



OLAV THON GRUPPEN

**BOARD OF DIRECTORS'
REPORT & FINANCIAL
STATEMENTS**

2020

Board of Directors' Report
Income Statement
Balance Sheet
Cash Flow Statement
Changes in Equity

KEY FIGURES

Figures in NOK millions	31.12.20	31.12.19
Operating income	8 995	10 413
Fair value adjustments investment properties and interest rate derivatives ¹⁾	-2 282	1 353
Profit before taxes ²⁾	234	4 211
Profit before tax and fair value adjustments ³⁾	2 526	2 927
Equity	59 366	58 796
Equity ratio	53 %	54 %
Net cash flow from operations ⁴⁾	2 571	2 931
Cash reserves ⁵⁾	9 320	9 399
Amortisation next 12 months	6 291	8 820
Interest-bearing debt ⁶⁾	32 356	30 977
Interest rate per balance sheet date	2,90 %	3,13 %
Loan to value ratio ⁷⁾	30 %	29 %
Net investments ⁸⁾	2 894	2 549
Market value properties ⁹⁾	103 489	101 548
Annual rental income level ¹⁰⁾	5 750	5 685
Yield properties	4,95 %	4,89 %
Sales, owned shopping centres	64 309	66 554
Revenue per available room (NOK) ¹¹⁾	254	575

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 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 7,979 million (31.12.20) and NOK 6,374 million (31.12.19)

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

8) Property purchase/sale/upgrade costs + purchase/sale of companies + 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)

MNOK 6,586 (31.12.20) and 6,832 (31.12.19).

10) Market rent for rented and vacant premises.

11) Thon Hotels

BOARD OF DIRECTORS' REPORT FOR 2020

HIGHLIGHTS IN THE BOARD DIRECTORS' REPORT

OPERATING INCOME

Total operating income amounted to NOK 8,995 (10,413) million.

PROFIT

Profit before tax was NOK 234 (4,221) million.

EQUITY

The Group's equity at year end amounted to NOK 59,366 (58,796) million and its equity ratio was 53% (54%).

PROPERTY PORTFOLIO

Annual rental income level in the property portfolio as at 1 January 2021 was NOK 5,750 (5,685) million and the vacancy rate was 4.4% (2.8%).

SHOPPING CENTRE RETAIL SALES

Retail sales in the shopping centre portfolio owned by the Group amounted to NOK 64.4 (66.5) billion. At year end, the Group owned 72 shopping centres and managed 18 for other owners.

THON HOTELS

At year end, Thon Hotels had 12,050 (12,030) rooms in 80 (80) hotels in Norway and abroad.

CASH RESERVES

The Group's cash reserves amounted to NOK 9,320 (9,399) million.

ANNUAL FINANCIAL STATEMENTS

The consolidated financial statements for the Olav Thon Group have been prepared in accordance with section 3-9 of the Norwegian Accountancy Act and the Regulations on Simplified IFRS issued by the Ministry of Finance on 3 November 2017.

In accordance with the requirements of the Norwegian Accounting Act, the Board of Directors confirms that the basis for continued operations is still present. The annual financial statements for 2020 have been prepared based on this assumption. The basis is provided by results achieved from underlying operations and an expectation that an uncertain market situation is temporary.

Reference is made to notes 18 and 33 for information concerning uncertainty and effects on the consolidated financial statements due to the coronavirus pandemic.

No events have occurred after the reporting date that would materially affect the assessment of the Group's financial position and results as at 31 December 2020.

IMPACT OF THE CORONAVIRUS PANDEMIC ON THE OLAV THON GROUP

The 2020 financial year was strongly affected by the coronavirus pandemic and the comprehensive infection control measures that were introduced. This had a significant impact on the Olav Thon Group.

A substantial proportion of the Group's hotels were completely or partly closed during the year, while the real estate business was affected by many tenants in the shopping centres had to close during some part of the year. The Group's shopping centres in Sweden at the border with Norway lost Norwegian customers due to travel restrictions.

The development of the businesses in 2020 is discussed under the description of the business areas later in this report.

The Norwegian and Swedish governments introduced support schemes for companies and businesses significantly affected by the coronavirus pandemic.

Several of the Group's businesses in the hospitality sector have received cash support from the authorities. This is described in more detail in notes 32 and 33.

Many of the Group's tenants also benefited from government support schemes and, to alleviate the situation further, the Group granted many tenants rent reductions and payment deferrals.

Despite the pandemic, the Olav Thon Group achieved satisfactory operating results.

In the new year, mutated variants of the coronavirus contributed to higher infection rates in much of the country and several strict new infection control measures were introduced.

This resulted in some of the Group's hotels and tenants had to keep closed for extended periods.

It is expected that it will be possible to remove some or all infection control measures when a large enough percentage of the population has been vaccinated. According to the health authorities, it is hoped that this can happen over the Summer.

Further assessments and descriptions of the consequences of the coronavirus pandemic for the Olav Thon Group can be found in the section on outlook and notes 18 and 33.

SUMMARY OF INCOME STATEMENT AND BALANCE SHEET

Financial position/balance sheet as at 31 December 2020

The Group's total assets were NOK 111,881 (109,649) million, with its property portfolio accounting for NOK 101,120 (98,614) million of that figure.

The property portfolio consists of investment properties valued at NOK 86,200 (84,227) million and owner-occupied properties valued at NOK 14,920 (14,387) million.

Different accounting policies are applied when recognising the value of investment properties and owner-occupied properties in the consolidated balance sheet. Please see the sections on these property categories later in the report.

The Group's share of the equity in joint ventures and associated companies was NOK 3,723 (3,947) million.

Equity was NOK 59,366 (58,796) million and the equity ratio was 53% (54%).

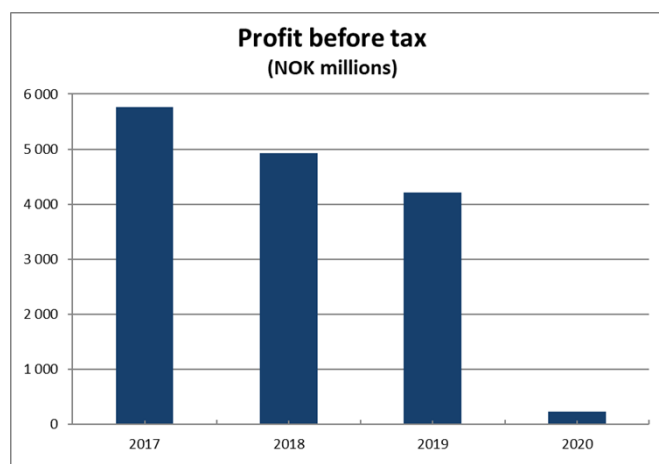
The Group's interest-bearing debt was NOK 32,356 (30,977) million, while the loan to value ratio was 30% (29%).

Summary of the income statement for 2020

Profit before tax was NOK 234 (4,211) million.

Fair value adjustments of investment properties and interest rate derivatives (including fair value adjustments in joint ventures and associated companies) totalled NOK -1,650 (1,767) million.

Profit before tax and fair value adjustments/depreciation therefore amounted to NOK 2,526 (2,927) million.

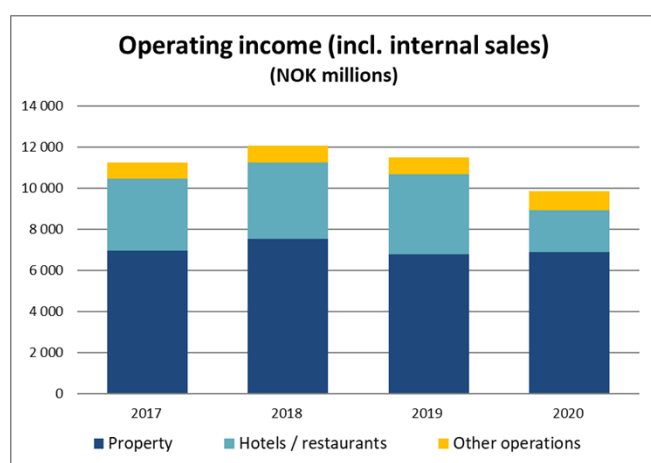


Operating income

The Group's total operating income was NOK 8,995 (10,413) million in 2020 and mainly came from the following business areas:

All figures in NOK millions	2020	2019
Rental income in Thon Eiendom	4,437	4,564
Accommodation income in Thon Hotels	971	2,189
Residential sales in Thon Eiendom	400	16
Sale of goods from other operations	1,033	968
Sale of goods in Thon Hotels	408	973
Other operating income	1,746	1,702
TOTAL	8,995	10,413

Other operating income includes NOK 221 million in cash support from the Norwegian authorities.



Operating expenses

Total operating expenses amounted to NOK 6,037 (7,060) million in 2020 and can be categorised as follows:

All figures in NOK millions	2020	2019
Payroll expenses	1,272	1,716
Maintenance expenses	394	972
Cost of goods sold	683	860
Expenses from residential sales in Thon Eiendom	386	27
Ordinary depreciation and write-downs	917	650
Other operating expenses	2,385	2,835
TOTAL	6,037	7,060

Management result

The Group's management result, which shows the Group's profit before fair value adjustments, financial items and tax was NOK 2,959 (3,353) million.

Fair value adjustments of investment properties

The value of the Group's investment properties fell by NOK 752 (1,193) million. The fall in value was mainly due to the lower fair value of the Group's retail properties.

For more details, please refer to the section on property activities later in the report and note 13 to the annual financial statements.

Depreciation of owner-occupied properties

For a description of owner-occupied properties please refer to the section later in the report.

Fair value was used as the estimated acquisition cost for owner-occupied properties upon 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 2020, depreciation of owner-occupied properties amounted to NOK 557 (339) million. As a result of the coronavirus pandemic, the fair value of some owner-occupied properties is considered to be lower than capitalised value. The value of owner-occupied properties has therefore been written down by NOK 189 (71) million.

Share of results of joint ventures and associated companies

The Group's share of the results of joint ventures and associated companies amounted to NOK 18 (369) million.

The fall in profit from the previous year is mainly due to fair value adjustments of investment properties and interest

rate derivatives in these companies amounting to NOK -212 million in 2020 compared with NOK 198 million in 2019.

Financial income and expenses

The Group's net financial expenses (excluding fair value adjustments of interest rate derivatives) amounted to NOK 1,293 (1,065) million.

Net interest expenses amounted to NOK 960 (972) million.

The net exchange rate loss was NOK 228 (4) million, while interest expenses related to lease agreements in accordance with IFRS 16 represented an additional NOK 49 (52) million.

Fair value adjustments of interest rate derivatives

The Group's portfolio of interest rate derivatives consists of:

- Interest rate swaps
- Combined interest rate and currency derivatives
- Forward exchange contracts
- Listed Norwegian shares

In 2020, long-term market interest rates fell in Norway, Sweden and the eurozone, and the Norwegian krone weakened significantly in relation to both the Swedish krona and the euro. The value of the Group's interest rate derivatives and listed shares fell by NOK 168 (431) million.

Fair value adjustments of the various interest rate derivatives were as follows:

Fair value adjustments, interest rate derivatives	2020	2019
Interest rate swaps	-497	257
Interest rate and currency derivatives	-173	105
Forward exchange contracts*	-40	0
Listed shares	25	14
TOTAL	-168	431

*Included in fair value adjustments with effect from 2020

Cash flow and liquidity

Net cash flow from the Group's operations was NOK 2,571 (2,931) million, while net cash flow from operating activities was NOK 1,110 (1,572) million.

Net cash flow from investment activities was NOK -1,875 (-2,290) million, while financing activities increased liquidity by NOK 602 (776) million.

The exchange rate effects on bank deposits amounted to NOK 14 (-14) million, and the Group's cash reserves therefore fell by NOK 148 (44) million in 2020.

The Group's cash reserves at year end amounted to NOK 9,320 (9,399) million. Cash reserves consisted of short-term investments of NOK 886 (1,037) million and undrawn long-term credit facilities of NOK 8,434 (8,362) million.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ALLOCATION OF PROFIT FOR THE YEAR

The financial statements of the parent company, Olav Thon Gruppen AS, have been prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

The parent company's operating income consists of net financial income and share dividends from subsidiaries.

After the deduction of operating expenses, profit before tax was NOK 132,000 (308,951,000).

Profit for the year after calculated tax was NOK 103,000 (305,464,000) and the Board proposes the following allocation of the parent company's profit for the year:

Transferred to other equity:	NOK 103,000
Allocated net profit:	NOK 103,000

The book value of the parent company's assets was NOK 1,447,774,000 (1,582,555,000) at year end. Book equity was NOK 1,305,749,000 (1,305,646) million and the equity ratio was 90% (83%).

BUSINESS AREAS

The property business area

Total operating income in the property business area amounted to NOK 6,901 (6,766) million (including internal sales) in 2020.

The increase from the previous year is due to higher sales revenue from the Group's residential projects. In 2020, sales revenue was NOK 400 million compared with NOK 16 million in 2019.

The Group's external rental income amounted to NOK 4,437 (4,564) million.

Property portfolio as at 31 December 2020

The Group's property portfolio is divided into the following main categories, which are treated differently in the consolidated 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 the valuation model and the variables included in the valuation of investment properties, as well as the accounting policies applied to owner-occupied properties, please see note 13 in the annual report.

Investment properties

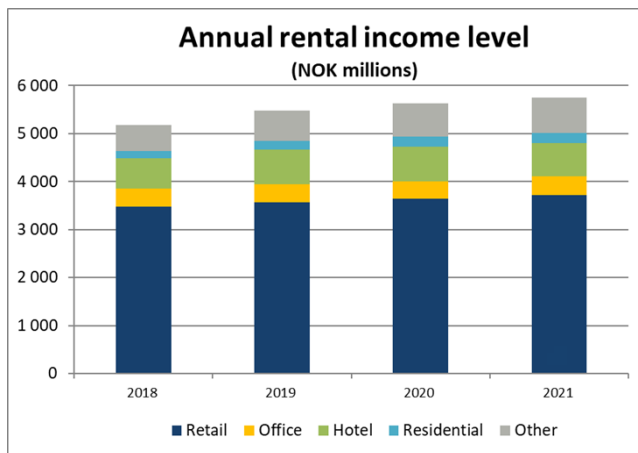
The portfolio of investment properties is carried at fair value.

The property portfolio was valued at NOK 86,200 (84,227) million at year end, with the valuation being based on an average yield of 5.00% (4.96%).

Owner-occupied properties

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

At year end, the capitalised value of the Group's owner-occupied properties was NOK 14,920 (14,387) million.



Rental income level as at 31 December 2020

At year end, the Group's total property portfolio had a rental income level of NOK 5,750 (5,685) million (including estimated market rents on vacant premises).

The property portfolio is divided into the following segments (based on rental value):

- 60% Retail
- 14% Hotel
- 15% Office
- 4% Residential
- 7% Other

The rental income comes from the following geographical areas:

- 54% Oslo region
- 31% Rest of Norway
- 15% Abroad

As at 31 December 2020, the vacancy rate in the property portfolio was 4.4% (2.8%).

The shopping centre business area

At year end, the shopping centre business area comprised 90 shopping centres in Norway and Sweden, 18 of which are managed for external owners.

The Group enjoys a strong market position, with the shopping centre portfolio included Norway's six largest shopping centres in terms of retail sales.

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

Shopping centres owned by the Group

Norway

Retail sales in the Group's Norwegian shopping centres increased by 5.2% to NOK 56.2 billion.

Sweden

Retail sales in Sweden have been significantly affected by the border between Norway and Sweden being closed to Norwegian customers since March 2020.

Retail sales in the shopping centres fell by 44% to SEK 7.9 billion.

Property portfolio owned by joint ventures and associated companies

In addition to the property portfolio recognised directly in the consolidated balance sheet, the Group owns stakes in shopping centres, hotels, residential properties and other commercial properties through joint ventures and associated companies.

The stakes in these companies, which are 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 level in these companies was NOK 375 (380) million at year end, while the Group's share of the property values was estimated at NOK 6,312 (6,937) million.

HOTELS

The hotel business area

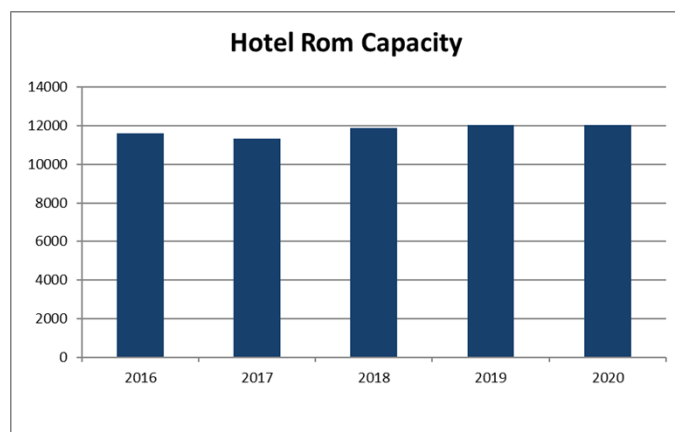
Operating income in the hotel business area (including internal sales) amounted to NOK 2,041 (3,914) million, including operating income of NOK 69 (122) million from separate restaurants.

Operating income is significantly reduced as a number of the Group's hotels and restaurants was completely or partly closed for much of the year.

Thon Hotels

At the end of 2020, Thon Hotels had 12,050 rooms in 80 hotels in Norway and abroad.

In Norway, Thon Hotels is a national hotel chain with 10,470 rooms in 72 hotels. Of these hotels, 53 are operated by the Group and 19 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 player in the metropolitan regions of Oslo and Bergen.

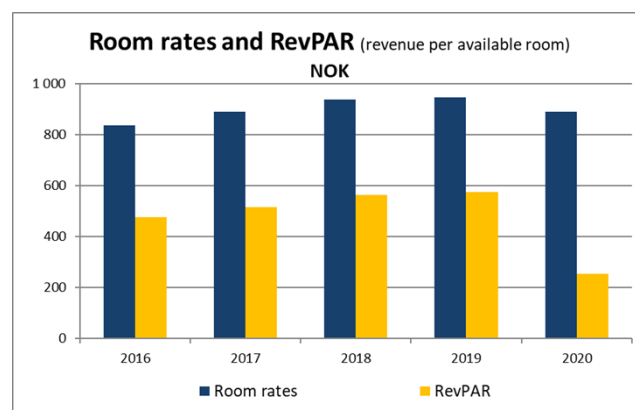
Abroad, Thon Hotels has 1,580 rooms in five hotels and two apartment hotels in Brussels, Belgium, and one hotel in Rotterdam in the Netherlands.

Broken down into geographical segments, Thon Hotels achieved the following key figures in 2020:

	Room rate	Occupancy rate	RevPAR
Thon Hotels Norway (NOK)	875	30.3	265 (-52%)
Thon Hotels Brussels (EUR)	100	16.8	17 (-77%)
Total Thon Hotels (NOK)	890	29.0	254 (-56%)

As a result of the significant fall in occupancy rates and room rates, Thon Hotels had a weak result in 2020.

The fall in profit has been mitigated by substantial cost reductions in the hotel business area.



Restaurants

The Olav Thon Group owns and operates seven restaurants outside the hotels. Total sales in 2020 amounted to NOK 69 (122) million.

The restaurant business was significantly affected by the coronavirus pandemic and extensive infection control measures for much of the year.

Other business areas

Companies outside the property and hotel business areas are included in other operations. Total operating income in 2020 amounted to NOK 923 (838) million.

The largest company, Unger Fabrikker AS, achieved very good results in 2020. Operating income amounted to NOK 662 (606) million and profit before tax was NOK 108 (68) million.

INVESTMENTS

The Group's net investments in 2020 amounted to NOK 2,894 (2,549) million and included investments in property projects under construction, upgrades of the existing property portfolio and property acquisitions.

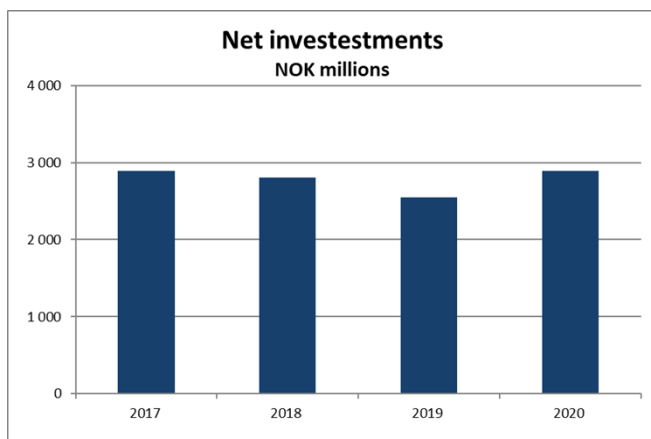
Major property acquisitions

Oscar Hanssens veg 1-3, Molde

Retail and office property totalling 4,100 square metres close to the Group's shopping centres in Molde

Amfi Larvik

The Group's stake in Amfi Larvik was increased from 50% to 100%. Amfi Larvik is a combined shopping centre and office property totalling 14,700 square metres in the centre of Larvik in the County of Vestfold and Telemark.



PROPERTY DEVELOPMENT

Major property projects

Property development is an important part of the Group's operations and 2020 was another busy year.

Completed

The following major projects were completed during the year:

- Torp Uddevalla shopping centre in Sweden was extended by 23,000 square metres of retail space.
- Two residential projects in Tromsø with 104 units for sale.
- One residential project at Strømmen in the Oslo area with 701 units for sale.

Under construction/refurbishment

The following major property projects were under construction at the start of 2021:

- The Lørenskog Storsenter shopping centre in the Oslo area is being extended by 26,000 square metres of retail space.

- Two logistics buildings totalling 46,000 square metres at Gardermoen.
- Two residential projects in Oslo with a total of 205 units for sale.
- One new building in Oslo city centre with 46 units for rent.
- Hotel with 200 rooms in Svolvær.
- Hotel with 300 rooms at the SNØ indoor ski arena in Lørenskog in the Oslo area.

In addition to the major property projects, smaller upgrade and refurbishment projects are taking place at several of the Group's shopping centres.

FINANCING

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

At year end, total credit facilities were NOK 40,791 (39,339) million, NOK 8,434 (8,362) million of which was undrawn.

Interest-bearing debt therefore amounted to NOK 32,357 (30,977) million.

The capital markets in Norway are important sources of financing.

At year end, the Group had outstanding certificate and bond debt of NOK 14,264 (15,210) million, which can be broken down as follows:

Norway:	NOK 12,073 (12,239) million
Sweden:	SEK 2,100 (3,315) million

The proportion of interest-bearing debt raised in the capital market was therefore 44% (49%).

At year end, the debt had an average remaining term of 2.6 (2.6) years, and 19% (28%) of the debt is due for repayment within one year.

ORGANISATION AND WORKING ENVIRONMENT

The Olav Thon Group practises equality and has zero tolerance for any form of discrimination or harassment of employees.

All employees are entitled to equal and fair treatment regardless of age, ethnic origin, disability, skin colour, nationality, political views and religion or other beliefs.

The Olav Thon Group has defined equal pay for men and women with comparable positions as a goal for its gender equality work. No systematic differences in pay between men and women have been identified in the Group.

Work is in progress to promote universal design of the company's general facilities, so that they can also be used by persons with impaired functional ability.

The Board of Directors considers the above-mentioned conditions and general working environment to be satisfactory.

At the end of 2020, there were 3,233 (3,257) FTEs in the Olav Thon Group. The parent company, Olav Thon Gruppen AS, had no employees as at the same date.

The FTEs were distributed as follows: 2,802 in Norway, 339 in Belgium, 23 in the Netherlands and 85 in Sweden. 49% of the Group's employees are women and 51% are men.

The Group's sick leave rate in 2020 was 5.2% (5.8%).

No significant injuries or accidents occurred during business operations in the period. Nor have deficiencies in employee safety or the working environment otherwise been identified.

The company's Board of Directors consists of five men and one woman.

Statutory reporting regarding equality and anti-discrimination under section 26 of the Norwegian Equality and Discrimination Act for group companies can be found on the Group's website: olavthon.no.

ENVIRONMENTAL STATUS

The Olav Thon Group has drawn up guidelines on sustainable value creation and eco-friendly business operations.

Environmental work is an integral part of operations in the Olav Thon Group and environmental initiatives are implemented both for its own business operations and use of its properties by tenants.

The Group focuses on environmental efficiency with energy management and recycling as key areas.

Operations satisfy the requirements for limiting pollution of the external environment.

Further information on environmental and sustainable value creation can be found on the Group's website: olavthon.no.

SUSTAINABLE VALUE CREATION AND CORPORATE SOCIAL RESPONSIBILITY

The Olav Thon Group is a member of the UN Global Compact, and works systematically in the areas of human rights, working conditions, the environment, anti-corruption and social responsibility.

This work is followed up through goals and measures in accordance with the Global Reporting Initiative (GRI) and documented in an annual Corporate Social Responsibility Report.

For further information about the work on sustainable value creation and corporate social responsibility, please visit the Group's website: olavthon.no.

CORPORATE GOVERNANCE

The Olav Thon Group aims to maintain a high level of confidence among lenders, tenants and society in general, and therefore strives to ensure good corporate governance.

The management of the Group is essentially based on the principles set forth in the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES).

THE OLAV THON GROUP'S RISK FACTORS

The Group's risk factors can be divided into the following main categories:

- Market risk
- Financial risk
- Operational risk

Market risk

The review of the Group's market risk assumes that the Norwegian economy and society will gradually return to a normalised situation in the course of 2021. Please see the outlook for the Group later in the report.

The commercial property market in 2020

The commercial property market showed good development in 2020, with generally high demand for commercial property as an investment object.

The Group's property segments developed differently, with high demand for centrally located office and combination properties and less interest in shopping centre properties.

Rental prices were stable on the office rental market in the Oslo area, but there were significant differences in rental price and vacancy rate between the different parts of the city.

Rental prices in shopping centres mainly showed a slight downward trend.

The Group's market risk

60% of the Group's rental income comes from a small number of large shopping centres and centrally located properties in Norway, as well as shopping centres in Sweden, some of which are targeted at border trade. A substantial proportion of the tenants is made up of stores selling product lines with stable demand.

Overall, the Group's Norwegian shopping centres have shown good development during the pandemic, although there have been significant differences between the various product lines at the centres. The Group's shopping centres in Sweden close to the border with Norway showed very weak development due to closed borders.

Growth in e-commerce is assumed to grow faster than physical retail in the future, but it still accounts for a small proportion of the total retail trade. The Group's shopping centres are gradually changing to adapt to new consumer behaviour and digitalisation of the retail trade.

14% of the rental income comes from hotel properties, which are leased to Thon Hotels, the Group's own hotel chain, on a long-term basis. The risk of a substantially higher vacancy rate in the hotel property portfolio is considered low.

Market risk in the hotel market is discussed in later sections.

26% of rental income comes from commercial properties in the Oslo area, with office properties making up the largest share. The properties are leased to a large number of tenants, and the lease contracts in this segment also have a balanced maturity structure.

The risk of a substantially higher vacancy rate and a fall in the Group's rental income is considered moderate. A

sensitivity analysis of what effects any changes in the yield and rental income would have on property values can be found in note 13.

The Norwegian hotel market in 2020

2020 was a dramatic year for the tourism industry as well.

The coronavirus pandemic and the measures that were introduced resulted in a serious situation for the hotel industry, with a substantial number of hotels had to close.

Demand for hotel rooms fell drastically and there were 14.7 million overnight stays in Norwegian hotels, down 41% on 2019. As a consequence of this market development, the number of available rooms declined by 12% from 2019 to 2020.

The average room rate fell by 1% to NOK 979, while the occupancy rate dropped 38 percentage points to 38%. The RevPAR (Revenue Per Available Room) key figure therefore fell by 32% to NOK 372.

In Oslo, market development was much weaker than the national average, with RevPAR for the Oslo hotels falling by 58% to NOK 311.

The hotel market is divided into the following three main segments, which developed somewhat differently in 2020:

Segment	Share of total market in 2020	Change from 2019 (percentage points)
Holiday and leisure market	56.7%	+4.0%
Individual business travellers	36.2%	-0.1%
Course and conference market	7.2%	-4.0%

Source: SSB

Market risk associated with the hotel business area

As a major player, Thon Hotels is affected by developments in the Norwegian hotel market.

The Norwegian economy has been significantly impacted by the coronavirus pandemic and the hotel market is expected to remain weak.

Financial risk

The Olav Thon Group's financial risk is considered mainly to be the Group's access to financing in the banking and capital markets and the cost of that financing.

Access to financing depends on both developments in the financial markets and the Group’s creditworthiness.

The risk is mitigated by maintaining a low loan to value ratio, a balanced debt portfolio and significant cash reserves.

The cost of financing depends on market interest rates and the specific credit margin the Group has to pay.

The credit margin is in turn linked to the Group’s creditworthiness and developments in the credit markets.

Development of the financial markets

Access to financing was good in both the banking and capital markets for most of the year, but financing opportunities in the capital market were limited for a time following the outbreak of the coronavirus pandemic in March. From June onwards, both the banking and capital markets developed positively.

Interest rate developments

As a result of the coronavirus pandemic, Norges Bank cut its key policy rate by 1.50% to 0%, and the short-term Norwegian money market interest rate (3-month NIBOR) fell to 0.49% (1.86%) at year end.

The Swedish Central Bank kept its key policy rate unchanged at 0% in 2020, but the short-term money market interest rate (3-month STIBOR) fell to 0.05% (0.20%) at year end. The long-term Swedish money market rate (10-year swap rate) fell from 0.67% to 0.39% at year end.

The European Central Bank (ECB) kept the key rate in the eurozone unchanged, and the short-term market interest rate (3-month EURIBOR) fell to -0.55% (-0.38%) at year end. The long-term market interest rate (10-year swap rate) fell from -0.14% to -0.24%.

The credit market

The Olav Thon Group’s borrowers in the capital market are Olav Thon Eiendomsselskap ASA and Thon Holding AS.

The credit spread indicated for new loans issued by the Group increased significantly in the first half of the year before falling back gradually in the second half of the year.

At year end, the credit spread for 5-year unsecured bond issues in Norway for Olav Thon Eiendomsselskap was indicated at 1.10% (0.85%), while 12-month unsecured commercial papers were indicated at 0.40% (0.37%).

In the capital market, the credit margins for Thon Holding AS are normally around 0.05 percentage points higher than for Olav Thon Eiendomsselskap ASA.

The Group’s financial risk

The Group’s financial risk can be divided into:

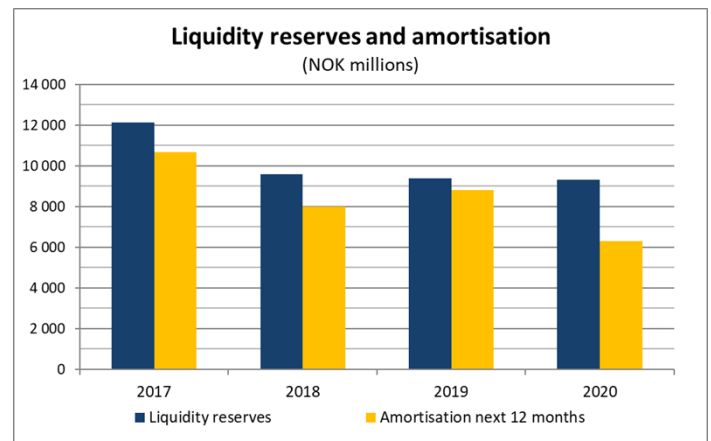
- Liquidity risk
- Interest rate and currency risk
- Credit risk

Descriptions of financial risk factors and financial risk management can be found in note 18 of the annual report. The status of the different risk groups at year end is described below.

Liquidity risk

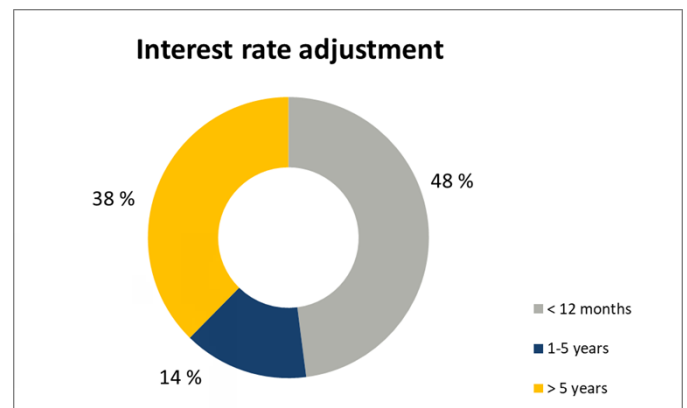
The Group’s cash reserves at year end amounted to NOK 9,320 (9,339) million.

At year end, the Group’s interest-bearing debt had an average remaining term of 2.6 (2.4) years, and 19% (28%) of the debt is due for repayment within one year.



Interest rate risk

At year end, the Group had a fixed-rate ratio with a fixed-rate period exceeding one year of 52% (50%), with an average fixed-rate period of 3.6 (3.5) years.



The Group's average interest rate at year end was 2.90% (3.13%).

The Group uses financial instruments (interest rate swaps) to secure long-term fixed interest.

At year end, the portfolio of interest rate swaps entered into to achieve long-term fixed rate periods was NOK 4,958 (16.382) million and had a fair value of NOK -793 (-1,964) million.

The fair value of interest rate swaps is affected by changes in long-term interest rates and volatility in the financial markets. It is estimated that a change of one percentage point in interest rates would change the fair value of the portfolio by approx. NOK 1,000 - 1,100 million.

Currency risk

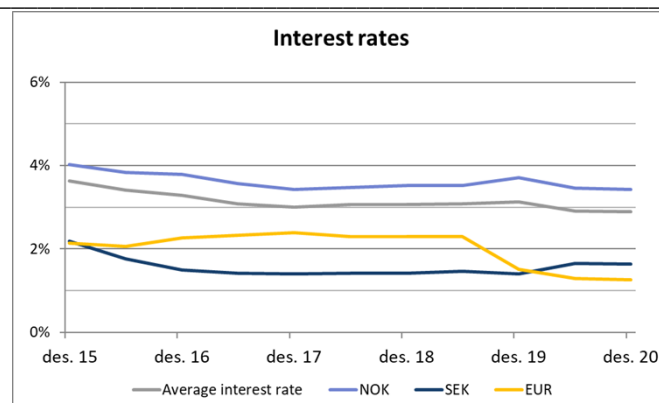
The Olav Thon Group is also exposed to financial risk related to exchange rate movements in the countries where it operates.

Because the consolidated financial statements are prepared in NOK, both the Group's profit and equity are affected by the NOK/local currency exchange rate.

The Group mitigates its currency risk through foreign currency borrowing and currency hedging agreements.

At year end, the Group's interest-bearing debt was NOK 32,356 (30,977) million and consists of the following currencies:

	Share of debt	Average interest rate as at 31.12.20	Average interest rate as at 31.12.19
NOK	72%	3.4%	3.7%
SEK	20%	1.6%	1.4%
EUR	8%	1.3%	1.5%
TOTAL	100%	2.9%	3.1%



Credit risk

The Group's credit risk is primarily linked to the risk of losses as a result of tenants' failure to pay the agreed rent or hotel customers not paying their bills.

Some of the Group's tenants in the retail trade have been badly affected by the coronavirus pandemic and provisions for losses on trade receivables were increased during 2020 owing to uncertainty surrounding future developments.

Operational risk

The Group's operational risk is primarily associated with the failure of employees and operational management systems to function as expected.

Management is organised so that the risk arising from the activities and absence of an individual is relatively low, and the Group's management systems are considered robust.

OUTLOOK

The Norwegian economy is in a recession caused by the coronavirus pandemic.

With lockdown being lifted, the second half of 2020 saw increased activity in the Norwegian economy, but higher infection rates and new virus mutations have resulted in strict new infection control measures, which are suppressing growth again.

Norges Bank cut its key policy rate to 0% in spring 2020 and, despite indications of a rate rise in autumn 2021, interest rates are expected to remain low.

In view of the infection control measures and doubts surrounding how quickly the population will be vaccinated, there is uncertainty regarding future economic developments. Norwegian economic growth is nevertheless

expected to increase during the year as more people are vaccinated.


Given the Group's financial position with its high equity ratio and solid cash reserves, the Group is considered well-equipped to deal with the financial consequences of the coronavirus pandemic in both the short and long term.

Oslo, 15 June 2021


Board of Directors, Olav Thon Gruppen AS



Sissel Berdal Haga Thon
Styremedlem



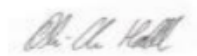
Thomas E. Rønning
Styremedlem



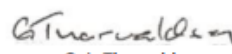
Olav Thon
Styrets Formann



Dag Tangevald-Jensen
Styrets nedstleder/
adm. direktør



Ole-Christian Hallerud
Styremedlem



Geir Thorvaldsen
Styremedlem

STATEMENT OF COMPREHENSIVE INCOME

(Figures in NOK millions)	2020	2019
Rental income	4 437	4 564
Room revenue	971	2 189
Sale of goods	1 841	1 958
Other operating income	1 746	1 702
Operating income	8 995	10 413
Cost of goods	-1 069	-877
Payroll costs	-1 272	-1 716
Ordinary depreciation	-917	-650
Other operating expenses	-2 778	-3 817
Operating expenses	-6 037	-7 060
Net income from property management	2 959	3 353
Fair value adjustments, investment property	-752	1 193
Fair value adjustments, right-of-use investment property	-12	-14
Results from joint ventures and associates	18	369
Operating profit	2 212	4 900
Financial income	19	46
Financial expenses	-1 312	-1 111
Fair value adjustments, financial instruments	-685	376
Net financial items	-1 978	-689
Profit before income tax	234	4 211
Change in deferred tax	56	-444
Income tax payable	-147	-293
Income tax	-92	-738
Profit	143	3 474
Other Comprehensive income		
<i>Items to be reclassified to P&L in subsequent periods:</i>		
Exchange differences from foreign operations	589	-126
Hedging of net investment	-128	39
Income taxes on other comprehensive income	28	-8
Total comprehensive income	631	3 378
Profit attributable to:		
Shareholders of the parent	193	2 958
Non-controlling interests	-50	515
Total comprehensive income attributable to:		
Shareholders of the parent	620	2 878
Non-controlling interests	12	499

STATEMENT OF FINANCIAL POSITION

(Figures in NOK millions)	2020	2019
ASSETS		
Deferred tax asset	383	442
Investment properties	86 200	84 227
Owner-occupied properties	14 920	14 387
Right-of-use assets	742	800
Other fixed assets	1 011	1 031
Investments in joint ventures and associates	3 723	3 947
Non-current financial assets	607	750
Total non-current assets	107 585	105 583
Inventories	980	828
Trade and other receivables	2 527	2 300
Bank deposits and cash	788	936
Total current assets	4 296	4 065
Total assets	111 881	109 648
EQUITY AND LIABILITIES		
Share capital	410	410
Share premium	86	86
Other equity	50 457	49 349
Non-controlling interests	8 413	8 951
Total equity	59 366	58 795
Deferred tax liabilities	13 488	13 592
Lease liabilities	710	758
Interest-bearing non-current liabilities	26 065	22 157
Non-current liabilities	2 057	1 834
Total non-current liabilities	42 320	38 342
Income tax payable	180	270
Interest-bearing current liabilities	6 291	8 820
Trade payables and other current liabilities	3 724	3 422
Total current liabilities	10 195	12 511
Total liabilities	52 515	50 853
Total equity and liabilities	111 881	109 648

STATEMENT OF CASH FLOW

(Figures in NOK millions)	2020	2019
Profit before income tax	234	4 211
Fair value adjustments, investment property	752	-1 193
Fair value adjustment, interest rate derivatives	710	-355
Fair value adjustment, investments	-25	-14
Expensed interest	1 026	996
Paid interest	-1 063	-1 000
Paid income tax	-242	-382
Share of profit from joint ventures and associated companies	-18	-369
Depreciation of fixed assets	917	650
Change in operating related accruals	-1 182	-973
Net cash flow from operating activities	1 110	1 572
Proceeds from sale of property, plant and equipment	-	3
Purchase of investment properties and property, plant and equipment	-2 159	-2 277
Payments linked to acquisition of subsidiaries	-101	-281
Other investment	386	265
Net cash flow from investment activities	-1 875	-2 290
Proceeds from interest-bearing liabilities	15 981	22 503
Repayment of interest-bearing liabilities	-15 248	-21 523
Payment on leasing liabilities	-54	-45
Dividends paid	-77	-159
Net cash flow from financing activities	602	776
Currency translation effects on cash and cash equivalents	14	-14
Net change in cash and cash equivalents	-148	44
Cash and cash equivalents as at 1 January	936	892
Cash and cash equivalents as at 31 December	788	936
Unutilized overdrafts and other credit facilities	8 433	8 362

STATEMENT OF CHANGES IN EQUITY

(NOK million)	Share capital	Share premium	Currency translation differences	Other Equity	Hedging reserve	Majority share of equity	Non-controlling interests	Total
Equity 31 Dec 2018	410	86	331	46 499	58	47 384	8 578	55 962
Profit			-	2 958	-	2 958	515	3 474
Other comprehensive income			-110	-	30	-80	-16	-96
Dividends paid			-	-	-	-	-159	-159
Other changes			-	-418	-	-418	32	-386
Equity 31 Dec 2019	410	86	222	49 039	88	49 845	8 951	58 796
Profit			-	193	-	193	-50	143
Other comprehensive income			527	-	-100	427	62	489
Dividends paid			-	-50	-	-50	-27	-77
Other changes (own shares)			-	538	-	538	-522	16
Equity 31 Dec 2020	410	86	748	49 720	-12	50 953	8 413	59 366

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