



OLAV THON GROUP

ANNUAL REPORT 2018







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2018 ANNUAL REPORT

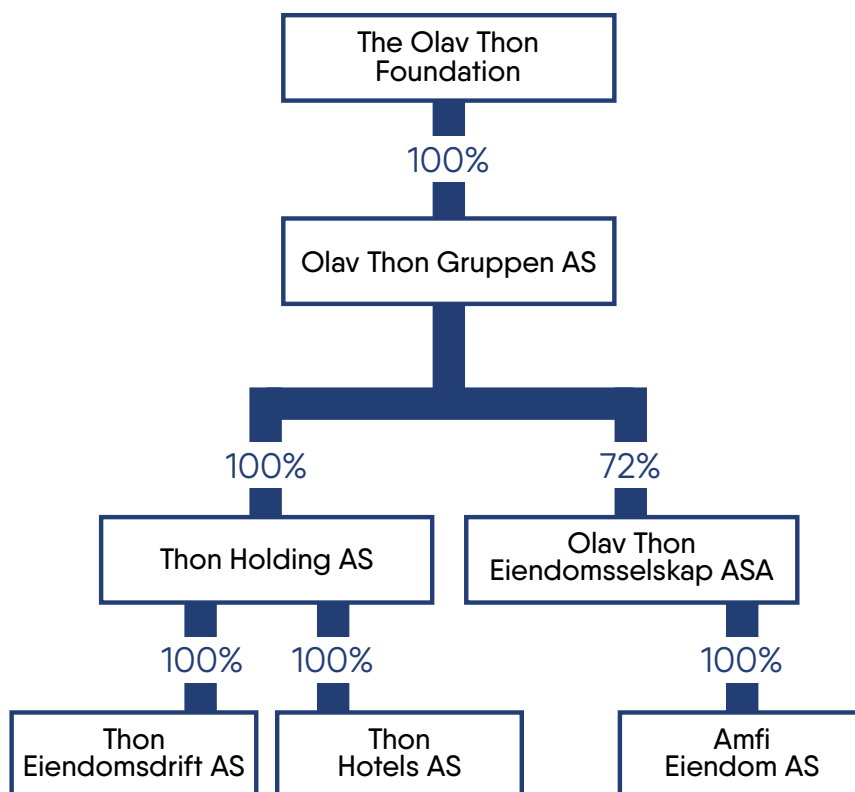
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Cover photo: AMFI Moa, Ålesund

Group structure



Executive management team



OLAV THON
CEO/President



OLE-CHRISTIAN HALLERUD
Deputy CEO/Executive Vice President Property



DAG TANGEVALD-JENSEN
Executive Vice President and CEO OTE ASA



MORTEN THORVALDSEN
Executive Vice President and CEO Thon Hotels



ARNE B. SPERRE
Executive Vice President Finance

Olav Thon Group 2018



9 OF THE 10 LARGEST

The Group owns or manages 9 of the 10 largest shopping centres in Norway.

OUR SHOPPING CENTRES AND HOTELS

Central/Northern Norway

29 Shopping centres 17 Hotels

Sweden

11 Shopping centres

Western Norway

25 Shopping centres 20 Hotels

Southern/Eastern Norway

34 Shopping centres 34 Hotels

Total:

Shopping centres

99

Hotels

80

Brussels/Rotterdam*

9

*Of which 5 hotels and 3 apartment hotels in Brussels and 1 hotel in Rotterdam

DID YOU KNOW...?

Olav Thon Group owns around **3.2 million sq. m. of property**

Thon Hotel Storo was named the customers' **favourite hotel** in Norway by Berg-Hansen

The Olav Thon Foundation **donated NOK 42 million** to research and teaching in 2018



Olav Thon Group's profit before tax in 2018:

4.9
BILLION
(NOK)

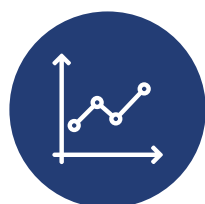


At year end, Thon Hotels had **11,870 hotel rooms** in **80 hotels**

Around **500 flats are under construction** in Oslo and Akershus

Olav Thon Group has around **5,500 tenants** in our shopping centres in Norway

Thon Eiendom **owned and managed 99 shopping centres** in 2018



Net investments totalled NOK 2.8 billion in 2018



At year end, cash reserves amounted to NOK 9.6 billion



OLAV THON GRUPPEN



SHOPPING CENTRES
COMMERCIAL
PROPERTIES RESIDENTIAL
PROPERTIES



A good year for Olav Thon Group

Since the 1950s, our strategy has been to acquire, develop and own properties. Storo in Oslo was a good example of this in 2018. The former industrial area has been transformed into a contemporary urban district with unrivalled diversity and modern creativity. Our vision is to be creative in everything we do, and with this development project we have created shops, homes, restaurants, hotels and Norway's largest cinema complex, as well as thousands of new jobs.

We have also refurbished several of our shopping centres, which are important meeting places for both young and elderly. The projects we completed in 2018 included the development of Lagunen Storsenter outside Bergen and AMFI Moa in Ålesund. We are now focusing on entertainment, experiences and new services. In total, the shopping centres we own and manage saw retail sales of around NOK 77.4 billion in 2018.

Thon Hotels continues to capture market share and Thon Hotel Rosenkrantz Oslo was voted Norway's best hotel on Tripadvisor. Thon Hotels has carried out extensive refurbishments projects in recent years, employing colourful and stylish designs. This has been an important success factor.

Each year, the Olav Thon Foundation donates funds for research, teaching and charity purposes. One of my personal highlights of last year was being able to present International Research Award of the year to the Finnish professor, Riitta Hari. She is researching the brain – the most important part of the human body. It is here ideas are first created and lay the foundation for new development projects.



Olav Thon
CEO/President



KEY FIGURES

Figures in NOK millions	2018	2017
PROFIT		
Operating income	11,041	10,067
Fair value adjustments, inv. prop. and int. rate derivatives ¹⁾	2,155	3,112
Profit before tax	4,934	5,769
Profit before tax and fair value adjustments ¹⁾	2,779	2,656
FINANCIAL STRENGTH		
Equity	55,962	51,854
Equity ratio	53%	51%
LIQUIDITY		
Net cash flow from operations ²⁾	3,118	2,979
Cash reserves ³⁾	9,572	12,070
Amortisation next 12 months	8,009	9,906
FINANCING		
Interest-bearing debt ⁴⁾	30,125	30,784
Interest rate as at 31 Dec	3.07%	3.01%
Loan to value ratio ⁵⁾	30%	32%
PROPERTY		
Net investments ⁶⁾	2,904	2,771
Investment properties ⁷⁾	97,962	93,558
Annual rental income ⁸⁾	5,480	5,220
Yield	4.97%	5.05%
SHOPPING CENTRES AND HOTELS		
Sales owned shopping centres	67,797	67,064
RevPAR (revenue per available room) (NOK) ⁹⁾	563	516

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

1) Includes fair value adjustments in joint ventures and associated companies. 2) Net cash flow from operating activities - expensed interest + paid interest + paid tax - change in operations related accrual items. 3) Bank deposits, shares and similar + undrawn credit facilities 4) Unsecured share of interest-bearing debt: NOK 7,284 million (31 December 2018) and NOK 9,576 (31 December 2017), respectively. 5) (Interest-bearing debt - bank deposits and similar) / Book value of investment properties 6) Net supply of investment properties with addition for activated improvements. 7) Includes fair value of properties for own use. 8) Includes market rents for vacant premises. 9) Thon Hotels

Olav Thon Group

Olav Thon Group comprises of many business areas our core activities are property and hotels. Our well known brands are Thon Eiendom and Thon Hotels.



The Diagonale buildings in Bjørvika were completed in 2018.

3,200 FTEs

in Olav Thon Group

TOTAL 11

billion (NOK) in
Operating income

Thon Eiendom
is Norway's
largest
private
property company

Thon Hotels
is one of Norway's
largest
hotel chains



*From the left
Aage Lilleberg, Gry Ingunn Flataker,
Thomas Rønning and Carl Nicolai Wold
run the shopping centre department.*

In 2018, Olav Thon Group's operating income amounted to NOK 11 billion and the Group employed around 3,200 FTEs.

Our head office is located in the centre of Oslo, surrounded by many of our own properties, including the shopping centres Arkaden and Gunerius, the multi-storey car park Spektrum P-Hus and Thon Hotel Terminus. The Group includes the listed company, Olav Thon Eiendomsselskap ASA.

Thon Eiendom is a market leader within property and works with residential properties, commercial properties, shopping centres and other properties.

Read more about Thon Eiendom on page 12.

Thon Hotels is one of Norway's largest hotel chains with hotels throughout Norway, as well as in Brussels and Rotterdam.

Read more about Thon Hotels on page 32.

Olav Thon Group also owns stakes and is involved in a number of different industries.

Read more about our other operations on page 40.

Olav Thon Group is owned by the Olav Thon Foundation and donates a proportion of its profit to charitable causes.

"It is important to me that Olav Thon Group is managed as best as possible in the future so that the organisation can provide secure jobs for all of its employees and, at the same time, work for those charity causes I want to support, as well as for the society in general. I have reached the conclusion that ensuring the continued overall development of Olav Thon Group, and share a proportion of the profit the organisation generates to various charity causes, is the best contribution I can make to society," said Olav Thon when he established the Foundation in 2013.

Read more about the Olav Thon Foundation on page 42.



Read more:
olavthon.no
thoneiendom.no
thonhotels.no
olavthonstiftelsen.no

Thon Eiendom

Thon Eiendom builds, develops, operates and leases out properties in Norway and abroad. Its portfolio includes around 500 commercial properties.



Skårerløkka

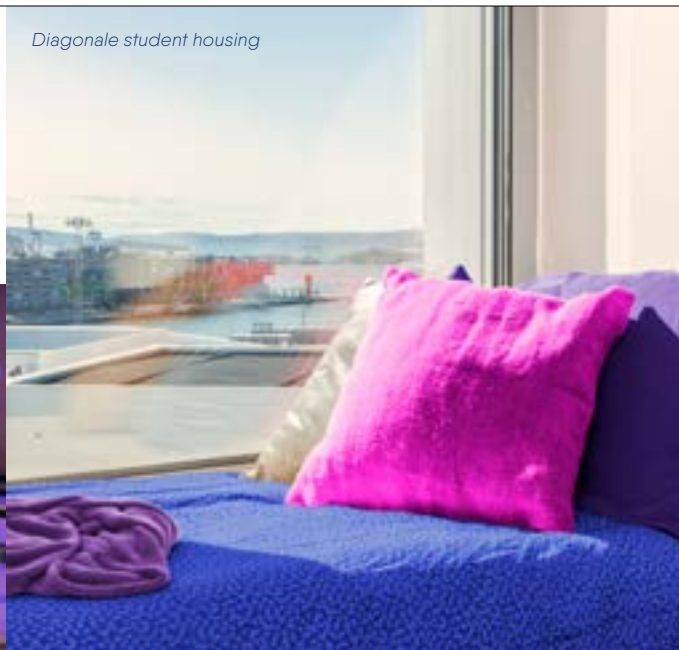
DID YOU KNOW...?

The Group **owns** a total of **around 2.4 million sq. m.** of **property** in Oslo

Thon Eiendom rents out around **1,500 flats** and around **300 student flats** in Oslo

9 of the 10 largest shopping centres in Norway are owned or managed by Thon Eiendom

Diagonale student housing



Vestkanten Storsenter

Thon Eiendom is Norway's largest private property company and a market leader within property. The company's strategy is to acquire, develop and own properties with central locations and development potential.

THE PROPERTY PORTFOLIO BY ANNUAL RENTAL INCOME:

Retail	65%
Offices	19%
Hotels	14%
Other	2%

GEOGRAPHIC DISTRIBUTION OF THE PROPERTY PORTFOLIO:

Oslo area	50%
Rest of Norway	36%
Abroad	14%

NORWAY'S LARGEST SHOPPING CENTRE COMPANY

As at 31 December 2018, Thon Eiendom owned and managed 88 shopping centres in Norway and 11 shopping centres in Sweden. Thon Eiendom's portfolio includes nine of the ten largest shopping centres in Norway in terms of sales.

"The 88 Norwegian shopping centres' combined retail sales in 2018 amounted to more than NOK 64.5 billion.

Compared with last year, this represents sales growth of 1.5%. We are very pleased with this growth and it shows that our shopping centres are doing well in the competition with both competing centres and other sales channels. We are also very pleased with the figures for our Swedish centres. Total retail sales here amounted to SEK 14 billion. Compared with last year, this represents sales growth of 3.4% in Sweden," says Thomas E. Rønning, director of the shopping centre department at Olav Thon Group.

Several of the largest shopping centres were expanded and refurbished in 2018.

Read more about this on page 21.

RESIDENTIAL SALES

Thon Eiendom has long experience as a property developer and seller of its own residential projects and holiday flats. Thon Eiendom works closely with architects and contractors to achieve the best results. Many of its residential projects contribute to positive urban development and often include commercial space and offices.

"We had several major residential projects in 2018 and there was a great



NOK 77.4 BILLION IN RETAIL SALES IN NORWAY AND SWEDEN IN 2018



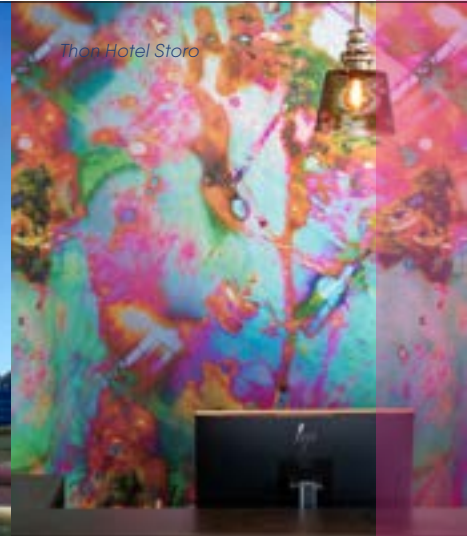
99 OWNED AND MANAGED SHOPPING CENTRES IN NORWAY AND SWEDEN



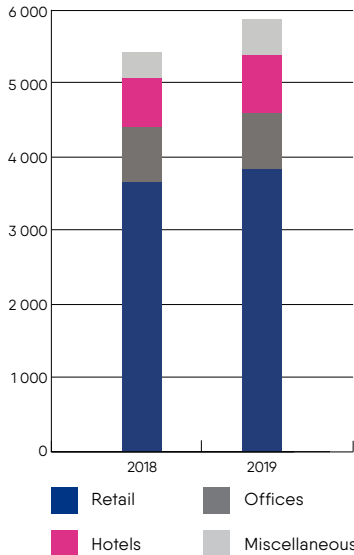
1,800 FLATS FOR RENT IN OSLO AND AKERSHUS

"We had several major residential projects in 2018 and there was a great deal of interest from homebuyers"

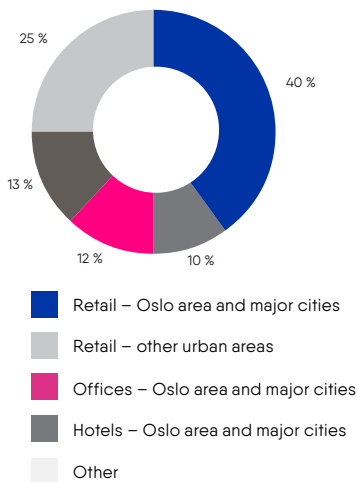
Tonje Marie Haugbro
Residential Sales Director



TOTAL ANNUAL RENTAL INCOME
(NOK MILLIONS)



DISTRIBUTION OF TOTAL RENTAL INCOME



deal of interest from homebuyers. We are always looking for new projects for residential sales. Location and public transport links are important for us,” says Tonje Marie Haugbro, residential sales director.

Thon Eiendom also builds and sells holiday flats, including in Skeikampen and in Turufjell in Flå.

Read more about our largest residential projects on page 24.

FLATS FOR RENT

Thon Eiendom rents out around 1,800 flats in Oslo.

“The rental market is developing positively. Our properties are centrally located in different areas of Oslo and therefore appeal to different target groups. The Diagonale building in Bjørvika was completed in 2018 and the 300 student flats we rent out here were soon in great demand. The new Storotunet residential project has 158 flats and the first building was fully rented out very quickly,” says Torill Larsen, Thon Eiendom’s Rental Manager.

Read more about urban development in Storo On the next page.

COMMERCIAL PROPERTIES

Thon Eiendom leases out around 400,000 sq. m. of office space and commercial premises at street level, mainly in Oslo city centre.

“We have many central properties in, for example, Vika Atrium, Bjørvika, Torggata and Karl Johans Gate. We have a wide range and offer spaces from 10 to 8,000 sq. m. We launched a new concept in 2018, Thon Flex, which is an office sharing service with flexible leases,” says Annette Hofgaard, the Director of Commercial Properties at Olav Thon Group.

Read more about Thon Flex on page 28.

HOTEL PROPERTIES

The portfolio also includes many of the Group’s hotel properties. Most Thon hotels are in metropolitan areas in Norway, with the highest density in Oslo and Bergen.

Outside Norway, we have nine hotel properties: five hotels and three apartment hotels in Brussels and one hotel in Rotterdam.

Read more about Thon Hotels on page 32.



Read more:
thoneiendom.no

DID YOU KNOW...?

Olav Thon Group has a **total of 99 shopping centres**

Thon Hotels comprises **80 hotels** in Norway, Brussels and Rotterdam

The world's northernmost shopping centre is Lompen-senteret, a wholly owned centre by Olav Thon Group

The map shows:



Shopping centres



Hotels

The numbers show multiple shopping centres/hotels in the same location.



Our shopping centres and hotels in 2018



Storotunet – a new urban district in Nydalen

The Storotunet urban development project in Oslo consists of a new conference hotel, two blocks of flats and commercial premises that currently house Norway's largest cinema complex, as well as restaurants, offices and shops.



“Nydalen’s transformation from an industrial area to a modern city district is unique in its diversity and modern creativity”

Olav Thon



The billion kroner Storotunet project was constructed over 3 years time and offers a total of around 65,000 sq. m. of floor area.

“Storotunet represents an upgrade of the entire district and the fine buildings and new functions add diversity to Nydalen in general. Hille Melbye Arkitekter has, together with the design department in Olav Thon Group, used brick in the buildings to underscore their urban qualities, and we have achieved a square through which pedestrians pass in natural lines. We have always been interested in the whole picture and the fact that the various elements must work well together,” says Sjur M. Krog Martinsen, Olav Thon Group’s Development Director.

OSLO’S NEW CONFERENCE HOTEL

Thon Hotel Storo opened on 5 September 2018. It is a modern business hotel with 322 rooms and suites. The hotel has a restaurant and a bar with outdoor service, gym and a large meeting centre that can accommodate both large and small conferences. Sissel Berdal Haga, Olav Thon Group’s Design Manager, and Interior Architect MNIL Trond Ramsøskar were responsible for the interior design.

Read more about Thon Hotel Storo on page 33.

NORWAY’S LARGEST CINEMA COMPLEX

ODEON Oslo opened its doors in March 2018. With 14 auditoriums and the Nordic region’s largest cinema screen with IMAX technology, the cinema quickly became a public favourite. ODEON Oslo is Norway’s largest cinema complex and the only one in the country with an IMAX auditorium. The cinema has its own large kiosk, a licensed bar-lounge and VIP seats with heating, mobile phone chargers and individual tables.

“It’s a totally different quality of film experience than what you are used to, and getting to Norway’s largest cinema complex is easy, whether you are travelling by car, bike, tram, bus, metro or walking,” says Ivar Halstvedt, CEO of SF Kino.



Thon Hotel Storo

“Storotunet represents an upgrade of the entire district and the fine buildings and new functions add diversity to Nydalen”

Sjur M. Krog Martinsen
Development Director
at Olav Thon Group



THE PROJECT INVOLVES A TOTAL OF 65,000 SQ. M.



NEXT TO OSLO'S LARGEST SHOPPING CENTRE



ODEON OSLO IS NORWAY'S LARGEST CINEMA COMPLEX



**STOROTUNET 159
FLATS FOR RENT**



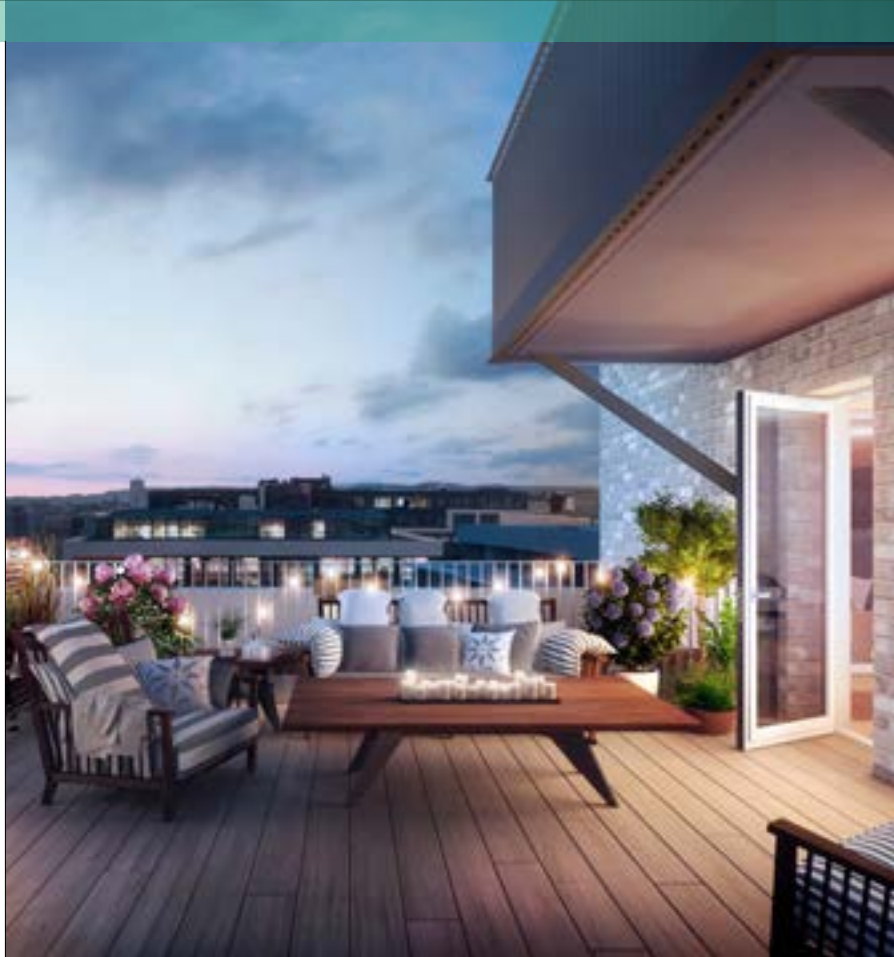
**SEVERAL RESTAURANTS,
INCLUDING JOHNNY
ROCKETS AND SUMO**



**THON HOTEL STORO
WITH 322 ROOMS**

**“The best
thing about
living here
is that it’s
close to
everything”**

Torill Larsen
Rental Manager
Thon Eiendom



FLATS FOR RENT

Storotunet also includes two residential buildings with a total of 159 flats. The flats range in size from smaller 20 sq. m. one-room studio flats to larger 100 sq. m. five-room flats. Most of the flats have a balcony, patio or roof terrace.

“There has been a great deal of interest in the flats in Storotunet. Storo has seen significant development in the last couple of years and is now merging together with Nydalen. The best thing about living here is that it’s close to ‘everything’. Shopping centres, the cinema, restaurants, hotels, BI Norwegian Business School and the metro. And not to forget the Aker River, which is a lovely and popular recreational area,” says Torill Larsen, Thon Eiendom’s Rental Manager.

Storotunet also has commercial spaces that are leased to shops and restaurants. An outdoor square has been built between the buildings, which will host concerts, markets and open air cinema screenings.



Read more:
thoneiendom.no/storotunet

Lagunen – a destination for shopping and experiences



4.6 MILLION VISITORS IN 2018



MORE THAN 180 SHOPS AND PLACES TO EAT



IN 2019 THE CENTRE WILL EXPAND TO 150,000 M²



NORWAY'S THIRD LARGEST SHOPPING CENTRE



In 2018, the first phase of the new Lagunen Storsenter expansion opened outside Bergen with 50 new shops and restaurants. The total expansion is around 50,000 sq. m.

**Lagunen had
around 4.6
million visitors
in 2018**

INCREASED SALES

In 2018, Lagunen's retail sales amounted to around NOK 2.9 billion, which represents a year-on-year increase of 1.7%. The number of visitors was around 4.6 million. "Our ambition is for the annual visitor figures to grow to more than 6 million and for retail sales to increase to NOK 4 billion in 2020," says Eliassen.

ONE OF NORWAY'S LARGEST SHOPPING CENTRES

Following its expansion, Lagunen Storsenter is home to more than 200 businesses, of which around 180 are shops, restaurants and other services. These include cafés, grocery shops, niche shops and chain concepts. Lagunen is now one of Norway's largest shopping centres and the Bergen region's largest fashion house. It is also a wide range of specialty shops, a state wine monopoly outlet and a pharmacy, as well as services such as estate agents and banking and other financial industry services.



**RETAIL SALES IN 2018:
AROUND NOK 2.9 BILLION**



Lagunen Storsenter is a destination for shopping and experiences.



Read more:
lagunen.no

CINEMA COMPLEX OPENING IN 2019

"We are constantly developing the centre in order to provide our customers with a good shopping experience. We are focusing on amenities and in autumn 2019 will open both a cinema and a gym. The new cinema complex will have nine auditoriums and a total of 750 seats. This will generate an entirely new market for restaurant concepts. Lagunen is developing from a shopping centre into an urban district," says Knut Eliassen.

Lagunen Storsenter will be around 150,000 sq. m. when all the spaces are completed in 2019. Olav Thon Group owns a 42% stake in Lagunen Storsenter.

Centre with own stop

In connection with the development, Lagunen was also integrated with the bus and light rail terminal such that visitors can easily travel to the shopping centre via public transport.

"Lagunen has developed like a small town with urban structure, blocks, pedestrian streets and squares, living facades, underground parking and an expanded shopping and restaurant offer," says Knut Eliassen, the CEO of Lagunen Storsenter.

THON EIENDOM RESIDENTIAL SALES

Residential projects in 2018





70 FLATS
(CONSTRUCTION
PHASE 1)



104 FLATS
(CONSTRUCTION
PHASE 2)



Strømmen Verksted

The residential project is located on the site of the old Strømmen Værksted and will consist of four blocks of flats.

“All of the residential units will have their own private outdoor area like a balcony or terrace. Flats on the ground floor will have their own outdoor garden area. There will also be good, outdoor common areas that are sheltered from noise and have good sun conditions. There has also been an emphasis on good links to recreational areas along the Sag River, which will be a good additional green area for the residents,” says Hille Melbye Arkitekter.

An outdoor square is also being built between the buildings, which will provide great outdoor areas. There is good access to public transport in the area and bathing and swimming facilities, various health and recreational offers, and business premises are also under planning.

The residential project is located right next to Strømmen Storsenter, which is Norway’s largest shopping centre in terms of the number of shops, with around 200 different businesses and restaurants distributed over more than 70,000 sq. m.

“We view the planned development of the Strømmen Verksted area as an important further development of both Strømmen city centre and Strømmen Storsenter. The activities planned for the Verksted site are future-oriented in terms of current social developments and how consumers want to access as many functions as possible in the same place,” says the Centre’s Director, Per Kristian Trøen.



See more residential projects on the next page.



Skårerløkka



Wessel Park



Wendts Hage

Skårerløkka

The Skårerløkka residential project will see the construction of a total of 450 flats next to Triaden Lørenskog Storsenter. One to four-room flats varying in size from 29 sq. m. to 152 sq. m. will be for sale here. The flats are located in the “new Lørenskog city centre”, which is an area with urban qualities and exciting architecture.



95 FLATS
(CONSTRUCTION PHASE 1)

Wendts Hage

Wendts Hage in Lørenskog consists of 51 flats in two seven-storey buildings. There are two commercial sections on the ground floor of one of the buildings. The flats range in size from 41 sq. m. two-room flats to 135 sq. m. four-room flats with 50 sq. m. roof terraces.



51 FLATS

Wessel Park

The Wessel Park residential project is located in the centre of Vestby. The flats range in size from 34 sq. m. one-room flats up to 149 sq. m. four-room flats. This is the first project in the centre of Vestby.



106 FLATS



Solseilet



Parkodden



Lehmans Brygge



Read more:
thoneiendom.no

Parkodden

Parkodden, which comprises seven blocks of flats, is located in Skedsmo Municipality. The tallest building is five storeys high and business premises for rent are being built at street level. Parkodden is located right next to Strømmen Storsenter and the flats range in size from one room to five rooms.



166 FLATS

Lehmans Brygge

Lehmans Brygge has 14 west-facing flats on the seafront in Drøbak. The two buildings each house seven exclusive flats. The flats are five different sizes - ranging from 54 sq. m. two-room flats to 152 sq. m. four-room flats.



14 FLATS

Solseilet

Solseilet, a 13-storey block of flats, is being built in Nordbyen in Tromsø. Practical 27 sq. m. one-room flats will be for sale here, as will larger ones with up to 147 sq. m. and five rooms. On the top floor there will be two large penthouse flats with roof terraces with more than 34 sq. m. of space and fantastic views of Tromsø.



74 FLATS



Shared workspace in Karl Johans Gate 16 has two floors of furnished offices of various sizes and one floor with an open office landscape and lounge.



THON EIENDOM THON FLEX

Office sharing at Oslo city center's best location

Thon Flex is a new concept that was launched in spring 2018, offering modern office sharing with flexible leases. Meeting rooms can be booked online as needed.

Plug & Play- concept

Modern
office
shares

Flexible
leases

Digital
solutions

3,360
sq.m.
office share
in the
centre of
Oslo



Vika Atrium is located at Munkedamsveien 45, right next to Aker Brygge and Tjuvholmen. It offers furnished offices for lease and tenants have access to shared facilities in the building.



Thon Flex's office sharing concepts are located in two properties in the centre of Oslo: Karl Johans Gate 16 and Vika Atrium.

"We noticed the demand change in the office market and the way people work. Co-working and office charity have become a major trend and the competition in Oslo city centre is intense. As a major property owner and provider of premises, we also want to be able to offer this segment a good service. The target group are entrepreneurs and companies looking for smaller offices or office space with flexible leases and access to shared facilities. We also believe that there is a possibility that smaller actors who start with Thon Flex may grow and in time become tenants in our premises with longer leases," says Annette Hofgaard, the Director of Commercial Properties at Thon Eiendom.

The office premises are based on a 'plug and play' concept, meaning that all tenants need to bring along is a laptop. Thon Flex members have access to shared meeting rooms with AV equipment, free Wi-Fi and newspapers, social zones, quiet rooms, kitchens, cloakrooms and a Thon Flex host. Lunch arrangements, meeting refreshments and meeting rooms can be booked online or via an app. At Thon Flex in Karl Johans Gate 16, companies can book a meeting room online without being a member.

"The Thon Flex concept works really well. We quickly leased out all the spots in Vika Atrium, and Karl Johans Gate 16 has become a popular office share in Oslo. Our tenants are pleased and praise the concept," says Hofgaard.



Read more:
thonflex.no

Major construction and development projects



Diagonale



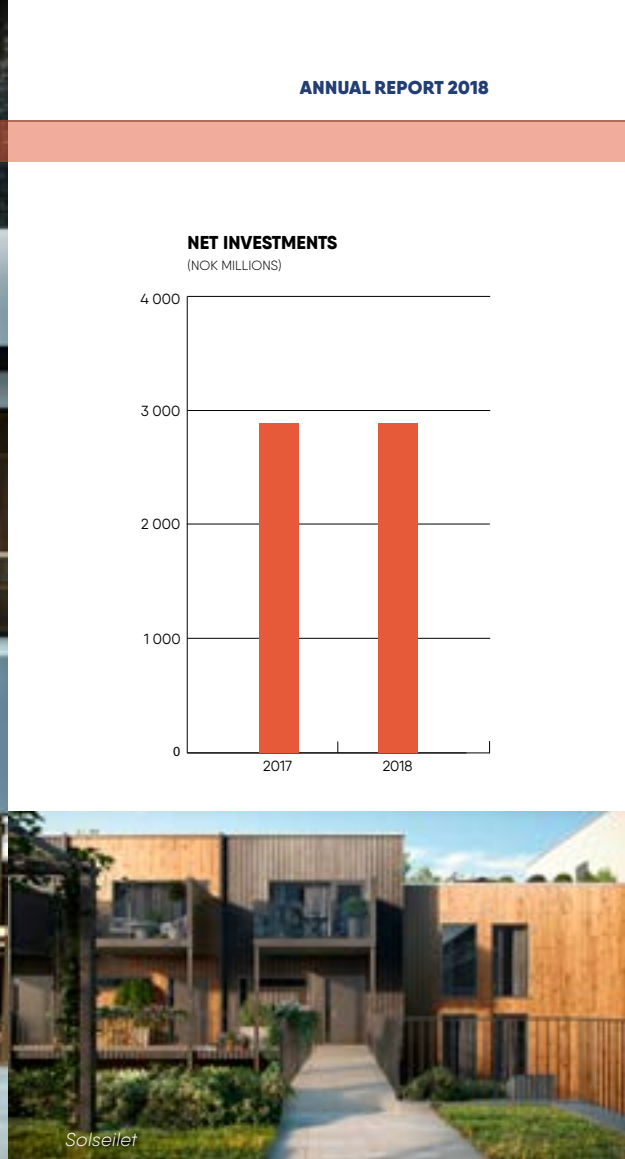
Lagunen Storsenter

Completed 2018

PROJECT	LOCATION	COMPLETION	SEGMENT	SPACE EXPANSION
Amfi Moa	Ålesund	2018	Shopping centres	24,000 sq. m.
Amfi Steinkjer	Steinkjer	2018	Shopping centres	3,400 sq. m.
Oasen	Haugesund	2018	Shopping centres	4,200 sq. m.
Jessheim Storsenter (34%)	Ullensaker	2018	Residential properties	129 flats for sale
Lagunen Storsenter (42%) <i>Construction phase 1</i>	Bergen	2018	Shopping centres	30,000 sq. m.
Vitaminveien 11 <i>Construction phase 1</i>	Oslo	2018	Commercial/residential	60 flats for rent/ 54,000 sq. m.
Dr. Wendts Hage	Lørenskog	2018	Residential properties	51 flats for sale
Parkodden	Strømmen	2018	Residential properties	166 flats for sale
Lehmanns brygge	Drøbak	2018	Residential properties	14 flats for sale
Diagonale, Bjørvika (50%)	Oslo	2018	Office/retail/residential	38,000 sq. m.



Amfi Moa



Solseilet

Under construction

PROJECT	LOCATION	COMPLETION	SEGMENT	SPACE EXPANSION
Amfi Moa Syd <i>Construction phase 2</i>	Ålesund	2019	Shopping centre/office	7,000 sq. m.
Vitaminveien 11 <i>Construction phase 2</i>	Oslo	2019	Commercial/residential	89 flats for rent/ 6,000 sq. m.
Lagunen Storsenter (42%) <i>Construction phase 2</i>	Bergen	2019	Shopping centres	10,000 sq. m.
Grønlandsleiret 27	Oslo	2019	Residential properties	35 flats for rent
Bergstien 1/Akersbakken	Oslo	2019	Residential properties	137 flats for rent
Youngstorget 3	Oslo	2019	Office/retail	6,800 sq. m.
Töcksfors Shoppingcenter	Årjäng	2019	Retail	9,000 sq. m.
Torp Köpcentrum	Uddevalla	2020	Retail	23,000 sq. m.
Rektor Steens gate 7/Solseilet	Tromsø	2020	Residential properties	74 flats for sale

In addition to this, several of the Group's hotels are undergoing major renovation and refurbishment.



Thon Hotel Polar

Thon Hotels in 2018

Thon Hotels is one of Norway's largest hotel chains with hotels throughout Norway, in Brussels and in Rotterdam.



Thon Hotel Rosenkrantz Bergen

DID YOU KNOW...?

Thon Hotel Lofoten **won silver** in the competition **for Norway's best breakfast**

Thon Hotel Storo was **named the customers' favourite hotel** in Norway by Berg-Hansen

Thon Hotel Rosenkrantz Oslo was voted **Norway's most romantic hotel** on Tripadvisor



Thon Hotel Storo

Thon Hotel Arena



Thon Hotel Opera

Thon Hotels has around 10,300 rooms in 73 hotels in Norway. 55 of the hotels are operated by the Group, while the other 18 are operated by external franchisees. The hotel portfolio generally consists of centrally located metropolitan hotels.

THON HOTELS NORWAY

The average occupancy rate was 59.8% in 2018, an increase of 0.6% compared with 2017. The average room rate rose by 3.9%, which resulted in a RevPAR rise of 4.5% for all Thon Hotels in Norway. The RevPAR for the hotels owned by the Group is around 3% higher than the market generally in those destinations where Thon Hotels is represented.

Five new franchise hotels joined the chain on 1 January 2018: Thon Hotel Andrikken, Thon Hotel Baronen, Thon Hotel Horten, Thon Hotel Måløy and Thon Hotel Narvik.

THON HOTELS INTERNATIONAL

Hotel operations in Brussels and Rotterdam consist of six hotels and three apartment hotels with a total of 1,570 rooms. In 2018, the portfolio saw an 11% growth in turnover. The average occupancy rate in 2018 was 65.6% with a RevPAR of NOK 655.

NEW CONFERENCE HOTEL IN OSLO

The conference hotel Thon Hotel Storo opened on 5 September 2018. The new hotel has 322 rooms and suites, a gym, a restaurant, a bar and outdoor service. The course and conference centre has space for 400 participants in the largest auditorium.

Four months after opening, Thon Hotel Storo was named the customers' favourite hotel in Norway in 2018 by Berg-Hansen's travel agency customers. Six other Thon hotels also made the top ten list.

"We are working hard to position Thon Hotels in the market. That's why it's even more satisfying to see seven of our hotels in the top ten list of travel agency customers' favourite hotels in Norway. It's especially gratifying that our newest conference hotel, Thon Hotel Storo, took first place. In just a short space of time, this Oslo hotel has become known for its excellent breakfast, colourful design and friendly staff," says Morten Thorvaldsen, Executive Vice President and CEO Thon Hotels.



10,300
ROOMS IN NORWAY



1,570
ROOMS ABROAD



3,546
OPERATING INCOME
(NOK MILLIONS)



Thon Hotel Congress Gardermoen



Thon Hotel Brussels City Centre

Thon Hotel Bristol Bergen

Thon Hotels is focusing on food, design and technology

TOOK SILVER IN BREAKFAST COMPETITION

From among more than 400 entrants, six Thon Hotels were county winners in Twinings' best breakfast competition. In the final, Thon Hotel Lofoten in Svolvær took silver in the prestigious contest.

"We want to showcase the best that Northern Norway – Lofoten and Svolvær – has to offer on the food front, with local specialties and homemade dishes. This lets us contribute to the drive to make local food production economically sustainable, and that feels good," says hotel director Erik Taraldsen.

NORWAY'S BEST HOTEL

Thon Hotel Rosenkrantz Oslo was ranked number one on the annual Travelers' Choice Awards list of Norway's 25 best hotels in 2018. Thon Hotel Rosenkrantz Oslo was also voted Norway's most romantic hotel.

Thon Hotel Rosenkrantz Bergen took second place on the 'Top 25 hotels for service in Norway' list.



NORWAY'S BEST HOTEL
Travelers' Choice Awards

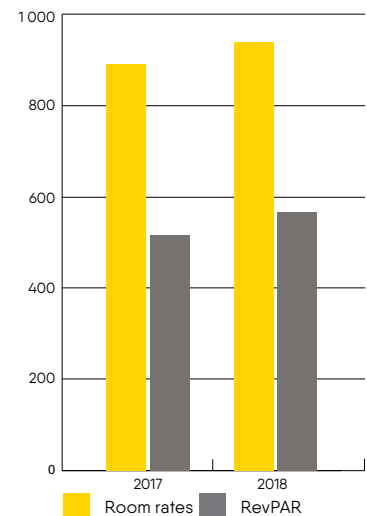
Thon Hotel Rosenkrantz Oslo



Six Thon hotels county winners in Norway's best breakfast

TWININGS' BEST BREAKFAST

ROOM RATES AND REVPAR THON HOTELS (NOK)





Thon Hotel Bristol Bergen



Thon Hotel Rosenkrantz Oslo



Thon Hotel Maritim



Serves local honey to hotel guests

The shopping centre next to Thon Hotel Storo has installed eco-friendly rooftop beehives.

"Establishing Storo apiary helps to protect the bee population. In recent years, the world has seen a massive death of bees, which is a major problem because bees perform an extremely important function in ecosystems," says the Centre' Director, Unni Merethe Aasgaard.

Around 80,000 bees produce honey, including for Thon Hotel Storo.

"The urban honey has a distinctive hint of mint taste that is very popular," says beekeeper Alexander Du Rietz.

TECHNOLOGICAL SOLUTIONS

In 2018, Thon Hotels launched an online chatbot, which answers questions about hotels.

"Thon Hotels wants to be accessible and provide our guests with quick online customer support. Enquiries that used to be handled over the phone or via email can now be sent directly to our new chatbot. The customer service centre is receiving fewer emails now and we can see that many guests are using the chatbot using their mobile phone," says Morten Thorvaldsen, Executive Vice President and CEO Thon Hotels.

A beta version of a newly developed mobile phone app for hotel bookings has also been released.

BILLION KRONER REFURBISHMENT OF THE HOTELS

In the last few years, Thon Hotels has spent more than NOK 1.4 billion on refurbishing hotels with modern designs and new colours. Sissel Berdal Haga, Olav Thon Group's Design Manager, and Interior Architect MNIL Trond Ramsøskar were responsible for the refurbishment. More hotels were refurbished in 2018, including Thon Hotel Europa, Thon Hotel Cecil and Thon Hotel Alta.



Read more:
thonhotels.no



80

KG OF HONEY
PRODUCED

THON HOTELS CAREERS

Thon Hotels is getting young people into working life

Many people without work experience and qualifications find their way into work through an open hotel door at Thon Hotels.

Hotels have many different departments and positions. Thon Hotels is therefore able to offer jobs to young and unskilled people.

“Many young people without qualifications and many immigrants find their route into work at Thon Hotels. We want to give people a chance and get as many as possible into work,” says Morten Thorvaldsen, Executive Vice President and CEO Thon Hotels.

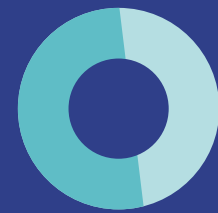
Thon Hotels offers positions in departments such as kitchens, reception, cleaning, conferences and administration. The hotel chain also helps people make a career for themselves.

“Our F&B Academy offers many different courses. We encourage dedicated employees to take qualifying examinations and provide further training. Thon Hotels also focuses heavily on internal recruitment. We have hotels all over Norway, as well as hotels in Brussels and Rotterdam. We can also offer a number of other exciting positions in the Group,” says Morten Thorvaldsen.

Number of full and part-time positions in Thon Hotels (approx.)

3,500

Women and men in managerial positions at Thon Hotels Norway



55.5% Women
44.4% Men

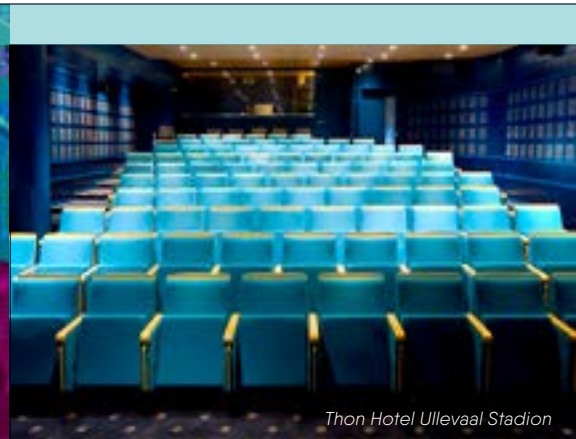




Thon Hotel Nidaros



Thon Hotel Fosnavåg



Thon Hotel Ullevaal Stadion



Zohra Palani

Worked her way up to a director position

In 2018, Thon Hotels had approximately 3,500 full and part-time employees.

Thon Hotels is also proud of its partnership with NAV Bjerke and the “Pøbelprosjektet” and “Ringer i Vannet” projects that give people a second chance through work. These partnerships are helping people into work.



Want to know more?
Read more: olavthon.no

The hotel Director of Thon Hotel Ullevaal Stadion, Zohra Palani, was named Young Hotelier of the Year 2018 by HSMIAI Norway.

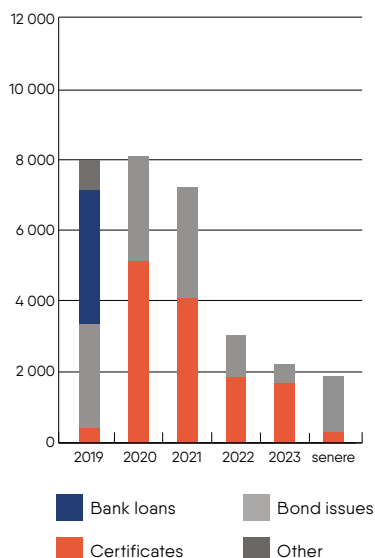
“My background is a child refugee without education. I started from zero, and have learned all the way and worked up the career ladder to my current position as Hotel Director,” says Zohra Palani.

Thon Hotel Nidaros

Financial matters

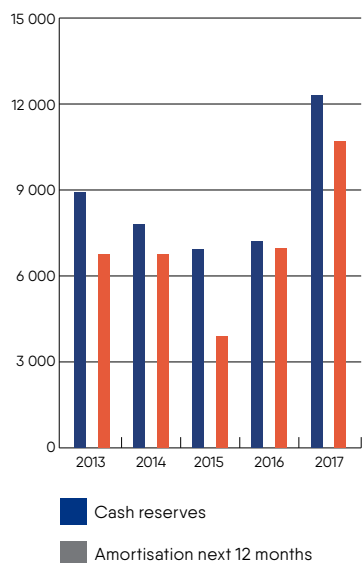
AMORTISATION

(NOK MILLIONS)



CASH RESERVES AND AMORTISATION

(NOK MILLIONS)



FINANCIAL STRATEGY

Olav Thon Group operates in a capital-intensive industry in which the choice of financial strategy is extremely important. One important element of the Group's financial strategy is the goal of maintaining a solid financial position, characterised by a high equity ratio and substantial cash reserves.

The strategy is intended to help reduce financial risk and ensure financial freedom of action so that investment opportunities can be acted upon quickly. The financial risk factors, liquidity, interest rate, currency and credit risks, are described in more detail in the Board of Directors' Report.

FINANCIAL STRENGTH

At the end of the year, book equity amounted to NOK 55,962 (51,854) million, while the equity ratio was 53% (51%).

CASH

The Group's cash reserves at year end was at NOK 9,595 (12,141) million and consisted of short-term investments of NOK 994 (1,095) million and undrawn long-term credit facilities of NOK 8,600 (11,046) million.

The average remaining term of the credit facilities was 3.5 (2.4) years.

DEBT PORTFOLIO

At the end of the year, the Group had a total of NOK 38,726 (41,965) million in loans and undrawn credit facilities. Interest-bearing debt amounted to NOK 30,125 (30,784) million and undrawn credit facilities NOK 8,600 (11,046) million. 21.5% (20%) and 1.7% (3%) of the total loans were in SEK and EUR, respectively.

Of the interest-bearing debt, NOK 12,525 (11,907) million was financed in the banking market, NOK 16,749 (16,209) million in the Norwegian and Swedish capital markets, and NOK 851 (718) million via other lenders. The split in the capital markets was NOK 12,931 (12,609) million in the bond market and NOK 3,818 (5,546) million in the certificate market. 45% (47%) of the capital market debt was raised in Norway, while 11% (12%) was raised in Sweden.

AMORTISATION

As at 31 December 2018, the Group's debt had an average remaining term of 2.2 (2.6) years. 27% (33%), i.e. NOK 8,009 (10,682) million, falls due in 2019, while 6% (11%) of the debt falls due in 5 years' time or later.

INTEREST RATES

The average interest rate at the end of the year was 3.07% (3%). For loans in NOK the average was 3.52% (3.42%), while for loans in SEK and EUR it was 1.42% (1.40%) and 2.30% (2.39%), respectively.

As at 31 December 2018, the average remaining term of the fixed-rate periods was 3.7 (3.7) years. 44% (43%) end in 2019, while 45% (38%) end in 5 years' time or later.

DEVELOPMENT OF THE FINANCIAL MARKETS

Competition in the Nordic banking sector increased in 2018, which resulted in reduced credit margins and an increased willingness to lend.

The capital markets in both Norway and Sweden gradually weakened in the second half of the year and the demand from investors for capital market loans decreased.

THE CREDIT MARKET

Olav Thon Group's borrowers in the capital market are Olav Thon Eiendomsselskap ASA and Thon Holding AS. The credit margin indicated for new bonds issued by the Group gradually rose in the second half of the year after a stable first 6 months.

At year end, the credit margin for Olav Thon Eiendomsselskap's 5-year secured bond issues was indicated at 1.20% (0.80%), while 12-month

unsecured certificates were indicated at 0.50% (0.40%).

The credit margins in the capital markets for Thon Holding AS are normally around 0.03-0.05 percentage points higher than for Olav Thon Eiendomsselskap ASA.

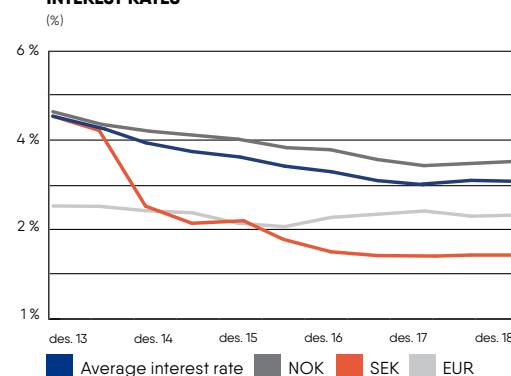
INTEREST RATE DEVELOPMENTS

Norges Bank increased the key rate by 0.25 percentage points to 0.75% in September, and the Norwegian short-term money market rate (3-month NIBOR) rose to 1.27% (0.81%) at the end of the year. The long-term money market rate (10-year swap) rose slightly during the year and was listed at 2.10% (1.94%) at the end of the year.

Riksbanken in Sweden increased its rate by 0.25 percentage points to -0.25% in December, and the short-term money market rate (3-month STIBOR) rose to -0.13% (-0.48%) at the end of the year. The Swedish long-term money market rate (10-year swap) fell from 1.20% to 1.13% at the end of the year.

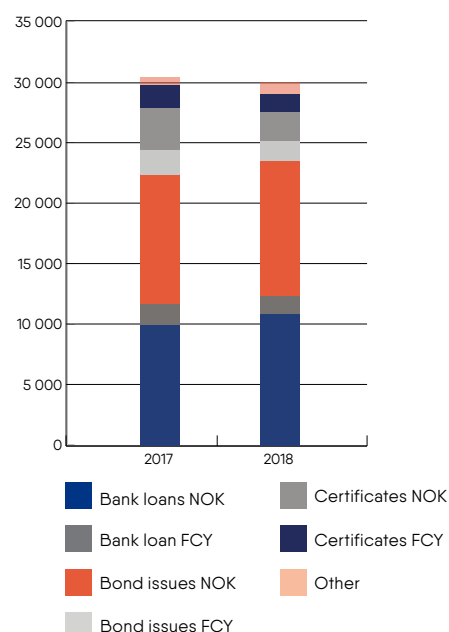
The European Central Bank (ECB) kept its key rate unchanged in the eurozone, and interest rates were stable. The short-term market interest rate (3-month EURIBOR) was listed at -0.31% (-0.33%) at the end of the year, while the long-term market rate (10-year swap) fell from 0.88% to 0.81%.

INTEREST RATES

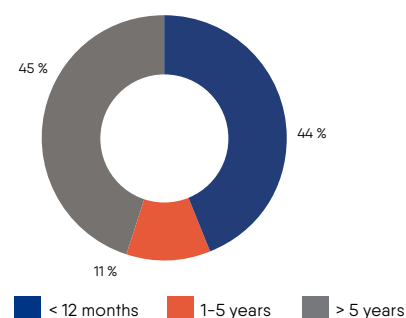


INTEREST-BEARING DEBT

(NOK MILLIONS)



INTEREST RATE ADJUSTMENT



Other business activities in Olav Thon Group

Olav Thon Group has several smaller businesses that are part of the Group. The best known of these are Unger Fabrikker, Pantelotteriet and some of Oslo's oldest restaurants and pubs.



Time Park AS

Time Park is a privately owned parking company that was started by Olav Thon Group in 2007. Time Park operates more than 50,000 parking spaces in Norway and offers indoor parking, short-term parking, long-term leasing of parking spaces and charging points for electric cars. In Oslo, Time Park has parking in Gunerius P-hus, Spektrum P-hus, Vika Atrium, Dalsbergstien P-hus, Pilestredet Park, Storo Storsenter and Stortunet. Time Park saw solid turnover growth of around 18.5% in 2018, primarily due to new agreements with both the Group's properties and external parties.

Read more on timepark.no



Resthon

Resthon was founded in 1965 and is a wholly owned company in Olav Thon group. Resthon's pubs are centrally located in Oslo and include: Den Gamle Major, The Scotsman, Dr. Jekyll's Pub, Sir Winston's Public House and Tostrup Uteservering.

In 2018, these pubs achieved a combined turnover of NOK 130 million net, excluding VAT.

*Read more on:
gamlemajor.no
scotsman.no
jekylls.no
sir-winston.no*



Norsk Pantelotteri AS (60%)

Pantelotteriet celebrated its tenth anniversary in 2018. The responsible lottery operator is Norsk Pantelotteri AS, a company jointly owned by the Norwegian Red Cross and Olav Thon Group. The eco-friendly lottery raised NOK 50 million for the Norwegian Red Cross in 2018.

In 2018, deposit rates increased from NOK 1 and 2.5 to NOK 2 and 3, which resulted in growth of more than 40% for Pantelotteriet. It also helped the owners of Norsk Pantelotteri AS to decide in 2018 to increase the funds for the cause from 50% to 53%, after the deduction of winnings.

"The funds from Pantelotteriet have become very important, especially for local branches and the rescue corps across the whole of Norway," says Robert Mood, President of the Norwegian Red Cross.

Read more on pantelotteriet.no



Conrad Langaard AS

Conrad Langaard AS imports, sells and distributes various tobacco products and snuff. Conrad Langaard AS was established in 1854 as a family business and became a wholly owned subsidiary of Olav Thon Group in 1986. In 2018, the company saw turnover of NOK 84.5 million and employed 21 FTEs.

In autumn 2018, Conrad Langaard AS acquired 100% of the shares in Gottit AS, which today functions as a subsidiary. Gottit AS imports confectionary, nuts, snacks, snack bars and sweets and utilises Conrad Langaard's services, especially within sales. In 2018, the company saw turnover of NOK 9.3 million and employed 2 FTEs.

Read more on conrad-langard.no



Follo Fjernvarme AS

The company's operations involve the production, sale and distribution of district heating and cooling. Its head office is in Ski where the municipal council has decided that all new buildings and renovations of more than 300 sq. m. have an obligation to connect to Follo Fjernvarme.

To ensure that Olav Thon Group's properties have access to affordable, eco-friendly energy, Follo Fjernvarme has also established several district heating plants/local heating plants in the Group's properties, including in: Flå in Hallingdal, the Diagonale building in Bjørnvika, Storo Storsenter, Svolvær town centre, Åsane Storsenter, the airport terminal building of the former Moss Lufthavn Rygge and Sørlandssenteret in Kristiansand. The plants use a variety of energy sources in their production. For example, in Svolvær heat is obtained from sea water.

Read more on follofjernvarme.no



Unger Fabrikker AS

Unger Fabrikker AS is a chemical industrial plant in Fredrikstad that produces and sells intermediate goods for the soap and cosmetics industry and for industrial use. The products it makes include the main ingredients used in washing-up liquid, laundry detergents, WC blocks and shampoo. Unger exports more than 90% of its production to around 70 different countries. Unger Fabrikker has been owned by Olav Thon Group since 1992. In 2018, the company saw a turnover of NOK 600 million and employed 115 FTEs.

Read more on unger.no

The award is presented every year in a formal ceremony in the University of Oslo's Aula.



The Olav Thon Foundation

In 2018, the Olav Thon Foundation distributed a total of NOK 89 million. The funds went to different causes, people and research projects.

“This was a very important award”
Professor
Fernanda
Petersen

RESEARCH SUPPORT AND OUTSTANDING TEACHING

Every year, the Olav Thon Foundation presents awards to people and research projects that have distinguished themselves in their fields in Norway and abroad.

NOK 42 million was distributed in academic awards and research support in 2018. The award winners included neuroscientist Riitta Hari, three Nordic research collaborations in medicine, three national student-related research projects, and five national awards for outstanding teaching.

One of the Nordic research collaborations is carrying out research into antibiotic resistance in newborns. “This is a very important award. It allows us to heavily focus on the health of premature babies. Hopefully, this will lead to measures that can help alleviate the problems this vulnerable group experiences in relation to antibiotic resistant organisms,” says Professor Fernanda Petersen at the Institute for Oral Biology at the University of Oslo.

CHARITY

Since 2013, the Olav Thon Foundation has also supported various causes that are helping to build communities in Norway. More than 100 applications were received in 2018. The board awarded more than NOK 47 million to decisions to support social welfare.



Read more:
olavthonstiftelsen.no

The recipients included Aktiv mot Kreft, the Norwegian Association of the Blind and Partially Sighted, Rye Nærmiljøpark, the Helgelandstrappa project and the restoration of Gloster Gladiator 423, which was one of Norway's most important combat aircraft in World War II.

42

million (NOK) for
research and
outstanding
teaching

47

million (NOK) for
socially beneficial
purposes

TOTAL
89
million
awarded
in 2018



*Olav Thon together with award
winner Riitta Hari in 2018.*

Riitta Hari received the year's International Research Award

The Finnish neuroscientist was awarded Olav Thon's International Research Award in 2018.

"Riitta Hari is a very worthy winner of this year's International Research Award. She is an acclaimed researcher within studies of the human brain, and has been behind several breakthroughs in this field," said Olav Thon.

"Researching this is a lot of fun," said Riitta Hari in her acceptance speech at the University of Oslo.

On 8 March 2018, the award winners were gathered for a formal ceremony in the University of Oslo's Aula. The Chairman of the Board, Olav Thon, presented the awards. The ceremony was followed by a banquet at the venerable Hotel Bristol for the award winners, diplomats from the award winners' home countries, the Olav Thon Foundation's board, the expert jury and a wide range of representatives from academia and the Norwegian public sector.

Ole Petter Ottersen, chair of the Foundation's expert jury, professor of medicine and president of the Karolinska Institutet in Sweden, called Hari a pioneer and said that her research had provided a lot of insight:

"Since the early 1980s, Hari has been a pioneer in the use of MEG to map the brain's activities. With the aid of MEG, Riitta Hari has given us new and fundamental insight into how the human brain processes signals from our sensory organs, from our skin, eyes and ears. She has also given us a new understanding of how muscles are steered and controlled by the brain. Among other things, she has shown that the area of the cerebral cortex that controls muscles is activated when a person observes movement in another person. Hari was the first to use non-invasive techniques to map the parts of the cerebral cortex that process pain."

Sustainability and corporate social responsibility

Olav Thon Group has participated in the UN Global Compact since 2012. This is a global network for companies that want to work with corporate social responsibility and contribute to sustainability.



DID YOU KNOW...?

All of the hotels the Group owns are **Eco-Lighthouse certified**

Thon Hotels is a member of the anti-food waste **KuttMatSvinn 2020 project**

Olav Thon established **Pantelotteriet** as a **source of funding for charity organisations**



THE ENVIRONMENT AND GREEN OPERATIONS

Olav Thon Group takes into account eco-challenges in its operations and society in general. The Group focuses on environmental efficiency, with energy management and waste as key areas. All of the hotels the Group owns in Norway are Eco-Lighthouse certified.

Thon Hotels is also a control member of Grønt Punkt Norge, and requires its Norwegian product suppliers to be members of a take-back scheme for packaging.

CUTTING FOOD WASTE

Thon Hotels is a member of the anti-food waste KuttMatSvinn 2020 project. Our hotels systematically work to reduce food waste. Thon Hotels has implemented a number of different measures. All of the food that is thrown away is weighed to make it easier to see if there is a need to change food purchasing and production routines in the hotel kitchen. Chefs are also encouraged to be creative when it comes to reusing food, and guests are discouraged from taking everything in one go from buffets in order to reduce food waste. Thon Hotels also collaborates with "Too Good To Go" in which surplus food is sold.

PANTELOTTERIET

Olav Thon established Pantelotteriet as an eco-friendly lottery that generates a sustainable source of funding for charitable organisations. The profits from Pantelotteriet go directly to the Norwegian Red Cross. Pantelotteriet has raised around NOK 250 million for the Norwegian Red Cross since 2008.

SOCIAL RESPONSIBILITY

In Olav Thon Group, we strive to achieve real gender equality and good diversity among our employees. We demonstrate this by pointing to our balanced gender ratio, as well as our involvement in several inclusive projects, including our collaboration with NAV and the "Pøbelprosjektet" and "Ringer i Vannet" projects.

THE OLAV THON FOUNDATION

Olav Thon Group is owned by the Olav Thon Foundation, which since 2013 has donated around NOK 200 million to socially beneficial causes, research and outstanding teaching.

Read more about the *Foundation* on page 42.



**NOK
250 million**

DONATED TO THE RED CROSS BY
PANTELOTTERIET



**NOK
200 million**

HAS BEEN AWARDED TO RESEARCH
AND SOCIALLY BENEFICIAL PURPOSES
SINCE 2014

We operate our business in line with the UN Global Compact's 10 principles for human rights, the environment and anti-corruption. The principles are:

HUMAN RIGHTS

#01

Businesses should support and respect the protection of internationally proclaimed human rights.

#02

Make sure that they are not complicit in human rights abuses.

#03

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

#04

The elimination of all forms of forced and compulsory labour.

#05

The effective abolition of child labour.

#06

The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

#07

Businesses should support a precautionary approach to environmental challenges.

#08

Undertake initiatives to promote greater environmental responsibility.

#09

Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

#10

Businesses should work against corruption in all its forms, including extortion and bribery.

Source: fn.no



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