

OLAV THON EIENDOMSSelskAP

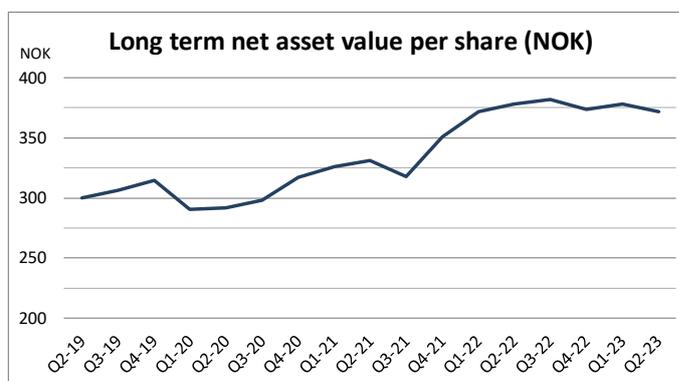
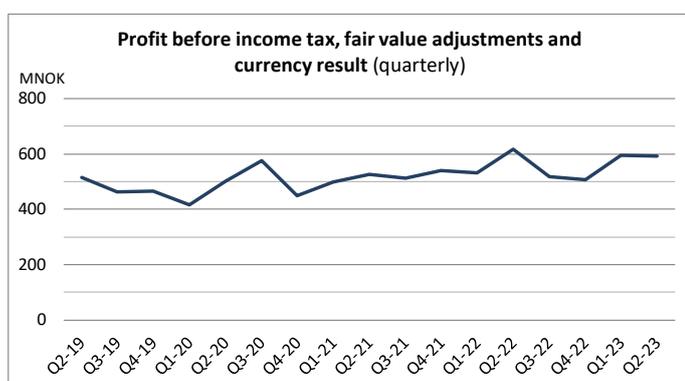


REPORT FOR Q2 AND H1 2023

KEY FIGURES

MNOK	APM*	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Net rental income		848	718	1 699	1 436	2 879
Fair value adjustments in investment properties and interest rate derivatives	1	-409	857	-688	2 749	920
Profit before income tax		173	1 418	407	3 885	3 134
Profit before income tax, fair value adjustments and currency result	2	592	618	1 185	1 150	2 174
Equity ratio	3			51 %	53 %	52 %
Equity per share (NOK)	4			315	321	318
Long-term net asset value per share (NOK)	4			372	378	374
Net cash flow from operations		584	537	1 057	1 074	2 045
Liquidity reserves	5			4 910	5 681	5 139
Amortisation next 12 months	6			2 862	2 445	2 623
Interest-bearing debt	7			21 672	20 495	20 227
Interest per balance sheet date	8			4,70 %	3,40 %	4,45 %
Loan to value ratio	7			36 %	34 %	35 %
Net investments	9	267	30	1 695	461	889
Market value properties	10			59 486	59 123	57 715
Annualized rental income level	11			3 730	3 340	3 385
Net yield properties	12			5,48 %	4,90 %	5,10 %
Sales, owned shopping centres		14 643	13 999	27 480	25 816	57 032
Share price per balance sheet date (NOK)				167,5	166,5	175,5

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



OLAV THON EIENDOMSSSELKAP ASA

Report for Q2 and H1 2023

HIGHLIGHTS:

- The Group posted profit before tax of NOK 173 (1,418) million in Q2.
- Profit before tax, fair value adjustments and currency result amounted to NOK 592 (618) million in Q2.
- The Group's rental income amounted to 946 (807) million in Q2.
- Fair value adjustments of investment property and financial instruments totalled NOK -409 (857) million in Q2.
- The Group's financial position is solid, and the Group's equity ratio at the end of H1 was 51 % (53 %), while its liquidity reserves were NOK 4,910 (5,681) million.
- Retail sales for the shopping centre portfolio in Q2 were NOK 14,643 (13,999) million, up 5 % on the same period last year.

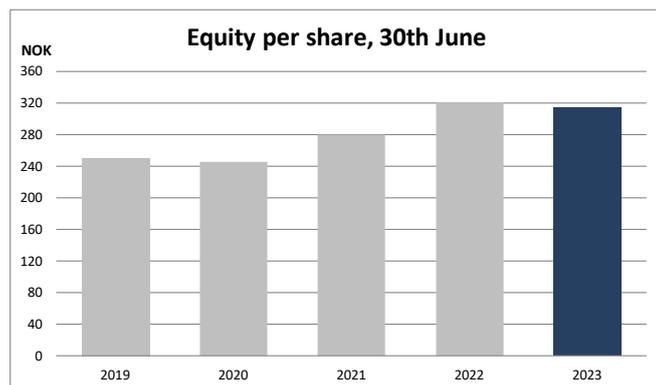
*The figures in brackets are for the corresponding period/date last year

FINANCIAL POSITION/BALANCE SHEET AS AT 30 JUNE 2023

The Group's total assets were NOK 63,658 (64,090) million, with investment properties accounting for NOK 59,485 (59,121) million of that figure.

Total equity was NOK 32,416 (33,709) million and the equity ratio was 51% (53%).

Equity per share was NOK 315 (321), while the NAV per share was calculated at NOK 372 (378).¹



Equity per share has increased by 26 % since 30 June 2019.

Interest-bearing debt was NOK 21,672 (20,495) million with a loan-to-value ratio² of 36 % (34 %).

The Group's share of the equity in joint ventures and associates was NOK 2,018 (3,126) million.

SUMMARY OF THE RESULTS FOR Q2

Profit before tax was NOK 173 (1,418) million.

Fair value adjustments of investment property and financial instruments amounted to NOK 409 (857) million³.

Profit before tax, fair value adjustments and currency result therefore amounted to NOK 592 (618) million.

RENTAL INCOME AND PROPERTY-RELATED EXPENSES

Gross rental income was NOK 946 (807) million.

Property-related income amounted to NOK 241 (214) million and consisted mainly of payments from the Group's tenants to cover

property service charges and operation of shopping centre associations.

Property-related expenses amounted to NOK 339 (303) million, including the above-mentioned letting and property administration costs of NOK 208 (194) million.

Maintenance expenses for the property portfolio amounted to NOK 39 (30) million.

Net rental income was therefore NOK 848 (718) million.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The value of the Group's investment properties was adjusted downward by NOK 940 (565) million in Q2.

The reduction in value is largely due to the average required yield used for valuation of the property portfolio increasing from 5.30 % to 5.48 %.

An increase in rental income as a result of consumer price adjustment mitigates the reduction in value of the property portfolio considerably.

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 values in both property segments were adjusted downward in Q2.

The value of the Group's shopping centre properties was adjusted downward by NOK 671 (437) million, while the value of the commercial properties was adjusted downward by NOK 269 (131) million.

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

The Group's share of the results of joint ventures and associates amounted to NOK 112 (76) million.

The fall from last year is primarily due to fair value adjustments of investment properties and financial instruments in these companies amounting to NOK 112 (49) million. The value of some properties was adjusted upward as a result of growth in rental income.

The share of the results and balance sheet totals of joint ventures and associates is also affected by the Group's stake in Sørlandssenteret DA increasing from 50 % to 100 % in Q1 2023.

OTHER OPERATING INCOME AND EXPENSES

Changes in other operating income and expenses compared with the same quarter last year were affected to a significant extent by

¹ For definitions, see alternative performance measures (APM) at the end of the report

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

³ Includes investments in joint ventures and associates

the sale of management company Amfi Drift AS in Q2 last year, which resulted in a gain of NOK 69 million.

Other operating income was NOK 13 (83) million and consisted mainly of sales income from other activities.

Other operating and administrative expenses amounted to NOK 55 (53) million, while depreciation and amortisation amounted NOK 4 (7) million.

FINANCIAL INCOME AND EXPENSES

Net financial items amounted to NOK 200 (35) million, with fair value adjustments of financial instruments accounting for NOK 418 (242) million of that figure.

Net interest expenses amounted to NOK 240 (170) million, NOK 3 (3) million of which were interest expenses for lease liabilities.

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

Unrealised exchange rate gains associated with the SEK exchange rate amounted to NOK 26 (-33) million.

FAIR VALUE ADJUSTMENTS, FINANCIAL INSTRUMENTS

Long-term market interest rates (swap rates) rose in both Norway and Sweden in Q2.

In Norway, the 5-year swap rate rose by 0.97 of a percentage point to 4.22 %, while the 10-year swap rate rose by 0.71 of a percentage point to 3.86 %.

In Sweden, the 5-year swap rate rose by 0.34 of a percentage point to 3.40 %, while the 10-year swap rate rose by 0.19 of a percentage point to 3.09 %.

As a result of the change in interest rates and shorter residual terms, the fair value of financial instruments increased by NOK 418 (242) million in Q2.

SUMMARY OF THE RESULTS FOR H1

Profit before tax was NOK 407 (3,885) million.

Fair value adjustments of investment property and financial instruments totalled NOK -688 (2,749) million.

Profit before tax, fair value adjustments and currency result thus amounted to NOK 1,185 (1,150) million.

CASH FLOW AND LIQUIDITY

Q2

Net cash flow from operations was NOK 584 (537) million.

Net cash flow from operating activities was NOK 565 (91) million.

Investing activities reduced liquidity by NOK 559 (113) million net, while financing activities reduced liquidity by NOK 104 (467) million.

The currency effect on cash and cash equivalents amounted to NOK 0 (2) million, and the Group's liquidity reserves therefore fell by NOK 98 (488) million in Q2.

H1

Net cash flow from operations was NOK 1,057 (1,074) million in H1 as a whole.

Net cash flow from operating activities was NOK 1,205 (546) million.

Investing activities reduced liquidity by NOK 1,947 (501) million, while financing activities increased liquidity by NOK 645 (-298) million.

The currency effect on cash and cash equivalents amounted to NOK 4 (0) million.

The Group's liquidity reserves therefore fell by NOK 93 (253) million in H1.

Liquidity reserves were NOK 4,910 (5,681) million as at 30 June 2023 and consisted of short-term investments of NOK 161 (195) million and undrawn long-term credit facilities of NOK 4,749 (5,486) million.

INVESTMENTS

The Group's net investments in Q2 were NOK 267 (30) million.

Net investments were NOK 1,695 (461) million in H1 as a whole.

MAJOR PROPERTY PROJECTS⁴

Under construction

Arnliot Gellines vei 1, Oslo

A property centrally located in Oslo east with total space of 2,500 square metres. The property, with 22 residential units for rent, is scheduled for completion in 2023/2024.

In planning phase

Olav Thon Eiendomsselskap has several property projects in the planning phase. The projects are primarily linked to the further development of its property portfolio, and whether they will be executed depends on factors such as official permits and market conditions.

INVESTMENT PROPERTIES AS AT 30 JUNE 2023

The property portfolio was valued at NOK 59,284 (59,121) million, based on an average required yield of 5.48 % (4.90 %).

⁴ Over NOK 50 million

Average required yields by property segment were as follows:

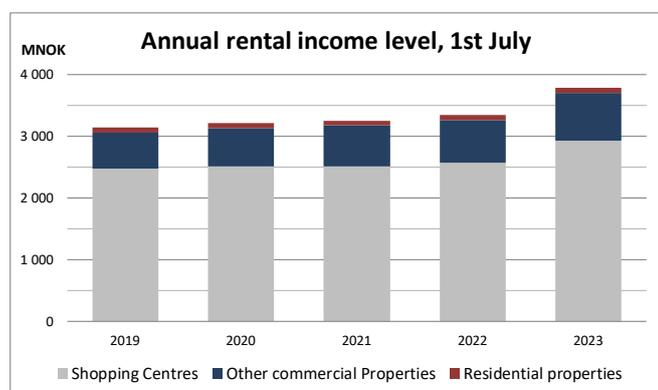
Shopping centre properties	5.88 % (5.27 %)
Commercial property	4.41 % (3.99 %)

The annual rental income level was NOK 3,730 (3,340) million.

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

	Fair value (Share)	Rental income level (Share)
Shopping centre properties	73 %	79 %
Commercial property	27 %	21 %
Total portfolio	100 %	100 %

The vacancy rate in the property portfolio was 3.4 % (3.3 %).



The annual rental income level has increased by 18.8 % in the last five years.

PROPERTY PORTFOLIO OWNED THROUGH JOINT VENTURES AND ASSOCIATES

The Group's share of the rental income of joint ventures and associates was NOK 230 (288) million.

The Group's share of the property values in these companies was NOK 3,416 (4,548) million.

THE SHOPPING CENTRE BUSINESS AREA

At the end of H1, Olav Thon Eiendomsselskap wholly or partly owned 60 shopping centres in Norway and Sweden.

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 no less than six of the country's nine largest shopping centres.

Retail sales

Retail sales in the Group's shopping centre portfolio in Q2 amounted to NOK 14,643 (13,999) million.

The shopping centres had the following retail sales in Q2, broken down by month:

	2023	2022	Change
April	4,414	4,455	-0.9 %
May	4,782	4,575	4.5 %
June	5,447	4,969	9.6 %
Total Q2	14,643	13,999	4.6 %

Retail sales were NOK 27,480 (25,816) million in H1 as a whole.

Norway

In Q2, the Group's Norwegian shopping centres had retail sales of NOK 13,635 (13,084) million.

Retail sales in H1 amounted to NOK 25,604 (24,121) million.

Sweden

Retail sales in the shopping centres in Sweden amounted to SEK 1,008 (957) million in Q2, and SEK 1,876 (1,780) million in H1.

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 both macroeconomic factors and demand for commercial property as an investment object.

The valuation as at 30 June 2023 was based on an average required yield of 5.48 %. In the last three years, the required yield has varied between 4.90 % and 5.48 %.

Changes in required 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 quarterly report and on the company's website: olt.no.

THE FINANCIAL MARKET

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 2022 and on the company's website: olt.no.

FINANCIAL INSTRUMENTS

The Group's financial instruments (interest rate swaps) are carried at fair value. Interest rate swaps are primarily used to hedge long-

term fixed-rate periods for the Group, and thus reducing the financial risk.

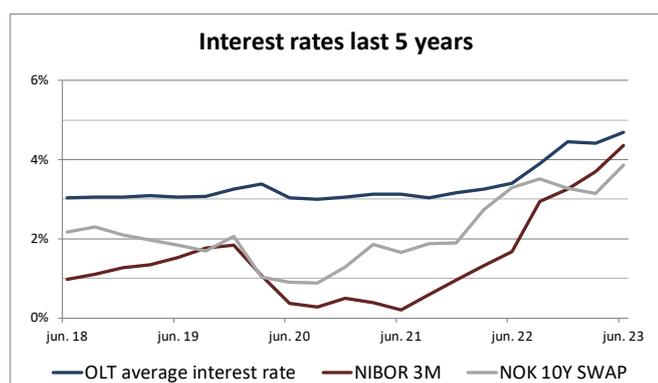
At the end of Q2, the portfolio of financial instruments was NOK 21,012 (18,389) million and is made up of the following main groups:

NOK m	Amount
Variable to fixed interest rate	11,316
Fixed to variable interest rate	2,900
Variable to fixed interest rate – forward-dated	6,796
Total	21,012

At the end of H1, total fair value was NOK 303 (-175) million.

Fair value is affected both by changes in long-term interest rates and by the residual term on financial instruments.

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



As at 30 June 2023, the Group's average interest rate (including credit margins) was 4.7 %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 considered satisfactory despite the weak development of the capital markets in Q2.

In Q2, the Nordic banking market was the Group's main source of financing, with new long-term loans amounting to NOK 2,500 million being raised. In addition, new loans amounting to SEK 550 million were raised in the Swedish capital market.

INTEREST-BEARING DEBT AND MATURITY STRUCTURE

At the end of Q2, outstanding certificate and bond debt amounted to NOK 11,741 (12,886) million, broken down as follows:

Norway: NOK 10,750 (11,680) million

Sweden: SEK 1,000 (1,250) million

Total credit facilities were NOK 26,425 (25,981) million, NOK 4,753 (5,846) million of which was undrawn.

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

Drawn debt at the end of H1 had an average residual term of 2.8 (3.2) years, with 13 % (12 %) of the debt falling due for repayment within 1 year.

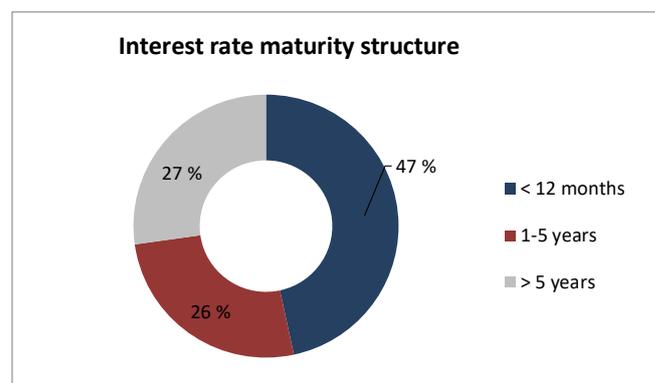
Current liquidity reserves are sufficient to refinance all debt falling due in both the banking and capital markets up until Q1 2025.

AVERAGE INTEREST RATE AND FIXED RATE PERIOD

At the end of Q2, the Group had a fixed-rate ratio of 53 % (56 %), with an average fixed-rate period of 3.2 (3.6) years.

The Group's average interest rate (including credit margins) was 4.70 % (3.40 %), divided between the following currencies:

Currency	Share of debt	Average interest rate
NOK	88 %	4.82 %
SEK	12 %	3.77 %



53 % of interest-bearing debt has a fixed-rate period of more than 1 year. The average fixed-rate period is 3.2 years.

SHARE INFORMATION

The closing price of Olav Thon Eiendomsselskap shares was NOK 167.50 at the end of Q2, down from NOK 171 at the start of the quarter.

The highest and lowest prices in the quarter were NOK 180 and 164, respectively.

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

⁵ Loans in NOK and SEK

	Return OLT	OSEBX
Q2 2023	2 %	2 %
H1 2023	-1 %	2 %
Last 12 months	5 %	4 %
Last 24 months	4 %	8 %
Last 36 months	33 %	53 %
Last 60 months	27 %	38 %

In Q2, 383,000 (1,059,000) shares were traded and 1,433 (3,245) transactions in the shares were conducted on the Oslo Stock Exchange.

In H1, 726,000 (2,235,000) shares were traded and 3,191 (6,835) transactions in the shares were conducted on the Oslo Stock Exchange.

SHAREHOLDERS

Olav Thon Eiendomsselskap has issued 103,623,171 shares, which have equal rights. As at 30 June 2023, the company owned 2,144,263 treasury shares, which means that the number of shares with voting rights stands at 101,478,908.

The portfolio of treasury shares will be retired in August after the deadline for creditors expires.

At the end of H1, the company had 3,755 shareholders, with Norwegian investors owning 97.8 % of the shares.

At the end of H1, the company's market capitalisation was NOK 17.4 (17.3) billion, and the company's largest shareholders were:

Olav Thon Gruppen AS and subsidiaries	73.9 %
MP Pensjon	2.2 %
Olav Thon Eiendomsselskap ASA	2.1 %
Folketrygdfondet	2.0 %
VPF Nordea Norge	1.4 %
Other shareholders	18.4 %
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 company's General Meeting resolved to pay a dividend of NOK 6.50 per share for 2022. This dividend was distributed to shareholders in June.

OUTLOOK

The Norwegian economy is still booming, but there are now signs of lower economic growth. Unemployment is very low, and price growth is still much higher than Norges Bank's inflation target.

In order to curb the high inflation, Norges Bank has raised its policy rate from 0 % to 3.75 % since autumn 2021 and is indicating that it will have to be raised further if inflation is not reined in.

The war in Ukraine, rising inflation and sharp interest rate rises are contributing to persistent uncertainty regarding economic development both in Norway and worldwide going forward.

Despite much higher interest rates and persistent uncertainty regarding economic development in the next few years, it is assumed that the Group's strong market position and solid finances will help maintain good operating profit development in the future.

Oslo, 10 August 2023

Board of Directors, Olav Thon Eiendomsselskap ASA

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

We confirm that, to the best of our knowledge, the company's interim financial statements for H1 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 interim 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 August 2023

Board of Directors, Olav Thon Eiendomsselskap ASA



Kjetil Nilsen
Chairman



Olav Thon
Board Member



Sissel Berdal Haga Thon
Board Member



Line Norbye
Board Member



Elisabeth Holvik
Board Member



Dag Tangevald-Jensen
CEO

OLAV THON EIENDOMSSSELKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Rental income	6	946	807	1 851	1 590	3 219
Property-related income		241	214	567	495	1 006
Property-related expenses	6	-339	-303	-719	-649	-1 346
Net rental income	7	848	718	1 699	1 436	2 879
Other operating income		13	83	27	124	158
Other operating expenses		-10	-12	-26	-52	-83
Administrative expenses	6	-45	-41	-89	-96	-180
Depreciation		-4	-7	-10	-16	-26
Net income from property management	7	801	741	1 601	1 396	2 747
Fair value adjustments, investment property	8	-940	565	-1 137	1 834	114
Share of profit from joint ventures and associates	9	112	76	79	175	122
Operating profit	7	-27	1 383	542	3 405	2 984
Financial income	10	32	2	13	21	58
Financial expenses	10	-251	-210	-561	-353	-786
Fair value adjustments, interest rate derivatives		418	242	413	812	878
Net financial items		200	35	-136	480	150
Profit before income tax		173	1 418	407	3 885	3 134
Change in deferred tax		75	-217	49	-678	-444
Income tax payable		-95	-71	-120	-138	-224
Income tax		-19	-289	-71	-815	-668
Profit		154	1 129	335	3 070	2 466
Other Comprehensive income						
<i>Items to be reclassified to P&L in subsequent periods:</i>						
Currency translation differences from foreign operations		-32	41	78	-14	-45
Total comprehensive income		122	1 170	414	3 056	2 420
Profit attributable to:						
Shareholders of the parent		173	1 093	351	3 028	2 452
Non-controlling interests		-19	36	-15	42	14
Total comprehensive income attributable to:						
Shareholders of the parent		140	1 134	429	3 014	2 406
Non-controlling interests		-19	36	-15	42	14
Earnings per share, basic and diluted (NOK)		2	11	3	29	24

OLAV THON EIENDOMSSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

(NOK million)	Note	30.06.2023	30.06.2022	31.12.2022
ASSETS				
Investment properties	8	59 485	59 121	57 699
Owner-occupied properties		185	186	186
Fixed assets		43	52	50
Investments in joint ventures and associates	9	2 018	3 126	2 965
Other non-current assets		583	406	374
Total non-current assets		62 314	62 892	61 274
Trade receivables and other current receivables		1 183	1 003	1 056
Cash and cash equivalents		161	195	254
Total current assets		1 344	1 198	1 310
Total assets		63 658	64 090	62 584
EQUITY AND LIABILITIES				
Share capital		101	104	101
Share premium		318	318	318
Other equity		31 586	32 827	31 815
Non-controlling interests		410	461	438
Total equity		32 416	33 709	32 673
Deferred tax liabilities		7 939	8 175	7 940
Lease liabilities		209	209	196
Interest-bearing non-current liabilities	11	18 810	18 050	17 605
Other non-current liabilities	11	35	54	100
Total non-current liabilities		26 993	26 488	25 841
Income tax payable		117	143	225
Interest-bearing current liabilities	12	2 862	2 445	2 622
Trade payables and other current liabilities	12	1 270	1 305	1 224
Total current liabilities		4 249	3 893	4 070
Total liabilities		31 242	30 381	29 911
Total equity and liabilities		63 658	64 090	62 584

OLAV THON EIENDOMSSSELKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

(NOK million)	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Net cash flow from operations	584	537	1 057	1 074	2 045
Expensed interest	247	172	487	338	760
Paid interest	-272	-150	-507	-322	-747
Paid income tax	-110	-114	-229	-204	-207
Change in working capital	116	-355	397	-339	-608
Net cash flow from operating activities	565	91	1 205	546	1 243
Acquisition of investment properties og fixed assets	-264	-187	-449	-344	-706
Sale of subsidiaries	-	-	-	-	191
Acquisition of subsidiaries	-	-9	-1 222	-249	-263
Other investments	-295	83	-277	92	240
Net cash flow from investment activities	-559	-113	-1 947	-501	-537
Proceeds from interest-bearing liabilities	1 448	2 833	4 610	5 866	9 404
Repayment of interest-bearing liabilities	-878	-2 607	-3 289	-5 468	-9 206
Payment on leasing liabilities	-2	-2	-4	-4	-8
Dividends paid	-672	-691	-672	-691	-691
Acquisition of own shares	-	-	-	-	-398
Net cash flow from financing activities	-104	-467	645	-298	-900
Currency translation effects on cash and cash equivalents	0	2	4	-0	-0
Net change in cash	-98	-488	-93	-253	-194
Cash at beginning of period	259	683	254	448	448
Cash at end of period	161	195	161	195	254

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
Equity 31.12.2021	104	318	-70	30 567	-12	30 907	436	31 342
Profit	-	-	-	3 028	-	3 028	42	3 070
Other comprehensive income	-	-	-14	-	-	-14	-	-14
Dividends paid	-	-	-	-674	-	-674	-17	-691
Other changes	-	-	-	2	-	2	-	2
Equity 30.06.2022	104	318	-84	32 922	-12	33 249	461	33 709
Profit	-	-	-	-576	-	-576	-28	-604
Other comprehensive income	-	-	-32	-	-	-32	-	-32
Acquisitions of own shares	-2	-	-	-396	-	-398	-	-398
Dividends paid	-	-	-	-	-	-	-	-
Other changes	-	-	-	-8	-	-8	5	-2
Equity 31.12.2022	101	318	-116	31 943	-12	32 235	438	32 673
Profit	-	-	-	351	-	351	-15	335
Other comprehensive income	-	-	78	-	-	78	-	78
Dividends paid	-	-	-	-660	-	-660	-12	-672
Other changes	-	-	-	2	-	2	-0	2
Equity 30.06.2023	101	318	-38	31 636	-12	32 007	410	32 416

OLAV THON EIENDOMSSELSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

(NOK million)

Note 1 GENERAL INFORMATION

Olav Thon Eiendomsselskap ASA is based in Norway and is listed on Oslo Stock Exchange. The head office is situated in Oslo. The Group's consolidated financial statements 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 August 10, 2023. 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 2022.

Note 3 CHANGES IN GROUP STRUCTURE

No events of significance to the assessment of the Group's position and results have occurred after the reporting date.

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. In preparing the interim financial statements, management has used the same assessments related to the application of accounting principles that formed the basis for the consolidated financial statements for 2022.

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	30.06.2023	30.06.2022	31.12.2022
Rental income	Companies in Thon Holding Group	57	43	94
Property-related expenses	Companies in Thon Holding Group	5	6	17
Operating and administration agreements	Companies in Thon Holding Group	83	76	154

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.

Q2 2023	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	710	236	-	946	886	60	946
Property-related income	212	29	-	241	226	15	241
Property-related expenses	-264	-75	-	-339	-307	-32	-339
Net rental income	658	189	-	848	805	43	848
Other operating income	4	-	9	13	13	-	13
Other operating expenses	-2	-	-8	-10	-10	-	-10
Administrative expenses	-36	-9	-	-45	-41	-4	-45
Depreciation	-3	-2	-	-4	-4	-0	-4
Net income from property management	622	178	1	801	762	39	801
Fair value adjustments, investment property	-671	-269	-	-940	-931	-9	-940
Share of profit from joint ventures & associates	111	1	-	112	112	-	112
Operating profit	63	-90	1	-27	-57	30	-27

Q2 2022	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	605	202	-	807	761	46	807
Property-related income	185	29	-	214	199	16	214
Property-related expenses	-227	-76	-	-303	-278	-25	-303
Net rental income	563	155	-	718	681	37	718
Other operating income*	70	-	12	83	83	-	83
Other operating expenses	-4	-	-8	-12	-12	-	-12
Administrative expenses	-31	-10	-	-41	-38	-3	-41
Depreciation	-4	-2	-	-7	-6	-0	-7
Net income from property management	595	143	4	741	708	33	741
Fair value adjustments, investment property	435	131	-	565	574	-9	565
Share of profit from joint ventures & associates	76	0	-	76	76	-	76
Operating profit	1 105	273	4	1 383	1 358	25	1 383

30.06.2023	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	1 384	467	-	1 851	1 738	114	1 851
Property-related income	490	77	-	567	533	34	567
Property-related expenses	-554	-165	-	-719	-653	-66	-719
Net rental income	1 319	380	-	1 699	1 617	81	1 699
Other operating income	6	-	21	27	27	-	27
Other operating expenses	-9	-	-17	-26	-26	-	-26
Administrative expenses	-70	-19	-	-89	-81	-8	-89
Depreciation	-5	-5	-	-10	-10	-0	-10
Net income from property management	1 241	356	4	1 601	1 527	74	1 601
Fair value adjustments, investment property	-716	-421	-	-1 137	-1 114	-23	-1 137
Share of profit from joint ventures & associates	78	1	-	79	79	-	79
Operating profit	602	-64	4	542	492	51	542

30.06.2022	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	1 178	412	-	1 590	1 492	97	1 590
Property-related income	428	67	-	495	461	34	495
Property-related expenses	-491	-157	-	-649	-572	-77	-649
Net rental income	1 115	321	-	1 436	1 382	54	1 436
Other operating income*	90	-	34	124	124	-	124
Other operating expenses	-23	-	-29	-52	-52	-	-52
Administrative expenses	-78	-18	-	-96	-90	-7	-96
Depreciation	-10	-5	-	-16	-16	-0	-16
Net income from property management	1 093	298	5	1 396	1 348	47	1 396
Fair value adjustments, investment property	1 319	515	-	1 834	1 712	123	1 834
Share of profit from joint ventures & associates	175	0	-	175	175	-	175
Operating profit	2 587	814	5	3 405	3 235	170	3 405

31.12.2022	Operating segments				Geographical areas		
	Shopping centres	Commercial property	Other activity	Group	Norway	Sweden	Group
Rental income	2 375	844	-	3 219	3 015	203	3 219
Property-related income	883	123	-	1 006	937	69	1 006
Property-related expenses	-1 063	-283	-	-1 346	-1 190	-155	-1 346
Net rental income	2 194	684	-	2 879	2 762	117	2 879
Other operating income*	103	-	55	158	158	-	158
Other operating expenses	-39	-	-44	-83	-83	-	-83
Administrative expenses	-143	-37	-	-180	-167	-14	-180
Depreciation	-16	-10	-	-26	-26	-	-26
Net income from property management	2 099	637	11	2 747	2 644	103	2 747
Fair value adjustments, investment property	174	-60	-	114	5	109	114
Share of profit from joint ventures & associates	122	-1	-	122	122	-	122
Operating profit	2 396	577	11	2 984	2 771	212	2 984

*Includes gain from the sale of the Amfi Drift group of NOK 69 million

Note 8 INVESTMENT PROPERTY

	30.06.2023	30.06.2022	31.12.2022
Investment property - owned - fair value 01.01	57 509	56 530	56 530
Investment property - right-of-use-assets - fair value 01.01	190	337	337
Sum investment property - fair value 01.01	57 699	56 866	56 866
Acquisitions/expenditure on properties	446	330	684
Acquisitions and divestments companies/investment property	2 308	250	262
Change in fair value recognised in the period	-1 132	1 840	126
Change in fair value right-of-use-assets recognised in the period	-5	-6	-11
Net other changes right to use assets	17	-128	-136
Effect of currency exchange differences in foreign operations	153	-31	-94
Other changes	0	-0	1
Closing balance	59 485	59 121	57 699
of this investment property - owned	59 284	58 918	57 509
of this investment property - right-of-use-assets	201	203	190

The table below presents a sensitivity analysis at the balance sheet date, showing changes in fair value of investment properties when yield and rent levels is changed.

	Fair Value	Rent level		
	Investment property (owned)	- 10 %	Unchanged	+ 10 %
Yield	- 1 %-points	65 205	72 389	79 573
	- 0,5 %-points	58 716	65 179	71 642
	Unchanged	53 411	59 284	65 158
	+ 0,5 %-points	48 993	54 375	59 757
	+ 1,0 %-points	45 256	50 223	55 190

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	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Net rental income	52	74	106	147	297
Fair value adjustments, investment property	46	10	5	49	-105
Fair value adjustments, interest rate derivatives	13	8	14	24	23
Expenses	-26	-32	-53	-62	-135
Income taxes	-22	-15	-21	-20	7
Profit	64	45	52	138	86
Investment properties			2 509	3 646	3 549
Other assets			225	285	217
Total assets			2 733	3 931	3 766
Equity			1 470	2 597	2 437
Non-current liabilities			1 180	1 215	1 230
Current liabilities			83	119	99
Total equity and liabilities			2 733	3 931	3 766

Associated companies	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Net rental income	15	13	30	27	59
Fair value adjustments, investment property	53	32	17	29	10
Expenses	-7	-5	-13	-9	-23
Income taxes	-13	-9	-7	-10	-10
Profit	48	31	27	37	36
Investment properties			907	902	887
Other assets			79	108	124
Total assets			986	1 009	1 011
Equity			547	529	528
Non-current liabilities			426	468	464
Current liabilities			13	12	18
Total equity and liabilities			986	1 009	1 011

Note 10 FINANCIAL INCOME AND FINANCIAL EXPENSES

	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Interest income	6	2	13	4	15
Currency gain	26	-0	-0	17	43
Other financial income	0	0	0	0	-0
Total financial income	32	2	13	21	58
Interest expenses	-243	-169	-480	-329	-745
Interest expenses related to lease liabilities	-3	-3	-7	-9	-15
Currency loss	-0	-33	-63	-0	0
Other financial expenses	-4	-5	-12	-15	-25
Total financial expenses	-251	-210	-561	-353	-786

CURRENCY ITEMS

Currency translation differences from foreign operations	-32	41	78	-14	-45
Currency translation effects on cash and cash equivalents	0	2	4	-0	-0
Other currency items	25	-35	-66	17	43
Total currency effects	-6	8	16	3	-3

Note 11 NON-CURRENT LIABILITIES

	30.06.2023	30.06.2022	31.12.2022
Bonds	8 950	10 479	9 500
Other interest-bearing liabilities	9 860	7 571	8 105
Total interest-bearing current liabilities	18 810	18 050	17 605
Fair value interest rate swaps*	-	30	70
Other liabilities	35	24	31
Total non-current liabilities	35	54	100

* The long-term part of interest rate swaps has a positive fair value of NOK 228 million as at 30. june, and is classified as other non-current assets.

Note 12 CURRENT LIABILITIES

	30.06.2023	30.06.2022	31.12.2022
Commercial papers	397	627	378
Bonds	2 395	1 780	2 155
Bank loans	70	38	88
Total interest-bearing current liabilities	2 862	2 445	2 622
Fair value interest rate swaps*	-	146	40
Lease liabilities	8	8	7
Trade payables	137	159	139
Accrued interest	24	46	44
Duties payable	112	96	87
Other current liabilities	990	850	906
Total trade payables and other current liabilities	1 270	1 305	1 224

* The short-term part of interest rate swaps has a positive fair value of NOK 75 million as at 30. june, and is classified as trade receivables and other current receivables

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.

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.

	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Fair value adjustments in;					
investment properties recognised in profit and loss	-940	565	-1 137	1 834	114
investment properties in joint ventures	46	10	5	49	-105
investment properties in associated companies	53	32	17	29	10
interest rate derivatives recognised in profit and loss	418	242	413	812	878
interest rate derivatives in joint ventures	13	8	14	24	23
Fair value adjustments, investment properties and derivatives	-409	857	-688	2 749	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.

	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Profit before income tax	173	1 418	407	3 885	3 134
Income tax in joint ventures	22	15	21	20	-7
Income tax in associated companies	13	9	7	10	10
Fair value adjustments investment properties and derivatives	409	-857	688	-2 749	-920
Currency gain	-26	0	0	-17	-43
Currency loss	0	33	63	0	-0
Profit before income tax, fair value adjustment and currency result	592	618	1 185	1 150	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.

	30.06.2023	30.06.2022	31.12.2022
Total equity	32 416	33 709	32 673
Total equity and debt	63 658	64 090	62 584
Equity ratio	51 %	53 %	52 %

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.

	30.06.2023	30.06.2022	31.12.2022
Majority share of equity	32 006	33 249	32 235
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 933	8 161	7 926
Fair value of debt - deferred tax liabilities - 6 %	-2 163	-2 226	-2 162
Long term net asset value	37 776	39 184	37 999
Number of shares (own shares not included)	101 478 908	103 623 171	101 478 908
Long term net asset value per share in NOK	372	378	374
Equity per share in NOK	315	321	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.

	30.06.2023	30.06.2022	31.12.2022
Unutilized overdrafts and other credit facilities	4 748	5 486	4 885
Cash and cash equivalents	161	195	254
Liquidity reserves	4 910	5 681	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.

	30.06.2023	30.06.2022	31.12.2022
Commercial papers	397	627	378
Bonds	2 395	1 780	2 155
Bank loans	70	38	88
Amortisation next 12 months	2 862	2 445	2 622

ALTERNATIVE PERFORMANCE MEASURES (continued)**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.

	30.06.2023	30.06.2022	31.12.2022
Bonds, non-current	8 950	10 479	9 500
Bonds, current	2 395	1 780	2 155
Commercial papers, current	397	627	378
Debt to credit institutions, long-term	9 860	7 571	8 105
Debt to credit institutions, short-term	70	38	88
Interest-bearing debt*	21 672	20 495	20 227
Cash and cash equivalents	-161	-195	-254
Net interest-bearing debt	21 511	20 300	19 973
Market value properties (see APM 11)	59 486	59 123	57 715
Loan to value ratio	36 %	34 %	35 %
* Unsecured part of interest-bearing debt (where the Group has not provided collateral)	11 741	11 206	10 995

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.

	30.06.2023	30.06.2022	31.12.2022
Annualized interest expenses on interest-bearing debt as of the balance sheet date	1 020	457	803
Annualized interest expenses on current interest rate swaps per balance sheet date	0	239	97
Annualized interest expenses per balance sheet date	1 020	697	901
Interest-bearing debt	21 672	20 495	20 227
Interest per balance sheet date	4,70 %	3,40 %	4,45 %

9. 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.

	Q2 2023	Q2 2022	30.06.2023	30.06.2022	31.12.2022
Investment properties	263	179	446	330	684
Acquisitions and divestments companies	0	-182	1 222	59	71
Other fixed assets	1	6	1	9	18
Other investments	3	28	27	64	115
Net investments	267	30	1 695	461	889

ALTERNATIVE PERFORMANCE MEASURES (continued)**10. 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.

	30.06.2023	30.06.2022	31.12.2022
Market value investment properties - owned (see note 8)	59 284	58 918	57 509
Market value owner-occupied properties	201	205	206
Market value properties	59 486	59 123	57 715

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

Market value of properties joint venture (Group share)	2 509	3 646	3 549
Market value of properties associated companies (Group share)	907	902	887

11. 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.

	30.06.2023	30.06.2022	31.12.2022
Annualized market rent leased premises	3 601	3 230	3 268
Annualized market rent vacant premises	129	110	117
Annualized rental income level	3 730	3 340	3 385

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

Annualized market rent leased premises owned through joint ventures and associated companies	223	272	286
Annualized market rent vacant premises owned through joint ventures and associated companies	7	13	9
Annualized rental income level owned through joint ventures and associated companies	230	285	295

Total annualized rental income level	3 960	3 625	3 680
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12. 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.

	30.06.2023	30.06.2022	31.12.2022
Annualized rental income level	3 730	3 340	3 385
Lessor's owner cost	501	465	464
Annualized net rental income level	3 229	2 875	2 921
Market value properties	59 486	59 123	57 715
Adjustment market value for plots etc	551	438	424
Market value properties after adjustment	58 935	58 685	57 291
Net yield properties	5,48 %	4,90 %	5,10 %



Pictures: Sandens

OLAV THON EIENDOMSSSELKAP ASA
STENERSGATA 2A
POSTBOKS 489 SENTRUM
NO - 0105 OSLO
TEL: +47 23 08 00 00

olt.no