

OLAV THON EIENDOMSSKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

ALTERNATIVE PERFORMANCE MEASURES

(Figures in NOK millions)

Olav Thon Eiendomsskap 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

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

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 %