

OLAV THON EIENDOMSSSELKAP ASA, CONSOLIDATED FINANCIAL STATEMENTS

ALTERNATIVE PERFORMANCE MEASURES

Amounts in NOK million

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

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

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

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

Fair value adjustments in investment properties and interest rate derivatives affect the company's profit before tax, both in the Group's financial statements and in joint ventures and associated companies. These income statement items are considered to be more exogenously determined than the other income statement items.

	Q2 2021	Q2 2020	30.06.2021	30.06.2020	31.12.2020
Fair value adjustments in;					
investment properties recognised in profit and loss	43	-243	104	-2 362	-909
right-of-use assets recognised in profit and loss	-3	-3	-6	-6	-12
investment properties in joint ventures	-11	-22	4	-177	-175
investment properties in associated companies	-16	-3	-14	-53	-24
interest rate derivatives recognised in profit and loss	8	-54	419	-825	-407
interest rate derivatives in joint ventures	-1	-3	10	-36	-20
Fair value adjustments, investment properties and derivatives	19	-328	516	-3 460	-1 548

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

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

	Q2 2021	Q2 2020	30.06.2021	30.06.2020	31.12.2020
Profit before income tax	503	180	1 590	-2 562	338
Income tax in joint ventures	2	1	14	-28	-16
Income tax in associated companies	-1	1	1	-8	4
Fair value adjustments investment properties / derivatives	-19	328	-516	3 460	1 548
Currency gain	-0	-8	-63	0	-0
Currency loss	41	0	0	56	63
Profit before income tax, fair value adjustment and currency result	525	502	1 025	919	1 936

3. Equity ratio

Equity ratio is the Group's total book equity divided by the Group's total equity and debt on the balance sheet date, and indicates the relative proportion of equity used to finance a company's assets.

	30.06.2021	30.06.2020	31.12.2020
Total equity	29 399	25 813	28 136
Total equity and debt	59 956	57 797	59 958
Equity ratio	49 %	45 %	47 %

ALTERNATIVE PERFORMANCE MEASURES (continued)**4. Long term net asset value per share and equity per share**

Long term net asset value per share takes into account a fair value assessment of the deferred tax liabilities. Equity per share is calculated as the majority's share of equity divided by the number of shares.

	30.06.2021	30.06.2020	31.12.2020
Majority share of equity	29 007	25 441	27 750
Deferred tax liabilities (deferred tax liabilities current assets excluded)	7 232	6 633	7 120
Fair value of debt - deferred tax liabilities - 6 %	-1 972	-1 809	-1 942
Long term net asset value	34 266	30 265	32 928
Number of shares (own shares not included)	103 623 171	103 623 171	103 623 171
Long term net asset value per share in NOK	331	292	318
Equity per share in NOK	280	246	268

5. Net cash flow from operating activities

Net cash flow from operations is considered to give readers a better understanding of the liquidity generated from the Group's operating activities. This is important for assessing the Group's financial results and financial position.

	Q2 2021	Q2 2020	30.06.2021	30.06.2020	31.12.2020
Net cash flow from operating activities	196	199	622	632	1 373
Expensed / paid interest	0	-33	-5	-34	-29
Paid income tax	-15	-12	-143	-178	-251
Change in working capital	-227	-222	-230	0	-57
Net cash flow from operations	440	466	1 000	844	1 710

6. Liquidity reserves

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

	30.06.2021	30.06.2020	31.12.2020
Unutilized overdrafts and other credit facilities	7 010	5 841	6 742
Cash and cash equivalents	292	311	484
Liquidity reserves	7 303	6 152	7 226

7. Amortisation next 12 months

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

	30.06.2021	30.06.2020	31.12.2020
Commercial papers	1 156	1 016	926
Bonds	2 630	2 036	3 980
Bank loans	1 325	3 262	627
Amortisation next 12 months	5 111	6 314	5 533

ALTERNATIVE PERFORMANCE MEASURES (continued)**8. Net Interest-bearing debt and loan to value ratio**

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

	30.06.2021	30.06.2020	31.12.2020
Bonds, non-current	7 980	7 230	6 008
Bonds, current	2 630	2 036	3 980
Commercial papers, current	1 156	1 016	926
Debt to credit institutions, long-term	7 099	7 850	9 461
Debt to credit institutions, short-term	1 325	3 262	627
Interest-bearing debt*	20 189	21 393	21 003
Cash and cash equivalents	-292	-311	-484
Net interest-bearing debt	19 897	21 082	20 519
Market value properties	54 746	52 586	54 656
Loan to value ratio	36 %	40 %	38 %
* Unsecured part of interest-bearing debt (where the Group has not provided collateral)	8 704	5 301	6 341

9. Interest per balance sheet date

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

	30.06.2021	30.06.2020	31.12.2020
Annualized interest expenses on interest-bearing debt as of the balance sheet date	243	282	269
Annualized interest expenses on current interest rate swaps per balance sheet date	387	367	373
Annualized interest expenses per balance sheet date	630	649	643
Interest-bearing debt*	20 189	21 393	21 003
Interest per balance sheet date	3,12 %	3,03 %	3,06 %

10. Net investments

Net investments is calculated by using fair value of investments in investment properties in addition to net supply of other fixed assets and other investments.

	Q2 2021	Q2 2020	30.06.2021	30.06.2020	31.12.2020
Investment properties	241	158	476	326	706
New companies	-369	0	-369	43	269
Other fixed assets	0	1	3	5	15
Other investments	22	-18	31	3	-76
Net investments	-106	140	141	376	914

ALTERNATIVE PERFORMANCE MEASURES (continued)**11. Market value properties**

Market value of properties shows the sum of the market value of investment properties and owner-occupied properties, which are accounted for according to different accounting principles in the Group's balance sheet.

	30.06.2021	30.06.2020	31.12.2020
Market value investment properties	54 543	52 373	54 453
Market value owner-occupied properties	203	213	203
Market value properties	54 746	52 586	54 656

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

Market value of properties joint venture (Group share)	3 423	3 502	3 401
Market value of properties associated with companies (Group share)	843	828	859

12. Annualized rental income level

The annualized rental income level shows the real estate portfolio's expected market rent for leased and vacant premises, and provides a picture of the Group's earning potential.

	30.06.2021	30.06.2020	31.12.2020
Annualized market rent leased premises	3 125	3 091	3 122
Annualized market rent vacant premises	125	109	128
Annualized rental income level	3 250	3 200	3 250

13. Net yield properties

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

	30.06.2021	30.06.2020	31.12.2020
Annualized rental income level	3 250	3 200	3 250
Lessor's owner cost	435	415	432
Annualized net rental income level	2 815	2 785	2 818
Market value properties	54 746	52 586	54 656
Adjustment market value for plots etc	234	568	385
Market value properties after adjustment	54 512	52 019	54 271
Net yield properties	5,16 %	5,35 %	5,19 %