

ANNUAL REPORT 2023

OLAV THON
EIENDOMSSKAP



CONTENTS

<u>3</u>	Olav Thon Eiendomsselskap in brief
<u>4</u>	Highlights 2023
<u>5</u>	Key Figures
<u>6</u>	Board of Directors' Report 2023
<u>16</u>	Declaration Pursuant to the Norwegian Securities Trading Act
<u>17</u>	Statement of Comprehensive Income
<u>18</u>	Statement of Financial Position
<u>19</u>	Statement of Cash Flow
<u>20</u>	Statement of Changes in Equity
<u>21</u>	Alternative Performance Measures

OLAV THON EIENDOMSSKAP ASA

IN BRIEF

HISTORY

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

The company has grown significantly since the beginning, with its annual rental income from properties having risen from NOK 27 originally to NOK 3 800 million by the start of 2024. In the same period, the company's market capitalisation has increased from NOK 200 million to NOK 18,9 billion.

Since the early 1990s, its main focus area has been shopping center properties, and today, Olav Thon Eiendomsselskap ASA is the largest shopping center actor in Norway and also an important player in the Swedish shopping center market. Paralelly, the company has built up a portfolio of commercial properties within other property segments, mainly in the Oslo area.

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

MAIN STRATEGY

ACQUIRE - DEVELOP - OWN

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

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

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

BUSINESS OBJECTIVES

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

Prior to business growth, a strong financial position must be fulfilled.

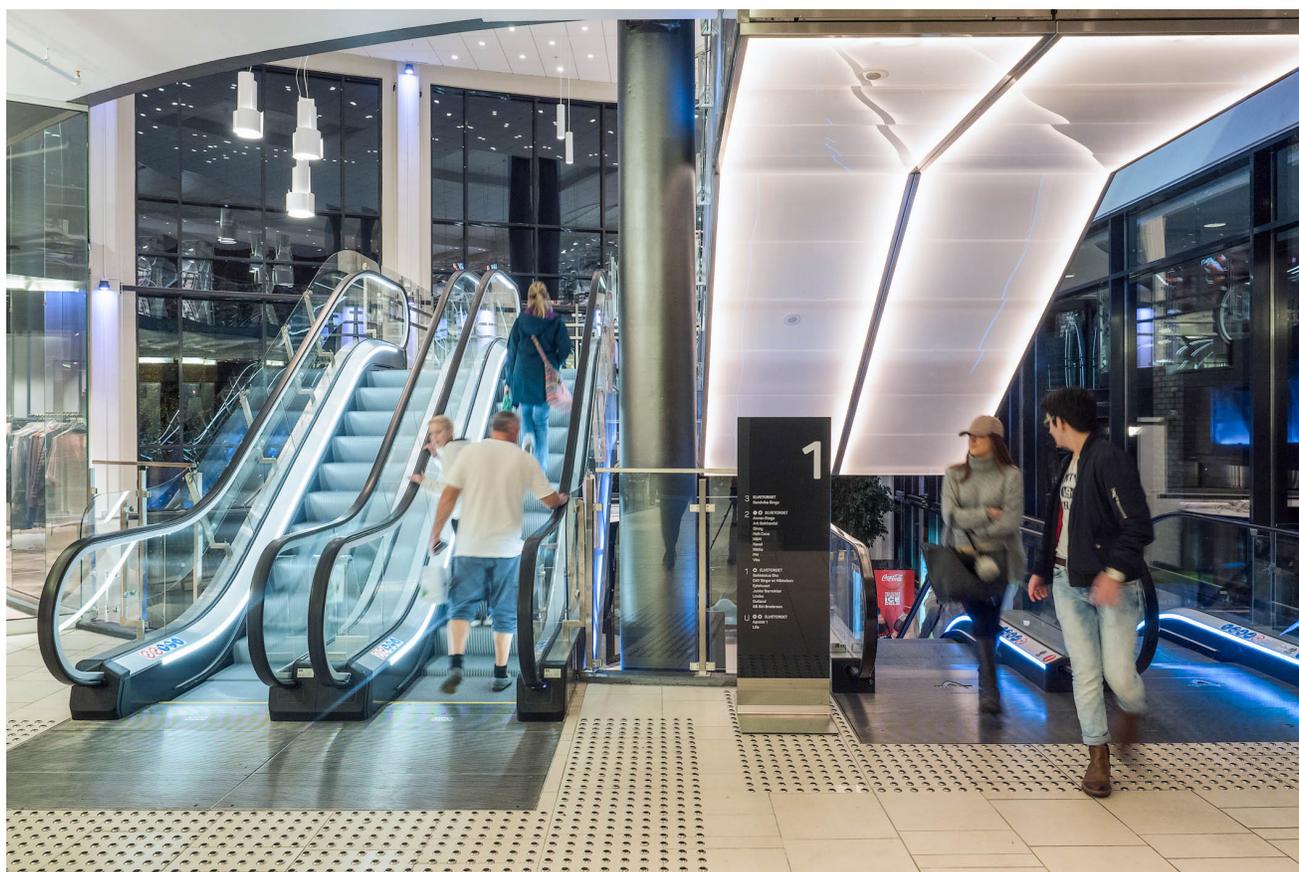
BOARD AND SENIOR MANAGEMENT

Kjetil Nilsen, Chairman of the Board
Olav Thon, Board member
Sissel Berdal Haga Thon, Board member
Line Norbye, Board member
Elisabeth Holvik, Board member
Dag Tangevald-Jensen, CEO
Stig O. Jacobsen, Deputy Board Member

HIGHLIGHTS 2023

- The Group posted another good operating result in 2023, and profit before income tax, fair value adjustment and currency result amounted to NOK 2 261 (2 174) million.
- Fair value adjustments of investment property and financial instruments totalled NOK -4 330 (920) million, and profit before income tax amounted to NOK -2 177 (3 134) million.
- The Group's rental income in 2023 amounted to NOK 3 722 (3 219) million.
- The Group's financial position is solid, and the Group's equity ratio at year-end was 50 % (52 %), while its liquidity reserves were NOK 5 382 (5 139) million.
- Retail sales¹ in the shopping center portfolio were NOK 60 568 million, an increase by 6,2 % from 2022.
- The Board proposes a dividend of NOK 7,0 per share (6,5) to be paid for 2023.

¹ The retail sales figures, which relate to wholly and jointly owned companies, are as reported by the tenants.



KEY FIGURES

	APM ¹⁾	31.12.23	31.12.22
<i>NOK million</i>			
Net rental income		3 366	2 879
Fair value adjustments in investment properties and interest rate derivatives	1	-4 330	920
Profit before income tax		-2 177	3 134
Profit before income tax, fair value adjustments and currency result	2	2 261	2 174
Equity ratio	3	50 %	52 %
Equity per share (NOK)	4	297	318
Long-term net asset value per share (NOK)	4	348	374
Net cash flow from operations		2 035	2 045
Liquidity reserves	5	5 382	5 139
Amortisation next 12 months	6	1 527	2 622
Interest-bearing debt	7	20 997	20 227
Interest per balance sheet date	8	5,17 %	4,45 %
Loan to value ratio	7	37 %	35 %
Interest coverage ratio	9	3,1	3,8
Net investments	10	2 025	889
Market value properties	11	56 568	57 715
Annualized rental income level	12	3 800	3 385
Yield properties	13	5,9 %	5,1 %
Sales, owned shopping centers		60 568	57 032
Share price (NOK)		186,5	175,5

¹⁾ Definitions, calculations and explanations on the use of alternative performance measures (APM) are included at page [21](#) in the report.

BOARD OF DIRECTORS' REPORT 2023

STATEMENT REGARDING THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) which is approved by the EU, as well as the requirements of the Norwegian Accounting Act. The accounting policies have been applied consistently to all periods presented.

In accordance with the requirements of the Norwegian Accounting Act, the Board of Directors confirms that the basis for continued operations is still present. The annual financial statements for 2023 have been prepared based on this assumption.

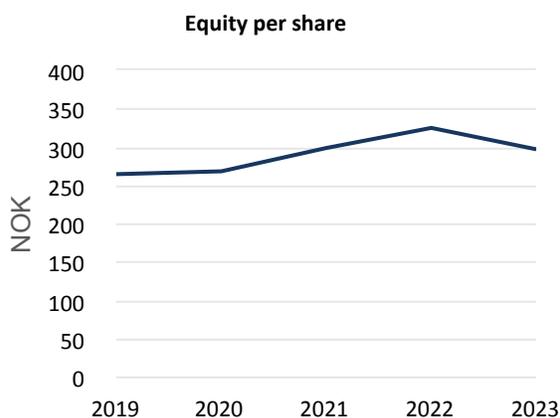
SUMMARY OF INCOME STATEMENT AND BALANCE SHEET

Financial position/Balance sheet as at 31.12.23

The Group's total assets were NOK 60 501 (62 584) million, with investment properties accounting for NOK 56 577 (57 699) million of that figure.

Equity amounted to NOK 30 437 (32 673) million and the equity ratio was 50 % (52 %).

Equity per share (attributable to controlling interests) was NOK 297 (318), while the long-term net asset value per share was calculated at NOK 348 (374).



Interest-bearing debt was NOK 20 997 (20 227) million, with a loan-to-value ratio of 37 % (35 %).

The Group's share of the equity in joint ventures and associated companies was NOK 1 899 (2 965) million.

Summary of the income statement for 2023

Profit before income tax was NOK -2 177 (3 134) million.

Fair value adjustments of investment properties and interest rate derivatives (inclusive of joint ventures and associated companies) amounted to NOK -4 330 (920) million.

Profit before income tax, fair value adjustment and currency result amounted to NOK 2 261 (2 174) million.

Rental income and property-related income/ expenses

Rental income amounted to NOK 3 722 (3 219) million.

Property-related income amounted to 1 098 (1 006) million and consisted mainly of payments from the Group's tenants to cover property service charges and operation of shopping center associations.

Property-related expenses amounted to NOK 1 454 (1 346) million, including the above-mentioned service charges of NOK 921 (879) million.

Maintenance expenses for the property portfolio amounted to NOK 207 (147) million.

Net rental income amounted to NOK 3 366 (2 879) million.

Fair value adjustments of investment properties

The value of the Group's investment properties fell by -4 361 (114) million.

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

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

The value of the Group's shopping center properties fell by NOK -2 632 (175) million, while the value of its commercial property fell by -1 729 (-60) million.

For further details please refer to the section on property operations later in the report and note 14 in the consolidated annual financial statements.

Share of results of joint ventures and associated companies

The Group's share of the results of joint ventures and associated companies amounted to NOK -28 (122) million.

For the most part, the fall from 2022 is explained by fair value adjustments of shopping center properties and interest rate derivatives amounting to NOK -152 (-73) million in these companies, and that the Group's increased their share in Sørlandssenteret DA from 50 % to 100 % in January 2023.

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

Other operating income and expenses

Other operating income amounted to 56 (158) million and consisted mainly of sales revenue from other activities.

Other operating income 2022 are greatly affected by the sale of management company Amfi Drift AS in Q2 2022, with a gain of NOK 69 million.

Other operating and administrative expenses amounted to NOK 234 (263) million, while depreciation and amortisation amounted to NOK -17 (-26) million.

Financial income and expenses

The Group's net financial items amounted to NOK -959 (150) million, with fair value adjustments of interest rate derivatives accounting for NOK 183 (878) million of that figure.

Net interest expenses amounted to NOK 1 036 (745) million, NOK 13 (15) million of which were interest expenses related to lease liabilities.

Higher interest expenses are due to a higher average interest rate on the Group's interest-bearing debt.

Net losses related to the SEK exchange rate amounted to NOK -93 (43) million.

Fair value adjustments of interest rate derivatives

The value of the Group's interest rate derivatives increased by 183 (878) million, primarily due to higher long-term market interest rates throughout 2023 in both Norway and Sweden.

Cash flow and liquidity

Net cash flow from operations in 2023 was NOK 2 035 (2 045) million.

Net cash flow from operating activities was NOK 2 030 (1 243) million.

Net cash flow from investment activities was -1 975 (-537) million, while net cash flow from financing activities reduced liquidity by -92 (-900) million.

The exchange rate effect on the Group's cash and cash equivalents was NOK 9 (0) million.

In 2023 the Group's liquidity reserves fell by NOK -28 (-194) million.

The Group's liquidity reserves were NOK 5 382 (5 139) million at year-end, consisting of short-term investments of NOK 226 (254) million and undrawn long-term credit facilities of NOK 5 156 (4 885) million.

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

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

Olav Thon Eiendomsselskap ASA has been a pure holding company since 2020, and the Group's property portfolio is owned indirectly through subsidiaries.

The parent company's operating income amounted to NOK 0,4 (0,4) million, and the profit before tax was NOK 2 751 (2 335) million, where NOK 3 064 million was a result of dividends from subsidiaries.

Profit after tax for the year was NOK 2 775 (2 300) million.

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

Proposed dividend NOK 7,00 per share:	NOK 710 million
Transferred to other equity:	NOK 2 065 million
Allocated net result	NOK 2 775 million

The book value of the parent company's assets was NOK 26 862 (23 718) million.

Book equity was NOK 6 134 (4 070) million, and the equity ratio was 22,8 % (17,2 %) at year-end.

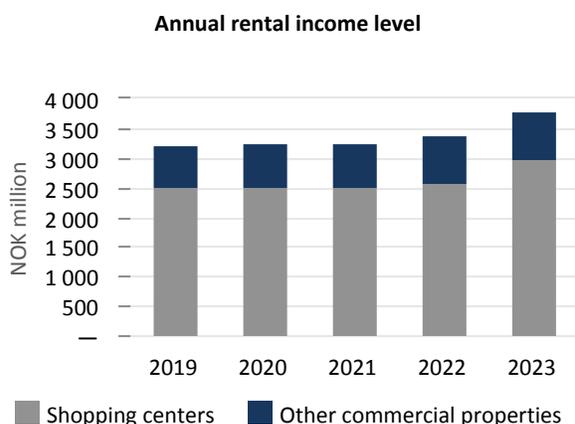
PROPERTY OPERATIONS

Property operations as at 31.12.23

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

The property portfolio was valued at NOK 56 568 (57 715) million, based on an average yield of 5,90 % (5,10 %).

The annual rental income level, which shows the property portfolio's expected market rent for let and vacant space, increased by NOK 415 million to 3 800 (3 385) million in 2023.



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

Segment	Market value (Share)	Rental income level (Share)	Yield
Shopping center properties	73 % (71 %)	78 % (77 %)	6,2 % (5,5 %)
Other commercial properties	27 % (29 %)	22 % (23 %)	4,9 % (4,2 %)

As at 31.12.23, the vacancy rate in the property portfolio was 3,6 % (3,5 %).

Property portfolio owned by joint ventures and associated companies

In addition to the property portfolio carried on the Group's balance sheet, the Group owns shares in a further 11 shopping centers through joint ventures and associates. The shares in these companies are between 25 % and 50 %.

The Group's share of the rental income level was NOK 230 (295) million at year-end, while the value of the property portfolio is estimated at NOK 3 344 (4 473) million. The rental income level is affected by Sørlandssenteret becoming a wholly-owned subsidiary in Q1 2023.

The shopping center business area

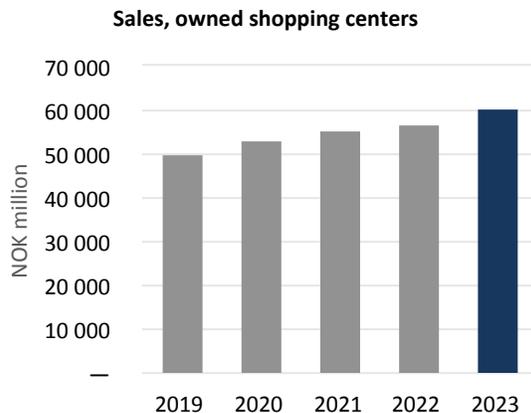
At year-end, Olav Thon Eiendomsselskap ASA wholly or partly owned 60 shopping centers in Norway and Sweden.

Olav Thon Eiendomsselskap ASA is Norway's leading shopping center player with a solid market position.

The shopping center portfolio includes 6 of Norway's 9 largest shopping centers, including Lagunen Storsenter in Bergen, Norway's largest shopping center in terms of retail sales.

Total retail sales in 2023 amounted to NOK 60 568 (57 032) million, made up of NOK 56 679 (53 453) in Norway and SEK 3 904 (3 765) million in Sweden¹.

¹ The retail sales figures, which relate to wholly and jointly owned companies, are as reported by the tenants.



Commercial property

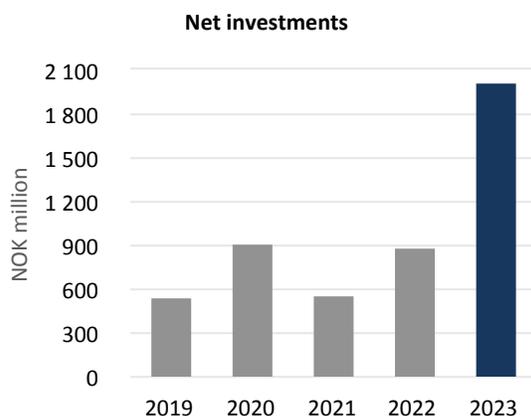
Olav Thon Eiendomsselskap ASA has a substantial property portfolio in addition to the Group's shopping center portfolio.

The Commercial Property segment comprises 60 properties in different segments, including, retail, offices, logistics, hotel properties and 400 residential rentals. Mainly located in the Oslo area.

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

Investments

The Group's total net investments in 2023 amounted to NOK 2 025 (889) million and mainly consist of investments in property projects under construction and upgrades of the existing property portfolio.



Major property purchases

Sørlandssenteret, Kristiansand

In Q1 the Group took over the remaining 50 % of the shopping center Sørlandssenteret in the Municipality of Kristiansand. Following the takeover Olav Thon

Eiendomsselskap is the sole owner of the shopping center.

The Sørlandssenter, which is located 12 km northeast of Kristiansand, is the largest shopping center in the County of Agder. In 2023, total tenant sales were NOK 3.135 billion, an increase by 7 % from 2022. As a result, Sørlandssenteret was Norway's sixth-largest shopping center in 2023, in terms of sales.

Amfi Ulsteinvik

In Q1 the Group also took over Amfi Ulsteinvik, a shopping center that the Group has managed for external owners for several years. The shopping center, which is located in Ulsteinvik in the County of Møre og Romsdal, had total tenant sales of NOK 343 million in 2023, an increase of 16 % from 2022.

Property development

Completed in 2023

AMFI Vågen, Sandnes

Shopping center property of approx. 40 000 square metres has been refurbished and upgraded, including venues for hospitality and experiences. In addition the shopping center has been expanded by 750 square metres, which contains a food court, amongst others.

Under construction

The following major property projects were under construction at the end of 2023:

- Refurbishment and upgrade of the shopping center Amfi Elverum (50 % share).
- New building with a total area of 2 500 square metres and 22 residential units for rent, centrally located on Oslo's east side.
- Expansion of the shopping center Lagunen Storsenter, Bergen (42 % share).

Projects in planning phase

Olav Thon Eiendomsselskap ASA is working on a number of major property projects that are primarily 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.

FINANCING

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

At year-end, total credit facilities were NOK 26 154 (25 112) million, NOK 5 156 (4 885) million of which was undrawn.

Interest-bearing debt therefore amounted to NOK 20 997 (20 227) million.

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

At year-end, the outstanding certificate and bond debt amounted to NOK 11 809 (12 033) million, made up as follows:

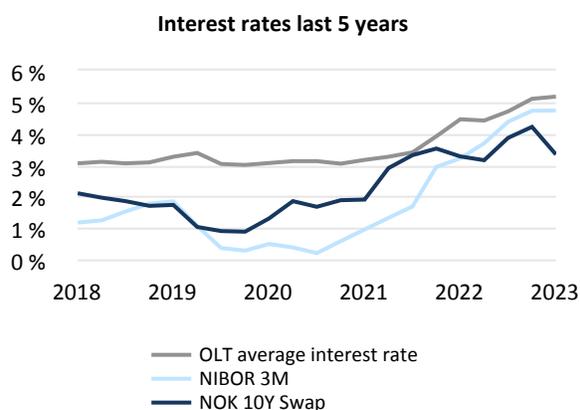
Norway:	NOK 11 100 million	(11 088)
Sweden:	SEK 700 million	(1 000)

The debt had an average residual term of 3,5 (3,0) years, and 7 % (13 %) of the debt is due for repayment within 1 year.

The Group's average interest rate was 5,17 % (4,45 %), divided between the following currencies:

Currency	Average interest	Share of debt
NOK	5,3 % (4,6 %)	88 % (87 %)
SEK	4,3 % (3,1 %)	12 % (13 %)

At year-end, the Group had a fixed-rate ratio of 59 % (57 %), with an average fixed-rate period of 3,5 (3,5) years.



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

ORGANISATION AND WORKING ENVIRONMENT

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

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

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

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

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

By the end of 2023, there were 237 (273) FTEs in the Group. On the same date, parent company Olav Thon Eiendomsselskap had 1 FTE.

38 % of the Group's employees are women and 62 % are men. The Group's sick leave rate in 2023 was 5,7 % (5,3 %).

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

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

At the company's Annual General Meeting on 24th of May 2023, the following board members were elected for a term of 2 years ending in 2025:

- Kjetil Nilsen, Chairman
- Olav Thon
- Elisabeth Holvik

Stig O. Jacobsen was elected as a deputy board member for a term of 1 year ending in 2024.

Olav Thon Eiendomsselskap ASA has taken out insurance for members of the Board of Directors for their possible liability in relation to the company and third parties.

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

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

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

Olav Thon Gruppen AS is a member of the UN Global Compact, and works systematically in the areas of human rights, working conditions, the environment, anti-corruption and social responsibility.

In autumn 2022, Olav Thon Eiendomsselskap ASA adopted a Sustainability Strategy, which sets out the Group's ambitions, targets and plans for sustainability work towards 2030.

Olav Thon Eiendomsselskap ASA published its first ever sustainability report in 2022. It describes the company's extensive work in the areas of corporate social responsibility and sustainability.

Further information on this work and the sustainability report can be found on the company's website olt.no.

Transparency Act

The Norwegian Transparency Act is intended to ensure that enterprises respect fundamental human rights and decent working conditions in connection with the production of goods and services.

The Act imposes on enterprises a duty to provide information and a duty to carry out due diligence. This has to be done in the form of an account, which must be publicly available.

Olav Thon Eiendomsselskap ASA will publish an "Account of due diligence carried out pursuant to the Transparency Act" on the Group's website at olt.no.

CORPORATE GOVERNANCE

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

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

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

Olav Thon Eiendomsselskap ASA's Board of Directors held five board meetings in 2023.

SHARE INFORMATION

The price of Olav Thon Eiendomsselskap ASA shares at the end of 2023 was NOK 186,5, up from NOK 175,5 at the start of the year.



In recent years, Olav Thon Eiendomsselskap ASA shares have generated the following return (including dividend) compared with the Oslo Stock Exchange:

	Share price and dividend OLT	Main index Oslo Stock Exchange
2023	10 %	10 %
Last 3 years	11 %	34 %
Last 5 years	49 %	63 %

Share trades

In 2023, 2,5 (5,6) million shares were traded and 6 745 (11 830) transactions in the share were conducted on the Oslo Stock Exchange.

The highest and lowest prices in 2023 were NOK 187 (197) and NOK 160 (165) respectively.

Shareholders

Olav Thon Eiendomsselskap ASA has issued 101 478 908 shares, which have equal rights.

At year-end, the company had 3 773 shareholders, with Norwegian investors owing 97,6 % of the shares.

At year-end, the company's market capitalisation was NOK 18,9 (18,2) billion, and the company's five largest shareholders were as follows:

Largest shareholders	31.12.23	31.12.22
Olav Thon Gruppen AS (incl. subs)	75,4 %	75,4 %
MP Pensjon	2,3 %	2,3 %
VPF Nordea Norge Verdi	1,6 %	1,4 %
J. P. Morgan SE	1,3 %	1,0 %
Folketrygdfondet	1,2 %	2,3 %
Others	18,2 %	17,5 %
Total	100 %	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.

In 2023, a dividend of NOK 6,5 per share for 2022 was paid to shareholders in the company on 24.05.2023.

The Board proposes that a dividend of NOK 7,0 (6,5) per share be paid for 2023.

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

OLAV THON EIENDOMSELSKAP'S RISK FACTORS

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

- Market risk
- Financial risk
- Operational risk

Markt risk

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

The market risk is related to both the development of properties' market value and the development of rental prices for retail, office and residential properties.

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

Changes in the market's required returns used in the sale of commercial property and changes in market rents for properties have a direct effect on property values. Calculations of this effect can be found in note 14 in the annual report.

The commercial property market in 2023

The commercial property market showed weak development overall in 2023, and a substantial increase in financing costs resulted in lower demand for commercial property.

Increasing interest rates contributed to higher yields on commercial property investments, which resulted in a general decrease in market value.

As a result, the sales volume in the transaction market for commercial property in Norway was reduced in 2023, showing the lowest yearly volume since 2011.

Rental prices for shopping center properties largely showed stable development.

The rental price trend was mainly stable or slightly up on the office rental market in the Oslo area, with differences between the different parts of the city.

The Group's market risk

Value development in both the shopping center property segment and commercial property segment in 2023 was significantly down.

The value of the Group's shopping center properties fell by NOK -2 632 million, while the value of the commercial properties fell by NOK -1 729 million.

Rental prices showed a stable trend for shopping center properties and stable or slightly rising trend for commercial properties.

The risk of a substantially higher vacancy rate and a significant fall in the Group's rental income is considered moderate.

A sensitivity analysis of what effects any changes in required return and rental income would have on property values and the equity ratio can be found in note 14 and on the company's website olt.no.

Financial risk

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

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

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

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

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

Credit rating

In February 2021, Olav Thon Eiendomsselskap ASA was awarded an Investment Grade Rating of Baa2 with stable outlook by Moody's. The Group's rating class and outlook were both confirmed in February 2024, therefore remaining unchanged since February 2021.

The credit rating has strengthened the Group's access to financing in the capital market.

Trends in the financial markets

Access to financing is judged satisfactory in 2023 despite varying financing markets.

Interest rate development

In 2023, Norges Bank raised its policy rate from 2,75 % to 4,50 %.

The short-term Norwegian money market interest rate (3-month NIBOR) rose from 3,21 % to 4,72 % at year-end. The long-term money market rate (10-year swap rate) rose from 3,17% to 3,43 % at year-end.

The Swedish Central Bank raised its interest rate from 2,50 % to 4,00 % in 2023, while the short-term money market interest rate (3-month STIBOR) rose from 2,70 % to 4,05 % at year-end. The long-term money market rate (10-year swap rate) fell from 3,09 % to 2,36 % at year-end.

The credit market

The credit margin indicated for new loans issued by the Group varied in 2023. It was relatively stable during the first three quarters, and fell slightly in Q4.

At year-end, the credit spread for 5-year unsecured bond issues in Norway was indicated at 1,75 % (2,00 %), while 12-month unsecured commercial papers were indicated at 0,80 % (1,20 %).

The Group's financial risk factors

The Group's operations entail various types of financial risk factor:

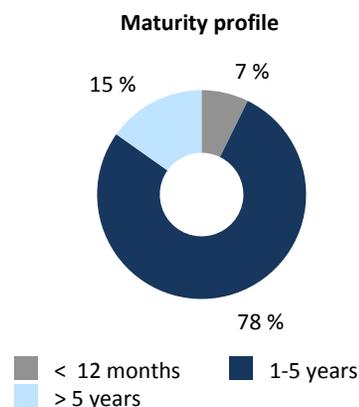
- Liquidity risk
- Interest rate risk
- Currency risk
- Credit risk

Descriptions of financial risk management and financial risk objectives can be found in note 18 in the annual report for 2023. The status of the different risks factors at year-end is described below.

Liquidity risk

The Group's liquidity reserves at year-end amounted to NOK 5 382 (5 139) million.

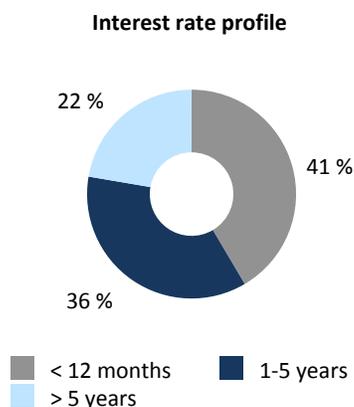
The debt portfolio had an average residual term of 3,5 years (3,0) and 7 % (13 %) of the debt is due for repayment within 1 year.



As at 31.12.23, the liquidity reserve represents 352 % of debt maturing in the next 12 months.

Interest rate risk

At year-end, the Group had a fixed-rate ratio with a fixed-rate period exceeding one year of 59 % (57 %), with an average fixed-rate period of 3,5 years (3,5).



The average interest rate at year-end was 5,17 % (4,45 %).

Interest rate hedging in the group is mainly through the use of interest rate derivatives (interest rate swaps) at portfolio level.

At year-end, the portfolio of interest rate derivatives was NOK 24 867 (19 943) million and is made up of the following main groups:

	MNOK
Floating to fixed interest rate	11 338
Fixed to floating interest rate	4 209
Floating to fixed interest rate - future start	9 320
Sum	24 867

At year-end, total fair value was NOK 74 (-110) million.

Fair value is affected by changes in long-term interest rates and by the residual term on interest rate derivatives.

It is estimated that a change of 1 percentage point in interest rates would change the market value of the portfolio by approximately NOK 550 - 650 million.

Currency risk

At year-end, the Group had a hedge ratio of 96 %, which means that 96 % of the Group's assets in Sweden are financed with Swedish kronor.

At year-end, 88 % (87 %) of the Group's interest-bearing debt was nominated in Norwegian kroner, with an average interest rate of 5,3 % (4,6 %).

The debt borrowed in Swedish kronor stood at 12 % (13 %) and had an average interest rate of 4,3 % (3,1 %).

Credit risk

Provisions for rental business losses remained roughly unchanged during 2023. Realised credit losses have represented less than 0,5 % of the Group's rental income in recent years.

Operational risk

The Group's operational risk is primarily associated with the failure of employees and operational management systems to function as expected.

Management is organised so that the risk arising from the activities and absence of an individual is relatively low, and the Group's management systems are considered robust.

OUTLOOK

The growth in the Norwegian economy slowed during 2023 and is now at a low level. Despite this low growth, the unemployment rate is very low and wage growth relatively high.

The high inflation has abated somewhat, but is still considerably higher than Norges Bank's monetary policy target. In order to slow inflation, Norges Bank has raised its policy rate from 0 % to 4,5 % since autumn 2021, and is signalling a probable unchanged policy rate in the near future.

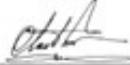
Increased geopolitical uncertainty, contiguously high inflation levels and sharp policy rate rises are contributing to persistent uncertainty regarding economic development both in Norway and globally going forward.

The Group's solid market- and financial position is expected to help maintain a good operating profit development in the future, despite considerably higher policy rate and persistent uncertainty regarding the economic development.

Oslo 10 april 2024
Board of directors, Olav Thon Eiendomsselskap ASA



Kjetil Nilsen (Chairman of the Board)



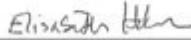
Olav Thon



Sissel Berdal Haga Thon



Line Norbye



Elisabeth Holvik



Dag Tangevald-Jensen (CEO)

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

We confirm that, to the best of our knowledge, the company's annual financial statements for 2023 have been prepared in accordance with applicable accounting standards and that the disclosures in the financial statements give a true and fair view of the Group's and the company's assets, liabilities, financial position and profit or loss taken as a whole.

The Board of Directors confirms that the Annual Report provides a fair overview of the development and financial performance and position of the Group and the company and describes the principal risks and uncertainties the Group faces.

Oslo, 10 April 2024

Board of directors, Olav Thon Eiendomsselskap ASA



Kjetil Nilsen (Chairman of the Board)



Olav Thon



Sissel Berdal Haga Thon



Line Norbye



Elisabeth Holvik



Dag Tangevald-Jensen (CEO)

OLAV THON EIENDOMSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
<i>(Figures in NOK millions)</i>		
Rental income	3 722	3 219
Property-related income	1 098	1 006
Property-related expenses	-1 454	-1 346
Net rental income	3 366	2 879
Other operating income	56	158
Other operating expenses	-56	-83
Administrative expenses	-179	-180
Depreciation	-17	-26
Net income from property management	3 171	2 747
Fair value adjustments, investment property	-4 361	114
Share of profit from joint ventures and associated companies	-28	122
Operating profit	-1 218	2 984
Financial income	26	58
Financial expenses	-1 169	-786
Fair value adjustments, interest rate derivatives	183	878
Net financial items	-959	150
Profit before income tax	-2 177	3 134
Change in deferred tax	841	-444
Income tax payable	-317	-224
Income tax	524	-668
Profit	-1 653	2 466
Other Comprehensive income		
<i>Items to be reclassified to P&L in subsequent periods:</i>		
Currency translation differences from foreign operations	116	-45
Total comprehensive income	-1 538	2 420
Profit attributable to:		
Shareholders of the parent	-1 568	2 452
Non-controlling interests	-85	14
Total comprehensive income attributable to:		
Shareholders of the parent	-1 452	2 406
Non-controlling interests	-85	14
Earnings per share, basic and diluted (NOK)	-15	24

OLAV THON EIENDOMSSSELKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	31.12.23	31.12.22
(Figures in NOK millions)		
ASSETS		
Investment properties	56 577	57 699
Owner-occupied properties	184	186
Fixed assets	46	50
Investments in joint ventures and associated companies	1 899	2 965
Other non-current assets	442	374
Total non-current assets	59 149	61 274
Trade receivables and other current receivables	1 126	1 056
Cash and cash equivalents	226	254
Total current assets	1 352	1 310
Total assets	60 501	62 584
EQUITY AND LIABILITIES		
Share capital	101	101
Share premium	318	318
Other equity	29 677	31 815
Non-controlling interests	340	438
Total equity	30 437	32 673
Deferred tax liabilities	7 149	7 940
Lease liabilities	204	196
Interest-bearing non-current liabilities	19 471	17 605
Other non-current liabilities	57	100
Total non-current liabilities	26 880	25 841
Income tax payable	308	225
Interest-bearing current liabilities	1 527	2 622
Trade payables and other current liabilities	1 349	1 224
Total current liabilities	3 184	4 070
Total liabilities	30 064	29 911
Total equity and liabilities	60 501	62 584

Oslo, 10 April 2024

Board of Directors, Olav Thon Eiendomsselskap ASA



Kjetil Nilsen (Chairman of the Board)



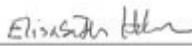
Olav Thon



Sissel Berdal Haga Thon



Line Norbye



Elisabeth Holvik



Dag Tangevald-Jensen (CEO)

OLAV THON EIENDOMSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

	2023	2022
(Figures in NOK millions)		
Profit before income tax	-2 177	3 134
Fair value adjustments, investment property	4 350	-114
Fair value adjustment, interest rate derivatives	-183	-878
Expensed interest	1 062	760
Paid interest	-1 032	-747
Paid income tax	-234	-207
Share of profit from joint ventures and associated companies	28	-122
Depreciation of fixed assets	17	26
Change in operating related accruals	199	-608
Net cash flow from operating activities	2 030	1 243
Purchase of investment properties and property, plant and equipment	-705	-706
Sale of subsidiaries	–	191
Net payments of acquisition of subsidiaries	-1 222	-263
Other investments	-48	240
Net cash flow from investment activities	-1 975	-537
Proceeds from interest-bearing liabilities	8 483	9 404
Repayment of interest-bearing liabilities	-7 895	-9 206
Payment on leasing liabilities	-8	-8
Dividends paid	-672	-691
Payments of purchase of own shares	–	-398
Net cash flow from financing activities	-92	-900
Currency translation effects on cash and cash equivalents	9	–
Net change in cash and cash equivalents	-28	-194
Cash and cash equivalents as at 1 January	254	448
Cash and cash equivalents as at 31 December	226	254
Unutilized overdrafts and other credit facilities	5 156	4 885

OLAV THON EIENDOMSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

(Figures in NOK millions)	Share capital	Share premium	Currency translation differences	Other equity	Hedging reserve	Shareholders of the parent	Non-controlling interest	Total
Equity 31.12.21	104	318	-70	30 567	-12	30 907	436	31 342
Profit				2 452		2 452	14	2 466
Other comprehensive income			-45			-45		-45
Acquisitions of own shares	-2			-396		-398		-398
Dividends paid				-674		-674	-17	-691
Other changes				-6		-6	5	-
Equity 31.12.22	101	318	-116	31 943	-12	32 235	438	32 673
Profit				-1 568		-1 568	-85	-1 653
Other comprehensive income			116			116		116
Acquisitions of own shares	-			-		-		-
Dividends paid				-660		-660	-12	-672
Other changes				-26		-26	-	-26
Equity 31.12.23	101	318	-	29 689	-12	30 097	340	30 437

OLAV THON EIENDOMSSSELKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

ALTERNATIVE PERFORMANCE MEASURES

(Figures in NOK millions)

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

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

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

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

	2023	2022
Fair value adjustments in:		
investment properties recognised in profit and loss	-4 361	114
investment properties in joint ventures	-157	-105
investment properties in associated companies	3	10
interest rate derivatives recognised in profit and loss	183	878
interest rate derivatives in joint ventures	2	23
Fair value adjustments, investment properties and derivatives	-4 330	920

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.

	2023	2022
Profit before income tax	-2 177	3 134
Income tax in joint ventures	7	-7
Income tax in associated companies	8	10
Fair value adjustments investment properties and derivatives	4 330	-920
Currency gain	-	-43
Currency loss	93	-
Profit before income tax, fair value adjustment and currency result	2 261	2 174

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.

	2023	2022
Total equity	30 437	32 673
Total equity and debt	60 501	62 584
Equity ratio	50 %	52 %

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.

	2023	2022
Majority share of equity	30 097	32 235
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 143	7 926
Fair value of debt - deferred tax liabilities - 6 %	-1 948	-2 162
Long term net asset value	35 292	37 999
Number of shares (own shares not included)	101 478 908	101 478 908
Long term net asset value per share in NOK	348	374
Equity per share in NOK	297	318

5. Liquidity reserves

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

	2023	2022
Unutilized overdrafts and other credit facilities	5 156	4 885
Cash and cash equivalents	226	254
Liquidity reserves	5 382	5 139

6. Amortisation next 12 months

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

	2023	2022
Commercial papers	–	378
Bonds	1 500	2 155
Bank loans	27	88
Amortisation next 12 months	1 527	2 622

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

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

	2023	2022
Bonds, non-current	10 309	9 500
Bonds, current	1 500	2 155
Commercial papers, current	–	378
Debt to credit institutions, long-term	9 161	8 105
Debt to credit institutions, short-term	27	88
Interest-bearing debt ¹⁾	20 997	20 227
Cash and cash equivalents	-226	-254
Net interest-bearing debt	20 772	19 973
Market value properties (see APM 11)	56 568	57 715
Loan to value ratio	37 %	35 %

¹⁾ Unsecured part of interest-bearing debt (where the Group has not provided collateral)

11 809	10 995
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8. Interest per balance sheet date

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

	2023	2022
Annualized interest expenses on interest-bearing debt as of the balance sheet date	1 130	803
Annualized interest expenses on current interest rate swaps per balance sheet date	-43	97
Annualized interest expenses per balance sheet date	1 086	901
Interest-bearing debt	20 997	20 227
Interest per balance sheet date	5,17 %	4,45 %

9. Interest coverage ratio

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

	2023	2022
Net income from property management (12-month rolling)	3 171	2 747
Depreciation last (12-month rolling)	17	26
Net income from property management before depreciation (12-month rolling)	3 188	2 773
Interest expenses on interest-bearing debt (12-month rolling)	1 048	745
Interest income (12-month rolling)	-26	-15
Net interest expenses (12-month rolling)	1 023	730
Interest coverage ratio	3,1	3,8

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.

	2023	2022
Investment properties	692	684
Acquisitions and divestments companies	1 222	71
Other fixed assets	11	18
Other investments	99	115
Net investments	2 025	889

11. Market value properties

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

	2023	2022
Market value investment properties - owned	56 382	57 509
Market value owner-occupied properties	187	206
Market value properties	56 568	57 715

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

Market value of properties joint venture (Group share)	2 410	3 549
Market value of properties associated companies (Group share)	896	887

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.

	2023	2022
Annualized market rent leased premises	3 665	3 268
Annualized market rent vacant premises	135	117
Annualized rental income level	3 800	3 385

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

Annualized market rent leased premises owned through JV's and associated companies	224	286
Annualized market rent vacant premises owned through JV's and associated companies	6	9
Annualized rental income level owned through joint ventures and associated companies	230	295

Total annualized rental income level	4 030	3 680
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13. Yield properties

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

	2023	2022
Annualized rental income level	3 800	3 385
Lessor's owner cost	499	464
Annualized net rental income level	3 301	2 921
Market value properties	56 568	57 715
Adjustment market value for plots etc	586	424
Market value properties after adjustment	55 983	57 291
Yield properties	5,9 %	5,1 %

Olav Thon Eiendomsselskap ASA
Stenersgata 2A
Postboks 489 Sentrum
0105 Oslo

TEL.: +47 23 08 00 00
E-mail: firmapost.olt@olavthon.no
olt.no