



OLAV THON GRUPPEN

REPORT FOR THE FIRST HALF OF 2023



KEY FIGURES

MNOK	30.06.23	30.06.22	31.12.22
Operating income	6 960	5 757	12 184
Fair value adjustments/depreciation properties and financial instruments ¹⁾	-1 743	3 374	364
Profit before income tax ²⁾	94	5 346	4 300
Profit before income tax, fair value adjustments/depreciation and currency result ³⁾	2 216	1 995	3 918
Equity	68 110	68 964	67 758
Equity ratio	57 %	58 %	57 %
Net cash flow from operations ⁴⁾	1 934	2 034	4 010
Liquidity reserves ⁵⁾	10 425	11 956	10 382
Amortisation next 12 months	4 377	4 200	3 704
Interest-bearing debt ⁶⁾	32 172	30 907	30 987
Interest rate per balance sheet date	4,71 %	3,27 %	4,36 %
Loan to value ratio ⁷⁾	27 %	27 %	27 %
Net investments ⁸⁾	2 181	1 459	2 238
Market value properties ⁹⁾	113 183	111 855	111 216
Annualized rental income level ¹⁰⁾	6 560	5 925	6 140
Net yield properties	5,20 %	4,72 %	4,93 %
Sales, owned shopping centres	35 997	33 514	75 632
Revenue per available room (NOK) ¹¹⁾	699	526	597

Please note that as a result of rounding differences and reclassifications, figures and percentages will not always match the total sum.

1) Fair value adjustments investment properties + Fair value adjustments financial instruments + Depreciation right-of-use owner-occupied properties + Depreciation owner-occupied properties. Including joint ventures and associated companies

2) Taxes in joint ventures and associated companies included

3) Taxes in joint ventures and associated companies and net currency gains deducted

4) Net cash flow from operating activities + Expended interest - Interest paid - Income tax paid + Change in operating related accruals

5) Bank deposits etc. + Undrawn borrowing facilities

6) Unsecured part of interest-bearing debt NOK 13,070 million (30.06.23), NOK 13,505 million (30.06.22) and NOK 12,450 million (31.12.22)

7) (Interest-bearing debt - Bank deposits etc.) / Investment properties

8) Property purchase/sale/upgrade costs + purchase/sale of companies + operating assets + other investments (purchase/sale)

9) Includes market value of investment properties and owner-occupied properties. In addition, the Group owns through jointly controlled companies / associated companies properties with market value (Group's share) NOK 5,991 million (30.06.23), NOK 7,330 million (30.06.22) and NOK 7,070 million (31.12.22)

10) Market rent for rented and vacant premises

11) Thon Hotels

OLAV THON GROUP REPORT FOR H1 2023 ¹⁾

Highlights of H1:

- The Olav Thon Group posted profit before tax of NOK 94 (5,346) million.
- Fair value adjustments of property and financial instruments (including joint ventures/associates) totalled NOK -1,743 (3,374) million ².
- Profit before tax, fair value adjustments/depreciation and currency result amounted to NOK 2,216 (1,995) million ².
- The Group's financial position is solid. At the end of H1, its equity ratio was 57% (58%), while its liquidity reserves were NOK 10,245 (11,956) million.
- The shopping centre portfolio owned by the Group had retail sales of NOK 29,168 (27,528) million in Norway, and SEK 6,829 (6,285) million in Sweden.
- The annual rental income level in the property portfolio was NOK 6,560 (5,925) million and the vacancy rate was 3.8% (3.8%).
- At the end of H1, Thon Hotels had 13,887 rooms in 93 hotels in Norway and abroad.

1) The report for H1 2023 has not been prepared in compliance with the requirements in IAS 34. The figures in brackets are for the corresponding period last year.

2) See page 1 for definitions.

Summary of income statement and balance sheet

Financial position/balance sheet as at 30.06.2023

The Group's total assets were NOK 119,537 (119,589) million, with its property portfolio accounting for NOK 109,206 (108,639) million of that figure.

The property portfolio consists of investment properties valued at NOK 93,805 (93,387) million and owner-occupied properties valued at NOK 15,401 (15,252) million.

For a further description of investment properties and owner-occupied properties, please see the section later in the report and notes 12 and 13 to the Group's annual report for 2022.

Equity was NOK 68,110 (68,964) million and the equity ratio was 57% (58%).

The Group's interest-bearing debt was NOK 31,172 (30,907) million while the loan-to-value ratio¹ was 27% (27%).

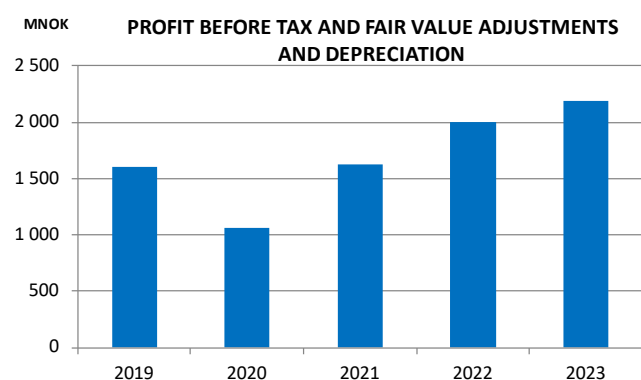
The Group's share of the equity in joint ventures and associates was NOK 3,328 (4,568) million.

Summary of income statement for H1 2023

Profit before tax was NOK 94 (5,346) million.

Fair value adjustments/depreciation of the property portfolio and financial instruments (including joint ventures/associates) totalled NOK -1,743 (3,374) million¹.

Profit before tax, fair value adjustments/depreciation and currency result thus amounted to NOK 2,216 (1,995) million¹.



¹See page 1 for definition.

Operating income

Total consolidated operating income was NOK 6,960 (5,757) million and can be broken down into the following main items:

MNOK	30.06.23	30.06.22
Rental income in Thon Eiendom	2,792	2,397
Residential sales in Thon Eiendom	511	210
Accommodation income in Thon Hotels	1,414	1,120
Sale of goods in Thon Hotels/Resthon	454	401
Sale of goods, industry	416	439
Sale of goods from other operations	254	215
Other operating income	1,119	975
TOTAL	6,960	5,757

Operating expenses

Total operating expenses amounted to NOK 4,336 (3,627) million and can be broken down as follows:

MNOK	30.06.23	30.06.22
Payroll expenses	1,012	771
Maintenance expenses	267	253
Cost of goods sold	561	486
Expenses from residential sales in Thon Eiendom	360	187
Ordinary depreciation and write-downs	378	389
Other operating expenses	1,758	1,541
TOTAL	4,336	3,627

Payroll expenses are rising as a result of both increased activity in the Group's operations and the fact that NOK 58 million was received in pay compensation in 2022 in connection with the pandemic.

Management result

The Group's management result, which shows the Group's operating profit before fair value adjustments of the property portfolio and financial instruments, was NOK 2,624 (2,129) million.

Fair value adjustments of investment properties

The value of the Group's investment properties was adjusted downward by NOK 1,935 (2,281) million in H1.

The reduction in value is largely due to the average required yield used for valuation of the portfolio increasing from 4.72% to 5.20%.

The reduction in value is mitigated by an increase in rental income as a result of consumer price adjustment.

For more details, please refer to the section on property activities later in the report and note 13 to the Group's annual report for 2022.

Depreciation of owner-occupied properties

Fair value was used as the opening value for owner-occupied properties in connection with the transition to simplified IFRS in 2017.

In subsequent periods, the properties have been recognised using the cost method and the capitalised value is depreciated over the expected lifetime.

In H1 2023, depreciation of owner-occupied properties amounted to NOK 184 (191) million.

Share of profit in joint ventures and associates

The Group's share of the profit in joint ventures and associates was NOK 87 (343) 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 21 (244) million.

Financial income and expenses

The Group's net financial items amounted to NOK -682 (592) million.

Net interest expenses amounted to NOK 696 (495) million, NOK 15 (18) million of which were interest expenses for lease liabilities.

Net exchange rate losses amounted to NOK -356 (41) million, and dividend received amounted to NOK 5 (3) million.

Fair value adjustments of financial instruments

The Group's portfolio of financial instruments consists of:

- Interest rate swaps
- Combined interest rate and currency swaps
- Currency futures
- Listed Norwegian shares

In H1, long-term market interest rates rose sharply in Norway, Sweden and the eurozone alike.

The Norwegian krone weakened in relation to both the euro and the Swedish krona.

Overall, the value of the Group's financial instruments increased by NOK 386 (1,070) million in H1.

Fair value adjustments of the various financial instruments were as follows:

MNOK	30.06.23	30.06.22
Interest rate swaps	556	1,201
Interest rate and currency swaps	-181	-78
Currency futures	5	-39
Listed shares	6	-14
TOTAL	386	1,070

Cash flow and liquidity

Net cash flow from Group operations was NOK 1,934 (2,034) million.

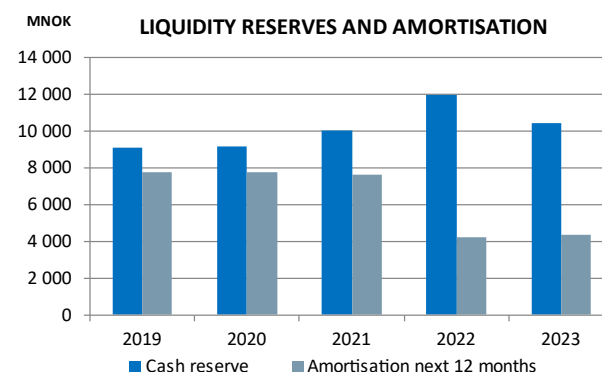
Net cash flow from operating activities was NOK 2,141 (1,944) million.

Net cash flow from investing activities was NOK -2,652 (-1,232) million, while financing activities increased liquidity by NOK 560 (-355) million.

The currency effect on cash and cash equivalents was NOK 24 (5) million, and the Group's liquidity reserves therefore increased by NOK 73 (362) million in H1.

The Group's liquidity reserves at the end of H1 amounted to NOK 10,425 (11,956) million.

Liquidity reserves consisted of short-term investments of NOK 1,494 (1,158) million and undrawn long-term credit facilities of NOK 8,931 (10,798) million.



Investments

The Group's net investments in H1 were NOK 2,181 (1,459) million.

Major property acquisitions

Sørlandssenteret, Kristiansand

In Q1, the Group acquired the remaining 50% of the shares in Sørlandssenteret DA in the Municipality of Kristiansand. Following the takeover, the Group is the sole owner of Sørlandssenteret.

Sørlandssenteret, which is located 12 km northeast of Kristiansand, is the largest shopping centre in Agder. In 2022, retail sales were NOK 2.9 billion, making the shopping centre Norway's sixth-largest in terms of sales.

Amfi Ulsteinvik

In Q1, the Group acquired the Amfi Ulsteinvik shopping centre, which it has managed for external owners for several years. The shopping centre, which is located in Ulsteinvik in the County of Møre og Romsdal, has a gross area of 12,000 square metres and recorded total retail sales of around NOK 300 million in 2022.

Property development - Major property projects Completed in H1

Triaden

The shopping centre at Lørenskog in the Oslo area has been extended by 26,000 square metres of retail space, in addition to which 15,000 square metres of the centre have been refurbished. The final building phase was completed in Q1.

Amfi Vågen, Sandnes

This shopping centre property covering approximately 40,000 square metres has been renovated and upgraded, including new hospitality and experience areas. The centre has also been extended by a further 750 square metres, including a food court.

Strømmen Verksted, Strømmen

Construction phase 2 with 102 apartments for sale was completed in Q2 2023.

Thon Hotel Snø

The 288-room hotel opened in June. The hotel is located next to SNØ, an indoor ski arena in Lørenskog in the Oslo area.

Under construction/refurbishment

Skårerløkka, Lørenskog

Construction phase 2 with 158 apartments for sale is scheduled for completion in H2 2025.

Arnlfot Gellines vei 1, Oslo

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

In planning phase

The Olav Thon Group has several property projects in the planning phase. The projects 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.

Business areas

Property development

The commercial property market in H1 2023

The commercial property market showed weak development in H1, with the sharp increase in market interest rates resulting in much lower demand for commercial property as an investment.

This contributed to a higher average required yield and a general decrease in value for commercial property in all market and geographical segments.

The property business area

Total operating income in the property business area was NOK 4,693 (3,863) million in H1.

The increase on the same period last year is due to both higher rental income and higher revenue from residential sales.

The Group's external rental income amounted to NOK 2,792 (2,397) million.

Income from residential sales in H1 was NOK 511 (210) million.

Property portfolio as at 30.06.2023

The Group's property portfolio is divided into the following main categories, which are treated differently in the Group's financial statements:

- Investment properties used to earn rental income.
- Owner-occupied properties used by the Group's companies for their own operations

For information on valuation of the property portfolio, please see note 13 in the Group's annual report for 2022.

Investment properties

The Group's investment properties were valued at NOK 93,805 (93,387) million.

The valuation was based on an average required yield of 5.20%. (4.72%).

Owner-occupied properties

This category mainly consists of the portfolio of hotel properties operated by the Group's hotel chain, Thon Hotels.

At the end of H1, the capitalised value of the Group's owner-occupied properties was NOK 15,401 (15,252) million.

Rental income level

At the end of H1, the Group's property portfolio had a rental income level of NOK 6,560 (5,925) million including estimated market rents for vacant premises.

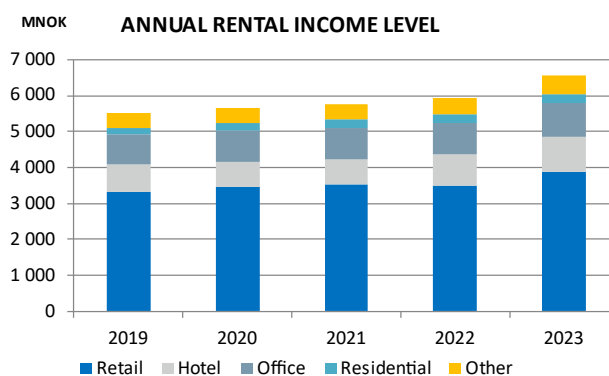
The property portfolio is made up of the following segments:

- 59% Retail
- 15% Hotels
- 14% Offices
- 4% Residential
- 8% Miscellaneous

The geographical distribution of the portfolio is as follows:

- 53% Oslo region
- 34% Rest of Norway
- 13% Abroad

The vacancy level for the property portfolio was 3.8% (3.9%) at the end of H1.



The shopping centre business area

At the end of H1, the shopping centre business area comprised 89 shopping centres in Norway and Sweden, 18 of which are managed for external owners.

79 of the shopping centres are in Norway, while 10 are in Sweden.

The Group enjoys a strong market position and the shopping centre portfolio includes Norway's six largest shopping centres in terms of retail sales in H1.

The portfolio also includes one of Sweden's largest shopping centres, Nordby Shopping Center at Svinesund near the border with Norway (55% interest).

The Olav Thon Group is the largest owner of shopping centre properties in both Norway and Sweden.

Shopping centres owned by the Group

The shopping centres recorded total retail sales of NOK 35,997 (33,514) million in H1.

The shopping centres in Norway and Sweden respectively had the following retail sales compared with H1 2022:

MNOK	30.06.23	30.06.22	Change
Norway (NOK)	29,168	27,528	6.0%
Sweden (SEK)	6,829	6,285	8.7%
TOTAL	35,997	33,813	6.5%

Property portfolio owned through joint ventures and associates

In addition to the property portfolio recognised in the consolidated balance sheet, the Group holds interests in shopping centres, hotels, residential properties and other

commercial properties through joint ventures and associates.

The interests in these companies, which range between 12.5% and 50%, are recognised using the equity method. This means that only the Group's share of the company's equity is included in the consolidated balance sheet.

The Group's share of the rental income in these companies was NOK 395 (375) million, while the Group's share of the property values was estimated at NOK 5,647 (7,022) million.

Hotels

The Norwegian hotel market in H1 2023

The hotel market in Norway showed good development in H1 2023. Demand for hotel rooms increased gradually and there were 10.3 million overnight stays in Norwegian hotels, up 11% on the same period last year.

The average room rate rose 11% to NOK 1,276, while the occupancy rate increased by 3 percentage points to 50%. The RevPAR (Revenue Per Available Room) key figure therefore rose 18% to NOK 638.

In Oslo, market performance was even stronger than the national average, with RevPAR for the hotels in Oslo rising as much as 28% to NOK 885.

The hotel and restaurant business area

Operating income in the hotel business area (including internal sales) amounted to NOK 2,413 (1,936) million, including operating income of NOK 110 (86) million from 12 restaurants outside the Group's hotels.

Thon Hotels

At the end of H1, Thon Hotels had 13,887 rooms in 84 hotels in Norway and nine in other countries.

In Norway, Thon Hotels has a nationwide presence, with 12,278 rooms in 84 hotels, 29 of which are operated by external franchisees.

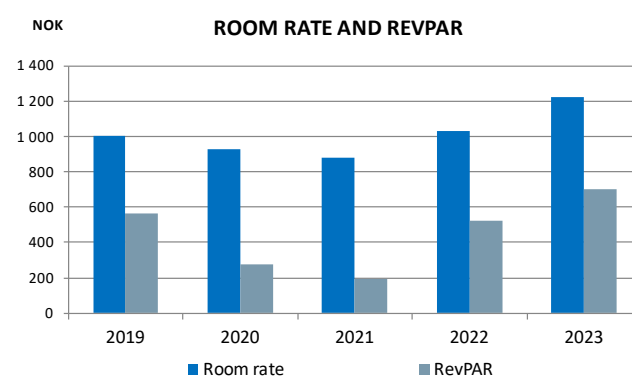
The hotel portfolio mainly consists of city centre hotels, most of which have been refurbished in recent years. Thon Hotels is a leading operator in the metropolitan regions of Oslo and Bergen.

Outside Norway, Thon Hotels has 1,609 rooms in five hotels and two apartment hotels in Brussels, Belgium, and one hotel and one apartment hotel in Rotterdam in the Netherlands.

Broken down into geographical segments, Thon Hotels achieved the following key figures in H1 2023 (2022):

	Average room rate	Occupancy rate	RevPAR
TH Norway (NOK)	1,174	57	666 (538)
TH Brussels (EUR)	134	61	82 (44)
Total TH (NOK)	1,219	57	699 (526)

The large increase in both occupancy rate and room rate meant that Thon Hotels' results were on a par with H1 2022 despite a sharp rise in operating expenses.



Other business areas

Companies outside the property and hotel business areas are included in other business areas. In H1, operating income was NOK 577 (630) million, including internal sales.

The largest company, Unger Fabrikker AS, performed weakly in H1. Operating income amounted to NOK 416 (439) million and profit before tax was NOK 1 (34) million.

Financing

Interest-bearing debt and credit facilities

At the end of H1, the Group had interest-bearing debt of NOK 32,172 (30,907) million.

At the end of H1, the Group's total credit facilities were NOK 41,103 (41,705) million, NOK 8,930 (10,798) million of which was undrawn.

Sources of financing

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

Access to financing is considered satisfactory despite the weak development of the capital markets in H1.

At the end of H1, outstanding certificate and bond debt amounted to NOK 13,749 (15,766) million, which can be broken down as follows:

Norway: NOK 12,756 (14,570) million
 Sweden: SEK 1,000 (1,250) million

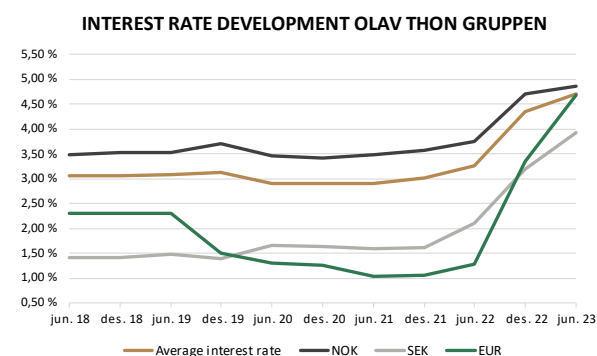
Repayment profile

The debt had an average remaining term of 2.5 (2.9) years. 14% (14%) of the debt falls due for repayment within 1 year.

Average interest rate and interest rate profile

The Group’s average interest rate at the end of H1 was 4.71% (3.27%). The proportion of fixed interest rates (interest rate fixed for longer than one year) was 53% (53%) of debt.

The average fixed interest rate term was 3.1 (3.5) years.



Currency financing

Interest-bearing debt was made up of the following currencies:

Currency	Proportion of debt 30.06.23	Interest rate 30.06.23	Interest rate 30.06.22
NOK	75%	4.86%	3.74%
SEK	16%	3.92%	1.66%
EUR	9%	4.67%	1.27%
TOTAL	100%	4.71%	3.27%

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 high inflation, Norges Bank has raised its policy rate from 0% to 4.00% 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.

The Group’s solid market position and finances, together with a low loan-to-value ratio and healthy liquidity reserves, are expected to help maintain good operating profit development in the future.

Oslo, 06.09.2023

Board of Directors, Olav Thon Gruppen AS

OLAV THON GRUPPEN AS, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(Figures in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Rental income	2 792	2 397	4 882
Room revenue	1 414	1 120	2 503
Sale of goods	1 634	1 264	2 697
Other operating income	1 119	976	2 101
Operating income	6 960	5 757	12 184
Cost of goods	-921	-674	-1 463
Payroll costs	-1 012	-771	-1 742
Ordinary depreciation	-378	-389	-833
Other operating expenses	-2 026	-1 795	-3 863
Operating expenses	-4 336	-3 627	-7 901
Net income from property management	2 624	2 129	4 283
Fair value adjustments, investment property	-1 935	2 281	-286
Results from joint ventures and associates	87	343	182
Operating profit	776	4 754	4 179
Financial income	39	51	88
Financial expenses	-1 107	-529	-1 183
Fair value adjustments, financial instruments	386	1 070	1 216
Net financial items	-682	592	121
Profit before income tax	94	5 346	4 300
Change in deferred tax	163	-942	-549
Income tax payable	-134	-199	-363
Income tax	29	-1 140	-912
Profit	123	4 205	3 388
Other Comprehensive income			
<i>Items to be reclassified to P&L in subsequent periods:</i>			
Exchange differences from foreign operations	545	76	51
Revaluation when reclassifying properties	-	65	135
Income taxes on other comprehensive income	-	-14	-30
Total comprehensive income	668	4 331	3 545
Profit attributable to:			
Shareholders of the parent	72	3 304	2 739
Non-controlling interests	51	902	649
Total comprehensive income attributable to:			
Shareholders of the parent	571	3 418	2 924
Non-controlling interests	97	913	621

OLAV THON GRUPPEN AS, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(Figures in NOK millions)	30.06.2023	30.06.2022	31.12.2022
ASSETS			
Investment properties	93 805	93 387	92 191
Owner-occupied properties	15 401	15 252	15 093
Right-of-use assets	271	320	295
Other fixed assets	1 301	1 210	1 279
Investments in joint ventures and associates	3 328	4 568	4 276
Non-current financial assets	891	632	573
Total non-current assets	114 997	115 370	113 706
Inventories	703	904	907
Trade and other receivables	2 435	2 249	2 389
Bank deposits and cash	1 401	1 066	1 328
Total current assets	4 540	4 220	4 624
Total assets	119 537	119 589	118 330
EQUITY AND LIABILITIES			
Share capital	410	410	410
Share premium	86	86	86
Other equity	58 691	58 541	58 238
Non-controlling interests	8 924	9 928	9 024
Total equity	68 110	68 964	67 758
Deferred tax liabilities	14 833	15 271	14 887
Lease liabilities	461	495	461
Interest-bearing non-current liabilities	27 795	25 606	27 284
Non-current liabilities	211	181	288
Total non-current liabilities	43 301	41 554	42 919
Income tax payable	130	210	339
Interest-bearing current liabilities	4 377	5 300	3 704
Trade payables and other current liabilities	3 619	3 561	3 610
Total current liabilities	8 126	9 071	7 653
Total liabilities	51 427	50 625	50 573
Total equity and liabilities	119 537	119 589	118 330

OLAV THON GRUPPEN AS, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

(Figures in NOK millions)	30.06.2023	30.06.2022	31.12.2022
Profit before income tax	94	5 346	4 300
Fair value adjustments, investment property	1 935	-2 287	275
Fair value adjustment, interest rate derivatives	-380	-1 084	-1 237
Fair value adjustment, investments	-6	14	21
Expensed interest	731	501	1 147
Paid interest	-727	-481	-1 120
Paid income tax	-344	-326	-361
Share of profit from joint ventures and associated companies	-87	-343	-182
Depreciation of fixed assets	378	389	833
Change in operating related accruals	547	216	-398
Net cash flow from operating activities	2 141	1 944	3 278
Proceeds from sale of property, plant and equipment	-	-	-
Purchase of investment properties and property, plant and equipment	-1 129	-1 103	-2 423
Payments linked to acquisition of subsidiaries	-1 222	-249	-419
Other investment	-302	121	361
Net cash flow from investment activities	-2 652	-1 232	-2 482
Proceeds from interest-bearing liabilities	5 533	8 091	14 343
Repayment of interest-bearing liabilities	-4 649	-7 995	-14 035
Payment on leasing liabilities	-34	-32	-64
Dividends paid	-289	-420	-423
Net cash flow from financing activities	560	-355	-179
Currency translation effects on cash and cash equivalents	24	5	6
Net change in cash and cash equivalents	73	362	624
Cash and cash equivalents as at 1 January	1 328	704	704
Cash and cash equivalents as at the end of the period	1 401	1 066	1 328
Unutilized overdrafts and other credit facilities	8 930	10 998	8 966

OLAV THON GRUPPEN AS, CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

(NOK millions)	Share capital	Share premium	Currency translation differences	Other Equity	Hedging and revaluation reserve	Majority share of equity	Non-controlling interests	Total
Equity 31 Dec 2021	410	86	411	54 869	-12	55 764	9 290	65 053
Profit	-	-	-	3 304	-	3 304	902	4 205
Other comprehensive income	-	-	64	-	50	115	12	126
Dividends paid	-	-	-	-225	-	-225	-195	-420
Other changes	-	-	-	80	-	80	-80	0
Equity 30 June 2022	410	86	475	58 028	39	59 037	9 928	68 964
Profit	-	-	-	-565	-	-565	-253	-817
Other comprehensive income	-	-	15	-	55	70	-40	31
Dividends paid	-	-	-	-	-	-	-3	-3
Buy own shares	-	-	-	183	-	183	-579	-396
Other changes	-	-	-	8	-	8	-30	-22
Equity 31 Dec 2022	410	86	490	57 654	94	58 734	9 024	67 758
Profit	-	-	-	72	-	72	51	123
Other comprehensive income	-	-	499	-	-	499	46	545
Dividends paid	-	-	-	-100	-	-100	-189	-289
Other changes	-	-	-	-18	-	-18	-8	-26
Equity 30 June 2023	410	86	989	57 608	94	59 187	8 924	68 110

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