

OLAV THON
EIENDOMSSKAP

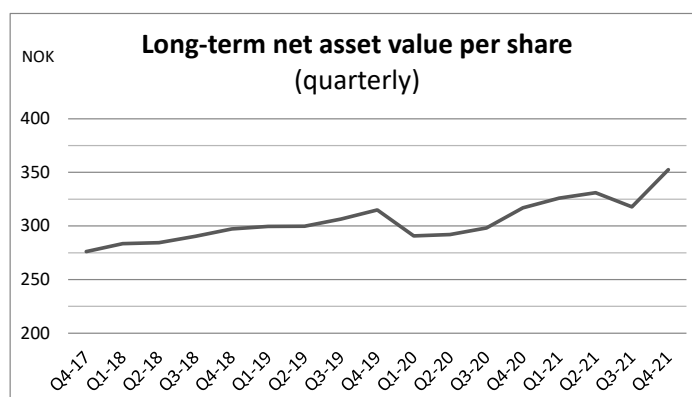
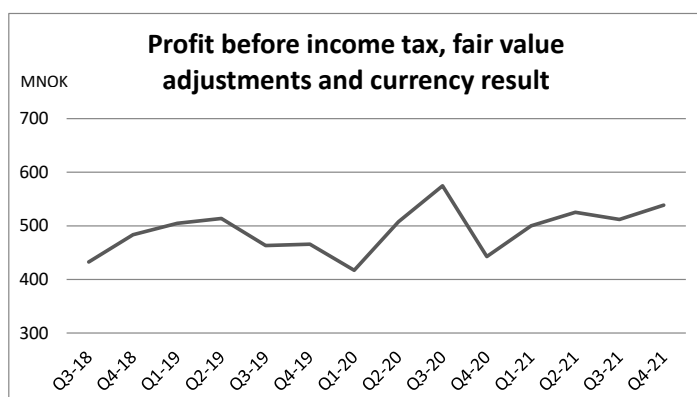


REPORT FOR Q4 AND
PRELIMINARY RESULTS FOR 2021

KEY FIGURES

Amounts in MNOK	APM*	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Net rental income		706	671	2 783	2 707
Fair value adjustments in investment properties and interest rate derivatives	1	1 538	1 755	2 647	-1 548
Profit before income tax		2 085	2 189	4 774	338
Profit before income tax, fair value adjustments and currency result	2	539	443	2 076	1 936
Equity ratio	3			50 %	47 %
Equity per share (NOK)	4			298	268
Long-term net asset value per share (NOK)	4			353	318
Net cash flow from operations	5	537	468	2 005	1 710
Liquidity reserves	6			8 214	7 226
Amortisation next 12 months	7			3 335	5 533
Interest-bearing debt	8			20 114	21 003
Interest per balance sheet date	9			3,16 %	3,06 %
Loan to value ratio	8			35 %	38 %
Net investments	10	194	339	559	914
Market value properties	11			56 735	54 656
Annualized rental income level	12			3 270	3 250
Net yield properties	13			4,97 %	5,19 %
Sales, owned shopping centres		17 133	16 375	54 999	52 993
Share price per balance sheet date (NOK)				195,6	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 Q4 and preliminary results for 2021

HIGHLIGHTS OF THE QUARTERLY REPORT¹:

- The Group's solid development continued in Q4 with profit before income tax of NOK 2,085 (2,189) million
- Profit before income tax, fair value adjustments and currency result amounted to NOK 539 (443) million
- The Group's financial position is solid, and the Group's equity ratio at year end was 50 % (47 %), while its liquidity reserves were NOK 8,214 (7,226) million
- Retail sales in the shopping centre portfolio owned by the Group were NOK 17,133 million, up 4.6 % on Q4 2020
- The Board proposes that a dividend of NOK 6.50 (5.00) per share should be paid for 2021



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

FINANCIAL POSITION/BALANCE SHEET AS AT 31 DECEMBER 2021

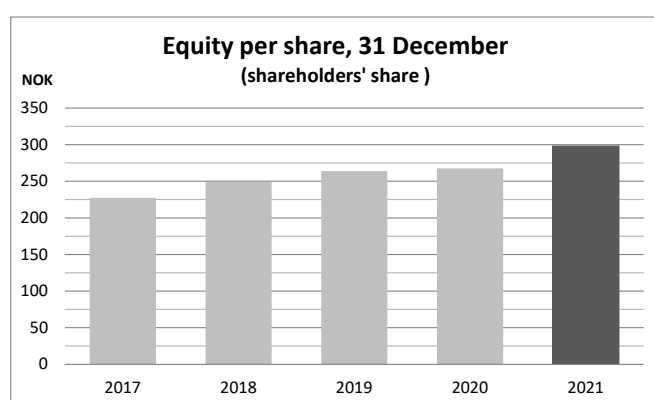
The Group's total assets were NOK 62,348 (59,958) million, with investment properties accounting for NOK 56,530 (54,453) million of that figure.

Total equity was NOK 31,277 (28,136) million and the equity ratio was 50 % (47 %).

Equity per share (majority share) was NOK 298 (268), while the long-term net asset value per share was NOK 353 (318).

Interest-bearing debt was NOK 20,114 (21,003) million, with a loan to value ratio² of 35 % (38 %).

The Group's share of the equity in joint ventures and associated companies was NOK 3,004 (2,740) million.



Equity per share increased by 31 % in the last five years.

SUMMARY OF THE RESULTS FOR Q4

Fair value adjustments of investment properties and interest rate derivatives totalled NOK 1,538 (1,755) million³.

Profit before income tax, fair value adjustments and currency result amounted to NOK 539 (443) million.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Rental income was NOK 770 (733) million.

Other property-related income amounted to NOK 255 (278) 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 319 (340) million, including the above-mentioned letting and property administration costs of NOK 222 (225) million.

Net rental income amounted to NOK 706 (671) million.

Maintenance expenses for the property portfolio amounted to NOK 7 (39) million.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The value of the Group's investment properties increased by NOK 1,348 (1,323) million in Q4.

The Group's property portfolio consists of:

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

Both main segments saw positive value development in Q4.

The value of the Group's commercial properties increased by NOK 698 million (1,231), while the increase in value of the shopping centre properties amounted to NOK 650 (91) million.

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 123 (97) 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 59 (49) 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 95 (102) million, while scheduled depreciation amounted to NOK 12 (14) million.

FINANCIAL INCOME AND EXPENSES

Net financial expenses were NOK 136 (198) million.

Net interest expenses amounted to NOK 159 (192) million, NOK 6 (6) million of which were interest expenses related to lease liabilities.

The change from the previous year is due to both a fall in interest-bearing debt and the fact that an expense of NOK 13 million accrued in Q4 2020 in connection with cancellation of a fixed interest rate agreement.

Unrealised gains linked to the SEK exchange rate amounted to NOK 38 (12) million.

² See page 2 for definitions

³ Includes investments in joint ventures and associated companies

FAIR VALUE ADJUSTMENTS OF INTEREST RATE DERIVATIVES

Long-term market interest rates rose in both Norway and Sweden in Q4.

In Norway, the 10-year interest rate rose by 0.09 of a percentage point to 1.90 %, while the corresponding rate in Sweden rose by 0.10 of a percentage point to 0.96 %.

As a result of the change in interest rates, the market value of the Group's exchange rate derivatives increased by NOK 93 (366) million.

PRELIMINARY RESULTS 2021

In 2021, rental income amounted to NOK 2,991 (2,962) million.

Rental income was down by NOK 25 (-53) million as a result of temporary rent reductions related to the coronavirus pandemic.

Other property-related income amounted to NOK 940 (857) million, while property-related expenses amounted to NOK 1,148 (1,112) million.

Maintenance expenses for the property portfolio amounted to NOK 113 (134) million.

Net rental income amounted to NOK 2,783 (2,707) million.

The value of the Group's investment properties increased by NOK 1,802 (-909) million, with a positive change in value for both shopping centre and commercial properties.

The value of the Group's commercial properties, which include rental housing, increased by NOK 957 (1,051) million, while the value of the shopping centre portfolio increased by NOK 845 (-1,960) million.

Net financial expenses amounted to NOK 581 (791) million. The Group's net interest expenses amounted to NOK 665 (692) million, NOK 25 (26) million of which were interest expenses related to lease liabilities.

Net gains linked to the change in the SEK exchange rate amounted to NOK 113 (-63) million.

The market value of the Group's interest rate derivatives increased by NOK 716 (-407) million, mainly as a result of higher long-term market interest rates in Norway and Sweden during 2021.

Profit before income tax was NOK 4,774 (338) million.

Total fair value adjustments of the Group's investment properties and interest rate derivatives amounted to NOK 2,647 (-1,548) million (including joint ventures and associated companies).

Profit before income tax, fair value adjustments and currency result therefore amounted to NOK 2,076 (1,936) million.

CASH FLOW AND LIQUIDITY

Q4

Net cash flow from operations was NOK 537 (468) million.

Net cash flow from operating activities was NOK 440 (277) million.

Investment activities reduced liquidity by NOK 202 (164) million, while financing activities reduced liquidity by NOK 196 (30) million.

Currency effects on cash were NOK -1 (0) million, and the Group's liquidity reserves therefore increased by NOK 41 (143) million in Q4.

2021

Overall, net cash flow from operations was NOK 2,005 (1,710) million in 2021.

Net cash flow from operating activities was NOK 1,685 (1,373) million.

Net cash flow from investing activities was NOK -493 (-410) million, while financing activities reduced liquidity by NOK 1,226 (868) million.

The currency effects on cash amounted to NOK -2 (4) million, and the Group's liquidity reserves therefore fell by NOK 36 (98) million in 2021.

Liquidity reserves were NOK 8,214 (7,226) million at year end and consisted of short-term investments of NOK 448 (484) million and undrawn long-term credit facilities of NOK 7,766 (6,742) million.

INVESTMENTS

The Group's net investments in Q4 were NOK 194 (339) million. Total net investments in 2021 amounted to NOK 559 (914) million.

MAJOR PROPERTY ACQUISITIONS

Amfi Drøbak City, Frogn

Shopping centre property totalling approx. 20,000 square metres with 40 shops in the Municipality of Frogn, around 40 kilometres south of Oslo.

In Q4 2021, an agreement was signed acquiring ownership of the property, which the Group has leased since 1996. The takeover is scheduled for February 2022.

MAJOR PROPERTY PROJECTS⁴

Under construction

Bernt Ankers Gate 6, Oslo

A property totalling 5,600 square metres in the centre of Oslo with 46 flats and four smaller commercial premises for rent. The property is scheduled for completion in the first half of 2022.

Bragesvei 1 and 3, Gardermoen Park Ullensaker

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

Arnliot Gellines vei 1, Oslo

A property totalling 2,500 square metres centrally located at the East side of Oslo with 22 flats for rent. The property is scheduled for completion in 2022/2023.

Amfi Vågen, Sandnes

This shopping centre property totalling 40,000 square metres is being renovated and upgraded, including new hospitality and experience areas. The centre is also being extended by a further 750 square metres of new space. The alterations are scheduled for completion in summer 2022.

In planning phase

Olav Thon Eiendomsselskap is working on a number of major property projects, which are mainly 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.

PROPERTY PORTFOLIO AS AT 31 DECEMBER 2021

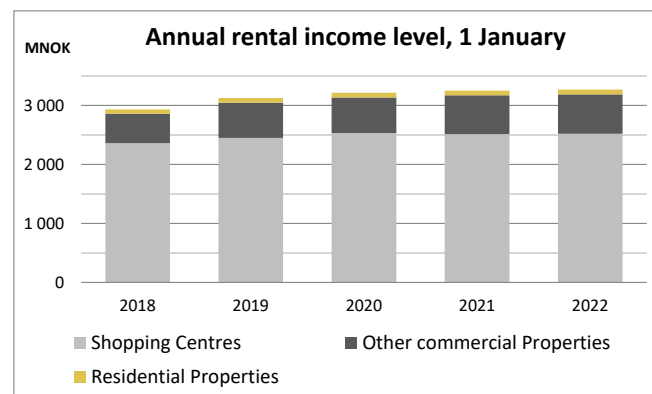
The property portfolio was valued at NOK 56,530 (54,453) million, based on an average yield of 4.97 % (5.19 %).

The annual rental income level was NOK 3,270 (3,250) million.

The property portfolio is made up of the following main segments:

	Market value (Share)	Rental income level (Share)	Yield
Shopping centre properties	71 %	77 %	5.34 %
Other commercial properties	29 %	23 %	4.08 %
Total portfolio	100 %	100 %	4.97 %

The vacancy rate in the property portfolio was 3.7 % (3.9 %).



The rental income level of the property portfolio increased by 12 % during the last five years.

PROPERTY PORTFOLIO OWNED THROUGH JOINT VENTURES AND ASSOCIATED COMPANIES

The Group's share of the rental income level from joint ventures and associated companies was NOK 285 (275) million.

The Group's share of the property values in these companies was NOK 4,421 (4,260) million.

THE SHOPPING CENTRE BUSINESS AREA

At year end, Olav Thon Eiendomsselskap wholly or partly owned 60 shopping centres in Norway and Sweden. The Group also manages 16 centres for external owners.

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

The portfolio includes Norway's largest shopping centre in terms of retail sales, Lagunen Storsenter in Bergen, and no less than seven of the country's ten largest shopping centres.

Shopping centres owned by the Group

Retail sales in the Group's shopping centre portfolio in Q4 amounted to NOK 17,133 (16,375) million.

The Group's shopping centres had the following retail sales in Q4, broken down by month:

NOK m	2021	2020	Change
October	4,725	4,594	2.9 %
November	5,337	5,064	5.4 %
December	7,071	6,717	5.3 %
Total Q4	17,133	16,375	4.6 %

Total sales in 2021 amounted to NOK 54,999 (52,993) million.

Norway

In Q4, the Group's Norwegian shopping centres had retail sales of NOK 16,092 (15,381) million. Retail sales in 2021 were NOK 51,447 (49,469) million.

⁴ Over NOK 50 million

Sweden

Retail sales in the shopping centres in Sweden amounted to SEK 1,056 (928) million in Q4, and SEK 3,545 (3,413) million in 2021.

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.

THE PROPERTY MARKET

Trends in the property market in Norway and Sweden are affected by 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. Calculations of these effects can be found in note 8 in the report and on the company's website: olt.no.

The valuation as at 31 December 2021 was based on an average yield of 4.97 %. In the last three years, the yield has varied between 4.97 % 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.

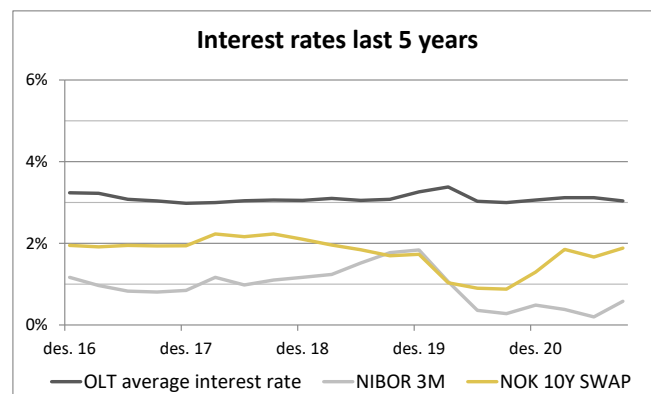
INTEREST RATE DERIVATIVES

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

At year end, the portfolio of interest rate derivatives was NOK 18,087 (13,875) million and had a market value of NOK -988 (-1,748).

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

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



As at 31 December 2021, the Group's average interest rate was 3,16 %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 financing is still deemed very good, and the positive trend in the capital and banking markets continued in Q4.

The Group's financing sources in Q4 were mainly the capital markets in Norway and Sweden, with new loans amounting to NOK 900 million and SEK 800 million being raised.

INTEREST-BEARING DEBT AND MATURITY STRUCTURE

At year end, the outstanding certificate and bond debt amounted to NOK 13,523 (10,914) million, made up as follows:

Norway: NOK 11,230 (8,723) million

Sweden: SEK 2,250 (2,100) million

Total credit facilities were NOK 27,880 (27,745) million, NOK 7,766 (6,742) million of which were undrawn.

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

The debt had an average remaining term of 3.0 (2.6) years, with 17 % (26 %) of the debt falling due for repayment within one year.

The Group's average interest rate was 3.16 % (3.06 %), divided between the following currencies:

Currency	Share of debt	Average interest rate
NOK	86 %	3.50 %
SEK	14 %	1.04 %

At year end, the Group had a fixed-rate ratio of 57 % (55 %), with an average fixed-rate period of 3.9 (3.6) years.

⁵ Loans in NOK and SEK

SHARES AND SHAREHOLDERS

The closing price of the Olav Thon Eiendomsselskap share was NOK 195.60 at the end of Q4, up from NOK 186 at the start of the quarter.

The highest and lowest prices in the quarter were NOK 201 and 179, respectively.

In the last few years, the Olav Thon Eiendomsselskap share has generated the following return (including dividend) compared with the Oslo Stock Exchange:

	Return OLT	OSEBX
Q4 2021	5 %	3 %
Last 12 months	9 %	23 %
Last 36 months	42 %	50 %

In 2021, 5.3 (7.6) million shares were traded and 18,024 (27,051) transactions in the share were conducted on the Oslo Stock Exchange.

The highest and lowest prices in 2021 were NOK 214 and 157, respectively.

At year end, the company's market capitalisation was NOK 20.3 (19.0) billion, and the company's largest shareholders were:

Olav Thon Gruppen AS and subsidiaries	73.9 %
Folketrygdfondet	2.4 %
MP Pensjon	2.2 %
VPF Nordea Verdi	1.8 %
Otto Olsen Invest AS	1.0 %
Other shareholders	18.7 %
TOTAL	100 %

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.

The Board will propose to the Annual General Meeting that a dividend of NOK 6.5 per share should be paid for 2021.

OUTLOOK

The Norwegian economy is increasing again, and conditions in the Norwegian economy will normalise.

Norges Bank increased its key policy rate from 0 % to 0.50 % in the second half of 2021 and is indicating that the rate will rise further as the Norwegian economy returns to normal. Interest rates are expected to remain moderate in the next few years, however.

It is assumed that the Group's solid market position and finances will contribute to maintain good profit development in the future.

Oslo, 16 February 2022

Board of Directors, Olav Thon Eiendomsselskap ASA

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Rental income	4, 6	770	733	2 991	2 962
Property-related income		255	278	940	857
Property-related expenses		-319	-340	-1 148	-1 112
Net rental income	7	706	671	2 783	2 707
Other operating income		59	49	165	148
Other operating expenses		-42	-53	-154	-151
Administrative expenses	6	-53	-49	-197	-190
Depreciation		-12	-14	-32	-35
Net income from property management	7	658	604	2 566	2 479
Fair value adjustments, investment property	4, 8	1 348	1 323	1 802	-909
Fair value adjustments, right-of-use assets		-3	-3	-12	-12
Share of profit from joint ventures and associates	9	123	97	283	-22
Operating profit	7	2 127	2 021	4 639	1 537
Financial income	10	39	15	119	10
Financial expenses	10	-175	-213	-700	-802
Fair value adjustments, interest rate derivatives		93	366	716	-407
Net financial items		-43	168	135	-1 198
Profit before income tax		2 085	2 189	4 774	338
Change in deferred tax		-396	-402	-722	89
Income tax payable		-59	-59	-295	-170
Income tax		-455	-461	-1 018	-81
Profit		1 629	1 727	3 757	257
Other Comprehensive income					
<i>Items to be reclassified to P&L in subsequent periods:</i>					
Currency translation differences from foreign operations		-38	-7	-103	165
Hedging of net investment in foreign operations		-	-	-	-128
Income taxes on other comprehensive income		-	-	-	28
Total comprehensive income		1 591	1 721	3 654	322
Profit attributable to:					
Shareholders of the parent		1 587	1 719	3 701	315
Non-controlling interests		42	8	56	-57
Total comprehensive income attributable to:					
Shareholders of the parent		1 549	1 712	3 598	379
Non-controlling interests		42	8	56	-57
Earnings per share, basic and diluted (NOK)		15	17	36	3

OLAV THON EIENDOMSSSELKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

(NOK million)	Note	31.12.2021	31.12.2020
ASSETS			
Deferred tax asset		351	326
Investment properties	4, 8	56 530	54 453
Owner-occupied properties		187	189
Right-of-use assets		337	347
Fixed assets		58	73
Investments in joint ventures and associates	9	3 004	2 740
Other non-current assets		445	440
Total non-current assets		60 912	58 570
Trade receivables and other current receivables	4	988	905
Cash and cash equivalents		448	484
Total current assets		1 436	1 388
Total assets		62 348	59 958
EQUITY AND LIABILITIES			
Share capital		104	104
Share premium		318	318
Other equity		30 416	27 330
Non-controlling interests		439	385
Total equity		31 277	28 136
Deferred tax liabilities		7 831	7 138
Lease liabilities		341	347
Interest-bearing non-current liabilities	11	16 780	15 470
Other non-current liabilities	11	712	1 406
Total non-current liabilities		25 663	24 360
Income tax payable		295	170
Interest-bearing current liabilities	12	3 335	5 533
Trade payables and other current liabilities	12	1 778	1 759
Total current liabilities		5 408	7 462
Total liabilities		31 071	31 822
Total equity and liabilities		62 348	59 958

OLAV THON EIENDOMSSSELKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

(NOK million)	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Net cash flow from operations	537	468	2 005	1 710
Expensed interest	160	195	671	702
Paid interest	-159	-191	-668	-731
Paid income tax	-31	1	-170	-251
Change in working capital	-67	-196	-154	-57
Net cash flow from operating activities	440	277	1 685	1 373
Payment on the sale of tangible fixed assets	0	-	366	-
Acquisition of investment properties	-178	-198	-873	-680
Acquisition of subsidiaries	-	10	-	-33
Other investments	-24	24	14	304
Net cash flow from investment activities	-202	-164	-493	-410
Proceeds from interest-bearing liabilities	2 259	3 537	14 550	10 257
Repayment of interest-bearing liabilities	-2 461	-3 505	-15 245	-11 099
Payment on leasing liabilities	-2	-2	-11	-13
Dividends paid	8	0	-520	-13
Net cash flow from financing activities	-196	30	-1 226	-868
Currency translation effects on cash and cash equivalents	-1	-	-2	4
Net change in cash	40	143	-36	98
Cash at beginning of period	407	341	484	386
Cash at end of period	448	484	448	484

OLAV THON EIENDOMSSKAP 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 31.12.2019	106	318	-132	26 987	88	27 368	452	27 819
Profit	-	-	-	315	-	315	-57	257
Other comprehensive income	-	-	165	-	-100	65	-	65
Amortization own shares	-3	-	-	3	-	-	-	-
Dividends paid	-	-	-	-	-	-	-13	-13
Other changes	-	-	-	5	-	5	3	9
Equity 31.12.2020	104	318	32	27 310	-12	27 752	385	28 136
Profit	-	-	-	3 701	-	3 701	56	3 757
Other comprehensive income	-	-	-103	-	-	-103	-	-103
Dividends paid	-	-	-	-518	-	-518	-2	-520
Other changes	-	-	-	7	-	7	1	8
Equity 31.12.2021	104	318	-70	30 499	-12	30 838	439	31 277

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 February 16, 2022. 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, and this is explained in the following.

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. Provisions for losses on accounts receivable amount to NOK 42 million (39) in the fourth quarter, and has been at this level through 2021.

Rent reduction

To remedy the negative economic effect of the corona pandemic, tenants in selected industries received a time-limited rent reduction in the second quarter. No significant further rent reduction was given in the fourth quarter. The rent reduction has had a total effect of NOK 25 million as of the fourth quarter.

Note 5 SUBSEQUENT EVENTS

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	31.12.2021	31.12.2020
Rental income	Companies in Thon Holding Group	82	87
Operating and administration agreements	Companies in Thon Holding Group	128	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
Q4 2021							
Rental income	562	208	-	770	722	48	770
Property-related income	214	41	-	255	239	16	255
Property-related expenses	-220	-99	-	-319	-283	-36	-319
Net rental income	556	150	-	706	678	28	706
Other operating income	32	-	27	59	59	-	59
Other operating expenses	-16	-	-26	-42	-42	-	-42
Administrative expenses	-45	-8	-	-53	-50	-3	-53
Depreciation	-9	-3	-	-12	-12	-0	-12
Net income from property management	518	139	2	658	633	25	658
Fair value adjustments, investment property	650	698	-	1 348	1 365	-17	1 348
Fair value adjustments, right-of-use assets	-2	-1	-	-3	-3	-	-3
Share of profit from joint ventures & associates	116	7	-	123	123	-	123
Operating profit	1 282	843	-	2 127	2 119	8	2 127

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Q4 2020							
Rental income	531	201	-	732	675	57	732
Property-related income	254	24	-	278	263	15	278
Property-related expenses	-254	-85	-	-340	-322	-18	-340
Net rental income	531	140	-	671	617	53	671
Other operating income	25	-	23	49	49	-	49
Other operating expenses	-30	-	-24	-54	-54	-	-54
Administrative expenses	-41	-8	-	-49	-46	-4	-49
Depreciation	-10	-4	-	-14	-14	-0	-14
Net income from property management	475	127	-0	604	553	50	604
Fair value adjustments, investment property	91	1 231	-	1 323	1 340	-17	1 323
Fair value adjustments, right-of-use assets	-2	-1	-	-3	-3	-	-3
Share of profit from joint ventures & associates	97	0	-	97	97	-	97
Operating profit	662	1 358	-0	2 021	1 988	32	2 021

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
31.12.2021							
Rental income	2 190	801	-	2 991	2 798	193	2 991
Property-related income	827	113	-	940	869	71	940
Property-related expenses	-844	-305	-	-1 148	-1 027	-121	-1 148
Net rental income	2 173	609	-	2 783	2 639	143	2 783
Other operating income	81	-	84	165	165	-	165
Other operating expenses	-75	-	-78	-154	-154	-	-154
Administrative expenses	-164	-33	-	-197	-184	-13	-197
Depreciation	-19	-12	-	-32	-32	0	-32
Net income from property management	1 996	564	6	2 566	2 436	130	2 566
Fair value adjustments, investment property	845	957	-	1 802	1 849	-47	1 802
Fair value adjustments, right-of-use assets	-9	-3	-	-12	-12	-	-12
Share of profit from joint ventures & associates	279	4	-	283	283	-	283
Operating profit	3 111	1 522	6	4 639	4 556	83	4 639

Business segments	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
31.12.2020							
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
Net rental income	2 138	569	-	2 707	2 538	169	2 707
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
Net income from property management	1 952	523	4	2 479	2 324	155	2 479
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
Operating profit	-38	1 570	4	1 537	1 854	-317	1 537

Note 8 INVESTMENT PROPERTY

	31.12.2021	31.12.2020
Opening balance	54 453	54 038
Acquisitions/expenditure on properties	859	706
Acquisitions and divestments companies/investment property	-369	269
Change in fair value recognised in the period	1 802	-909
Effect of currency exchange differences in foreign operations	-215	357
Other changes	-1	-8
Closing balance	56 530	54 453

In the second quarter, shares were sold in a subsidiary that owns a property, which reduces the book value of investment property. A deferred tax of NOK 60 million has been recognized in the Group as a result of changes in fair value of the property, which is recognized in the income statement as part of the tax expense in connection with the transaction. See also the assessment in the quarterly report for the second quarter.

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 at the balance sheet date.

	Fair Value	Rent level		
	Investment property	- 10 %	Unchanged	+ 10 %
Yield				
	- 1 %-points	63 602	70 605	77 609
	- 0,5 %-points	56 560	62 781	69 002
	Unchanged	50 934	56 530	62 125
	+ 0,5 %-points	46 335	51 420	56 505
	+ 1,0 %-points	42 506	47 165	51 824

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	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Net rental income	99	117	375	379
Fair value adjustments, investment property	88	23	128	-175
Fair value adjustments, interest rate derivatives	3	15	17	-20
Expenses	-57	-81	-209	-234
Income taxes	-25	-11	-54	16
Profit	107	63	257	-34
Investment properties			3 563	3 401
Other assets			251	225
Total assets			3 814	3 626
Equity			2 459	2 201
Non-current liabilities			1 259	1 308
Current liabilities			97	117
Total equity and liabilities			3 814	3 626

Associated companies	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Net rental income	19	17	59	60
Fair value adjustments, investment property	8	30	-5	-24
Expenses	-6	-2	-20	-20
Income taxes	-5	-10	-7	-4
Profit	16	34	26	13
Investment properties			858	859
Other assets			169	159
Total assets			1 027	1 019
Equity			546	539
Non-current liabilities			467	463
Current liabilities			14	17
Total equity and liabilities			1 027	1 019

Note 10 FINANCIAL INCOME AND FINANCIAL EXPENSES

	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Interest income	1	3	6	10
Currency gain	38	12	113	0
Other financial income	-0	0	0	0
Total financial income	39	15	119	10
Interest expenses	-154	-189	-646	-676
Interest expenses related to lease liabilities	-6	-6	-25	-26
Currency loss	-0	0	-0	-63
Other financial expenses	-15	-18	-28	-37
Total financial expenses	-175	-213	-700	-802

CURRENCY ITEMS

Currency translation differences from foreign operations	-38	-7	-103	165
Currency translation effects on cash and cash equivalents	-1	-	-2	4
Hedging of net investment in foreign operations*	-	-	-	-128
Other currency items	39	12	115	-66
Total currency effects	-0	6	10	-26

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

Note 11 NON-CURRENT LIABILITIES

	31.12.2021	31.12.2020
Bonds	10 215	6 008
Other interest-bearing liabilities	6 565	9 461
Total Interest-bearing current liabilities	16 780	15 470
Fair value interest rate swaps	689	1 365
Other liabilities	22	41
Total non-current liabilities	712	1 406

Note 12 CURRENT LIABILITIES

	31.12.2021	31.12.2020
Commercial papers	1 725	926
Bonds	1 583	3 980
Bank loans	27	627
Total Interest-bearing current liabilities	3 335	5 533
Fair value interest rate swaps	299	383
Lease liabilities	9	9
Trade payables	136	122
Accrued interest	32	28
Duties payable	116	83
Other current liabilities	1 186	1 135
Total trade payables and other current liabilities	1 778	1 759

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.

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.

	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Fair value adjustments in;				
investment properties recognised in profit and loss	1 348	1 323	1 802	-909
right-of-use assets recognised in profit and loss	-3	-3	-12	-12
investment properties in joint ventures	88	23	128	-175
investment properties in associated companies	8	30	-5	-24
interest rate derivatives recognised in profit and loss	93	366	716	-407
interest rate derivatives in joint ventures	3	15	17	-20
Fair value adjustments, investment properties and derivatives	1 538	1 755	2 647	-1 548

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.

	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Profit before income tax	2 085	2 189	4 774	338
Income tax in joint ventures	25	11	54	-16
Income tax in associated companies	5	10	7	4
Fair value adjustments investment properties / derivatives	-1 538	-1 755	-2 647	1 548
Currency gain	-38	-12	-113	-0
Currency loss	0	-0	0	63
Profit before income tax, fair value adjustment and currency result	539	443	2 076	1 936

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.

	31.12.2021	31.12.2020
Total equity	31 277	28 136
Total equity and debt	62 348	59 958
Equity ratio	50 %	47 %

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.

	31.12.2021	31.12.2020
Majority share of equity	30 838	27 752
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 823	7 120
Fair value of debt - deferred tax liabilities - 6 %	-2 133	-1 942
Long term net asset value	36 527	32 930
Number of shares (own shares not included)	103 623 171	103 623 171
Long term net asset value per share in NOK	353	318
Equity per share in NOK	298	268

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.

	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Net cash flow from operating activities	440	277	1 685	1 373
Expensed / paid interest	1	4	4	-29
Paid income tax	-31	1	-170	-251
Change in working capital	-67	-196	-154	-57
Net cash flow from operations	537	468	2 005	1 710

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.

	31.12.2021	31.12.2020
Unutilized overdrafts and other credit facilities	7 766	6 742
Cash and cash equivalents	448	484
Liquidity reserves	8 214	7 226

7. Amortisation next 12 months

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

	31.12.2021	31.12.2020
Commercial papers	1 725	926
Bonds	1 583	3 980
Bank loans	27	627
Amortisation next 12 months	3 335	5 533

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.

	31.12.2021	31.12.2020
Bonds, non-current	10 215	6 008
Bonds, current	1 583	3 980
Commercial papers, current	1 725	926
Debt to credit institutions, long-term	6 565	9 461
Debt to credit institutions, short-term	27	627
Interest-bearing debt*	20 114	21 003
Cash and cash equivalents	-448	-484
Net interest-bearing debt	19 666	20 519
Market value properties	56 734	54 656
Loan to value ratio	35 %	38 %
* Unsecured part of interest-bearing debt (where the Group has not provided collateral)	11 843	6 341

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.

	31.12.2021	31.12.2020
Annualized interest expenses on interest-bearing debt as of the balance sheet date	330	269
Annualized interest expenses on current interest rate swaps per balance sheet date	306	373
Annualized interest expenses per balance sheet date	635	643
Interest-bearing debt	20 114	21 003
Interest per balance sheet date	3,16 %	3,06 %

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.

	Q4 2021	Q4 2020	31.12.2021	31.12.2020
Investment properties	170	234	859	706
New companies	0	226	-369	269
Other fixed assets	7	7	12	15
Other investments	17	-128	57	-76
Net investments	194	339	559	914

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.

	31.12.2021	31.12.2020
Market value investment properties	56 530	54 453
Market value owner-occupied properties	205	203
Market value properties	56 734	54 656

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

Market value of properties joint venture (Group share)	3 563	3 401
Market value of properties associated companies (Group share)	858	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.

	31.12.2021	31.12.2020
Annualized market rent leased premises	3 150	3 122
Annualized market rent vacant premises	120	128
Annualized rental income level	3 270	3 250

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

Annualized market rent leased premises owned through joint ventures and associated companies	271	263
Annualized market rent vacant premises owned through joint ventures and associated companies	14	12
Annualized rental income level owned through joint ventures and associated companies	285	275

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.

	31.12.2021	31.12.2020
Annualized rental income level	3 270	3 250
Lessor's owner cost	477	432
Annualized net rental income level	2 793	2 818
Market value properties	56 734	54 656
Adjustment market value for plots etc	572	385
Market value properties after adjustment	56 163	54 271
Net yield properties	4,97 %	5,19 %



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