in NOK million

Olav Thon Eiendomsselskap ASA prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).

The company also wishes to present alternative performance measures (APM) in order to provide readers with a better understanding of the company's underlying financial results.

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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Fair value adjustments in;			
investment properties recognised in profit and loss	61	-2 120	-909
right-of-use assets recognised in profit and loss	-3	-3	-12
investment properties in joint ventures	15	-155	-175
investment properties in associated companies	2	-50	-24
interest rate derivatives recognised in profit and loss	411	-771	-407
interest rate derivatives in joint ventures	11	-33	-20
<b>Fair value adjustments, investment properties and derivatives</b>	<b>497</b>	<b>-3 132</b>	<b>-1 548</b>

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

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

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Profit before income tax	1 087	-2 742	338
Income tax in joint ventures	12	-29	-16
Income tax in associated companies	2	-9	4
Fair value adjustments investment properties / derivatives	-497	3 132	1 548
Currency gain	-104	0	-0
Currency loss	0	64	63
<b>Profit before income tax, fair value adjustment and currency result</b>	<b>500</b>	<b>417</b>	<b>1 936</b>

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Total equity	28 905	25 682	28 136
Total equity and debt	59 855	57 687	59 958
<b>Equity ratio</b>	<b>48 %</b>	<b>45 %</b>	<b>47 %</b>

**ALTERNATIVE PERFORMANCE MEASURES** (continued)**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Majority share of equity	28 512	25 282	27 750
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 225	6 654	7 120
Fair value of debt - deferred tax liabilities - 6 %	-1 970	-1 815	-1 942
<b>Long term net asset value</b>	<b>33 767</b>	<b>30 122</b>	<b>32 928</b>
Number of shares (own shares not included)	103 623 171	103 623 171	103 623 171
<b>Long term net asset value per share in NOK</b>	<b>326</b>	<b>291</b>	<b>318</b>
<b>Equity per share in NOK</b>	<b>275</b>	<b>244</b>	<b>268</b>

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Net cash flow from operating activities	426	410	1 373
Expensed / paid interest	-4	0	-29
Paid income tax	-128	-167	-251
Change in working capital	-3	200	-57
<b>Net cash flow from operations</b>	<b>560</b>	<b>378</b>	<b>1 710</b>

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Unutilized overdrafts and other credit facilities	7 329	7 354	6 742
Cash and cash equivalents	367	410	484
<b>Liquidity reserves</b>	<b>7 696</b>	<b>7 764</b>	<b>7 226</b>

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Commercial papers	1 676	2 632	926
Bonds	3 087	1 589	3 980
Bank loans	295	3 197	627
<b>Amortisation next 12 months</b>	<b>5 058</b>	<b>7 418</b>	<b>5 533</b>

**ALTERNATIVE PERFORMANCE MEASURES** (continued)**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Bonds, non-current	7 465	7 784	6 008
Bonds, current	3 087	1 589	3 980
Commercial papers, current	1 676	2 632	926
Debt to credit institutions, long-term	7 986	6 400	9 461
Debt to credit institutions, short-term	295	3 196	627
<b>Interest-bearing debt</b>	<b>20 509</b>	<b>21 602</b>	<b>21 003</b>
Cash and cash equivalents	-367	-410	-484
<b>Net interest-bearing debt</b>	<b>20 142</b>	<b>21 192</b>	<b>20 519</b>
Market value properties	54 733	52 668	54 656
<b>Loan to value ratio</b>	<b>37 %</b>	<b>40 %</b>	<b>38 %</b>

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Annualized interest expenses on interest-bearing debt as of the balance sheet date	276	468	269
Annualized interest expenses on current interest rate swaps per balance sheet date	364	263	373
<b>Annualized interest expenses per balance sheet date</b>	<b>639</b>	<b>731</b>	<b>643</b>
Interest-bearing debt*	20 509	21 602	21 003
<b>Interest per balance sheet date</b>	<b>3,12 %</b>	<b>3,38 %</b>	<b>3,06 %</b>

\* Unsecured part of interest-bearing debt (where the group has not provided collateral) 8 197 6 426 6 341

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Investment properties	235	168	706
New companies	0	43	269
Other fixed assets	3	4	15
Other investments	9	21	-76
<b>Net investments</b>	<b>246</b>	<b>236</b>	<b>914</b>

**ALTERNATIVE PERFORMANCE MEASURES** (continued)**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Market value investment properties	54 530	52 455	54 453
Market value owner-occupied properties	203	213	203
<b>Market value properties</b>	<b>54 733</b>	<b>52 668</b>	<b>54 656</b>

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

Market value of properties joint venture (group share)	3 422	3 504	3 401
Market value of properties associated with companies (group share)	859	831	859

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Annualized market rent leased premises	3 121	3 104	3 122
Annualized market rent vacant premises	129	96	128
<b>Annualized rental income level</b>	<b>3 250</b>	<b>3 200</b>	<b>3 250</b>

**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.

	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.12.2020</b>
Annualized rental income level	3 250	3 200	3 250
Lessor's owner cost	440	416	432
<b>Annualized net rental income level</b>	<b>2 810</b>	<b>2 784</b>	<b>2 818</b>
Market value properties	54 733	52 668	54 656
Adjustment market value for plots etc	512	521	385
<b>Market value properties after adjustment</b>	<b>54 221</b>	<b>52 147</b>	<b>54 271</b>
<b>Net yield properties</b>	<b>5,18 %</b>	<b>5,34 %</b>	<b>5,19 %</b>



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