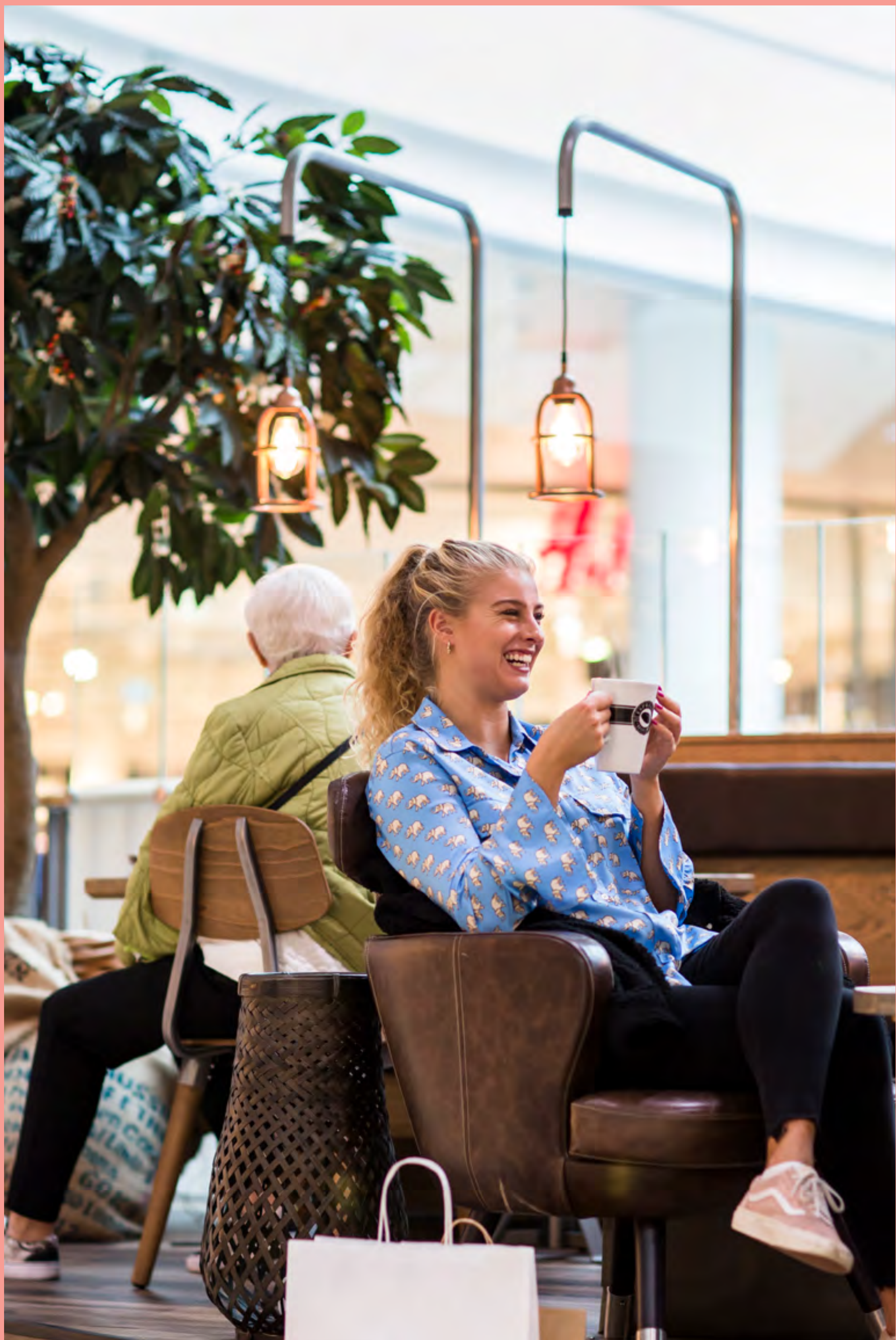
ANNUAL REPORT 2019

SHOP. MEET. CONNECT.



STEEN STRØM

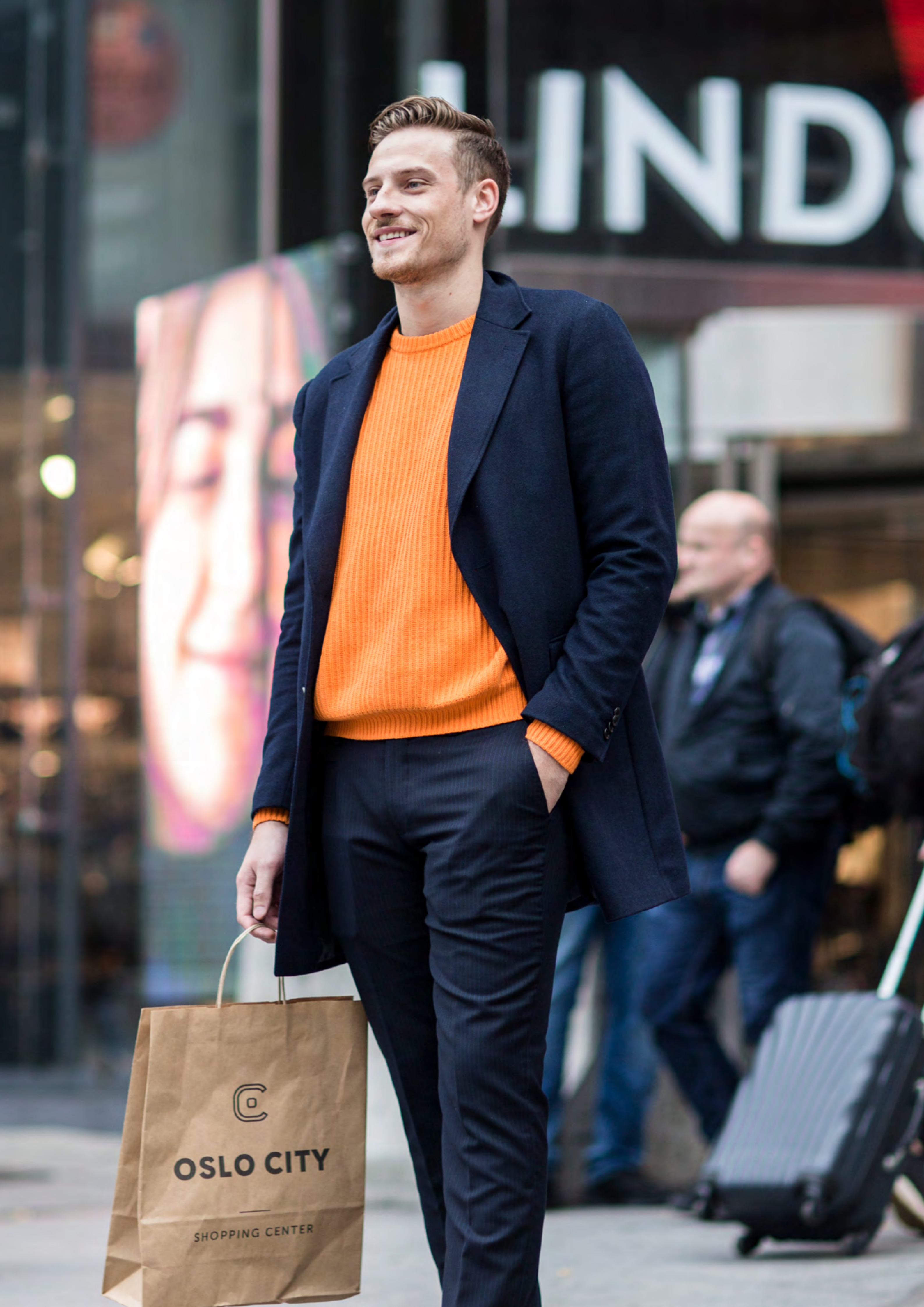

OSLO CITY
SHOPPING CENTER

Table of Contents

Board of directors' report 2019

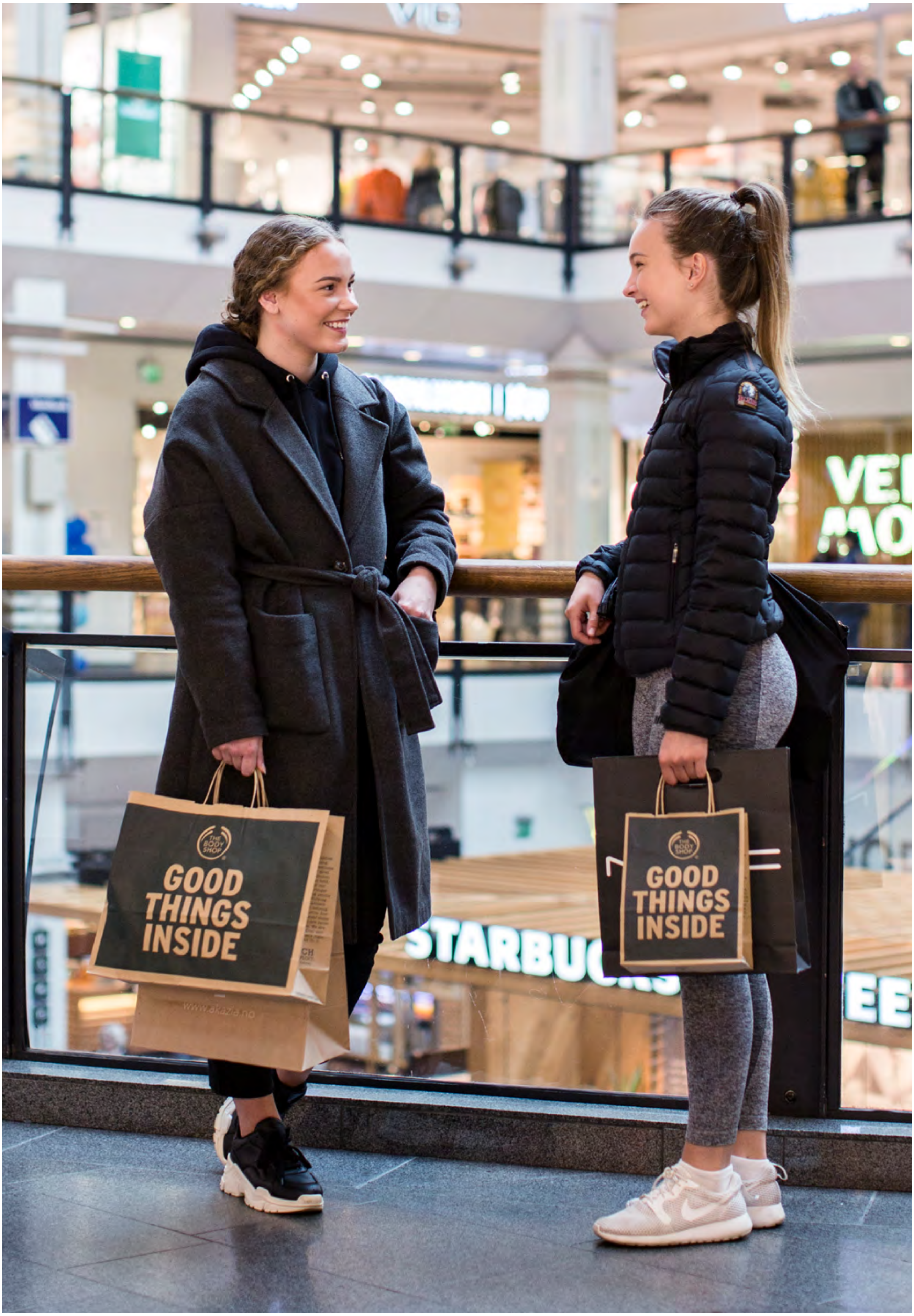
The positive development in the rental income of Steen & Strøm's shopping center portfolio continued in 2019. Steen & Strøm has maintained its strong financial position and has an A-rating from Standard & Poor's.

Net rental income on a like-for-like basis grew with 2.4% in 2019 (Norway +3.1%, Sweden +1.0% and Denmark +3.0%) thanks to a strong contract indexation of 2.0% and a reversion rate of 5.7%.

Net interest bearing debt increased slightly by 262.7 MNOK to 12 117.9 MNOK by year-end and is reflected in the Group's very solid Loan-to-Value of 31.6%. The average cost of debt was 1.8% in 2019. The Group's asset rotation strategy is considered a major success criterion explaining the strong financial position of Steen & Strøm as of today. Steen & Strøm's 18 shopping centers are located in major regional cities' catchment areas. The portfolio comprises large and modern assets, which we view as attractive to creditworthy tenants.

Total change in fair value of investment properties was NOK -546.3 million in 2019 (NOK 173.7 million in Norway, NOK -709.5 million in Sweden and NOK -10.5 million in Denmark). Yields on non-core assets increased over the past year, and the valuation is based on an average net initial yield of 4.6% (4.9% in Norway, 4.4% in Sweden and 4.6% in Denmark). In Norway, strong operational performance at Oslo City compensate for value adjustments on the other assets. All assets in Sweden decreased due to increasing yields, whereas in Denmark, the values remained stable. The slight declining trend is driven by the current market situation, which is however compensated by our ability to continuously sign deals with new, differentiating tenants and rightsize existing key anchors.

Steen & Strøm did not perform any major investments or divestments in 2019.


GOOD THINGS INSIDE
GOOD THINGS INSIDE
STARBUC

Key figures

Retailer sales

Steen & Strøm's operational business model is to lease premises where people can shop, meet and connect. Retail sales in Steen & Strøm's shopping center portfolio was slightly negative in 2019. Total retail sales for Steen & Strøm's shopping centers decreased by 1.1% in 2019 on a like-for-like basis, slightly influenced by structuring deals in several shopping centers. Per country, sales evolution decreased by 1.0% in Norway, 0.8% in Denmark and 1.4% in Sweden. In the following, please notice that numbers in brackets are 2018 comparisons.

Economic environment

GDP growth in Scandinavia eased off in 2019. In Norway, growth is set to come out at 1.1% with the rebound in the oil sector partly offset by lower external demand in other activities and weaker household consumption. The unemployment rate is expected to fall further to 3.4% by year-end 2019, although inflation is forecast to remain above 2% over the year. The global slowdown and weak exports dragged down economic growth in Sweden, with GDP growth projected to slow to 1.4% in 2019 (versus 2.4% in 2018) and unemployment to rise by 50 basis points year on year. The Danish economy should be more resilient with GDP growth estimated at 1.8%, sustained by private consumption and pharmaceutical and machinery exports.

Net rental income

Net rental income from shopping center operations was NOK 1 656.5 million (NOK 1 616.6 million), of which gross rental income equals NOK 1 833.2 million (NOK 1 805.3 million), thanks to healthy reversion and sustained leasing activities. Direct operating expenses at the shopping centers, included in net rental income, amounted to NOK 176.7 million (NOK 188.7 million). Figures exclude rental income from joint venture operated shopping centers consolidated under the equity method (Metro, Hovlandparken and Økern). Total net rental income, including equity investments, was NOK 1 718.4 million in 2019 (NOK 1 676.0 million).

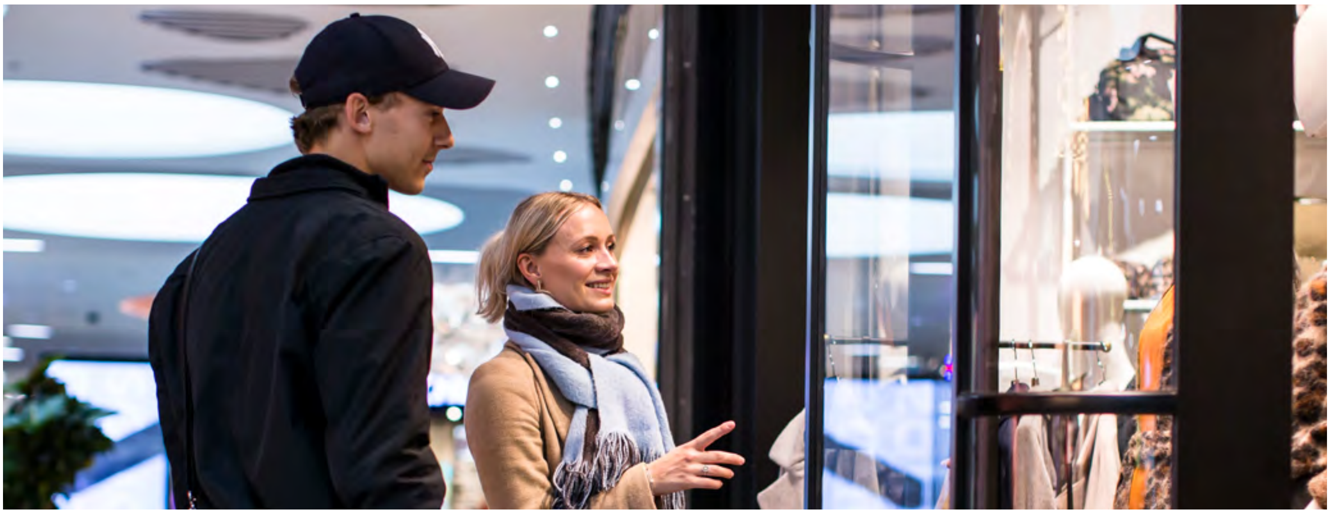
The average duration of lease contracts is 3.3 years in Norway and 3.1 years in Sweden. Duration of contracts in Denmark is indefinite.

Operating expenses

In addition to direct operating expenses as defined above, other operating expenses include salaries, other general expenses and depreciation, amounting to NOK 230.7 million in 2019 (NOK 231.7 million).

Change in the fair value

Total fair value change of investment properties was NOK -546.3 million (NOK 174.3 million). The valuation of the shopping centres is based on an average yield of 4.6%. The shopping centres and projects have a book value of NOK 38.3 billion (NOK 38.6 billion) as of 31.12.2019, including equity method investments. The majority of the Group's assets consist of investment



properties. The group has established routines whereby investment properties are valued twice a year by an external appraiser. The valuation of investment properties is calculated using assumptions and estimates that require significant judgment and may vary significantly dependent on the assumptions applied.

Operating income

Steen & Strøm's operating income was NOK 970.9 million (NOK 1 665.6 million) after fair value adjustments. Income from disposal of investment properties and equity investments was NOK 8.0 million in 2019 (NOK 22.0 million), while other operating revenue amounted to NOK 6.1 million (NOK 7.7 million).

Cost of net debt

Net cost of debt amounts to NOK 213.3 million (NOK 258.4 million), including a NOK 24.1 million currency translation gain. Interest expense on external loans and hedges was NOK 326.2 million in 2019, compared to NOK 269.4 million in 2018. Net interest expense from swaps was NOK 57.6 million in 2019 (NOK 85.4 million). In addition, NOK 50.0 million (NOK 7.5 million) has been recognised as income from other investments (equity method shares).

Profit before tax

Profit before tax amounted to NOK 803.6 million (NOK 1 417.3 million). Adjusted for fair value and income from disposals, the pre-tax profit equals NOK 1 341.9 million, which is an increase of NOK 120.9 million from 2018.

Cash flow

Net cash flow from operational activities was NOK 1 500.1 million (NOK 1 499.2 million), while net cash flow from investment activities was NOK -224.6 million (NOK +438.7 million) mainly due to various refurbishment projects. Net cash flow from financial activities was NOK -1 341.6 million (NOK -1 210.7 million) including dividends and group contributions. Cash and cash equivalents decreased by NOK 66.1 million in 2019 and amounted to NOK 363.3 million at 31.12.2019. The group has liquidity reserves through unused credit facilities of NOK 2 175 million and un-mortgaged properties of NOK 29.9 billion.

Financial position

Group assets as of 31.12.2019 are almost unchanged from 2018 and booked at NOK 39.7 billion, of which investment properties amounted to NOK 36.5 billion (NOK 36.8 billion). As the Group has no R&D activities, no such cost appear neither as operating expense nor as capitalised expense. Book equity amounted to NOK 21.3 billion at year-end, corresponding to an book equity ratio of 53.6% (54.8%). Net interest-bearing debt was NOK 12.1 billion (NOK 11.9 billion) at 31.12.2019 with an average interest rate of 1.8% compared to 1.9% in 2018.

Shopping center operations

Steen & Strøm operates 18 shopping centers in Scandinavia; 10 centers in Norway, 5 centers in Sweden and 3 centers in Denmark.

Shopping centers in Norway

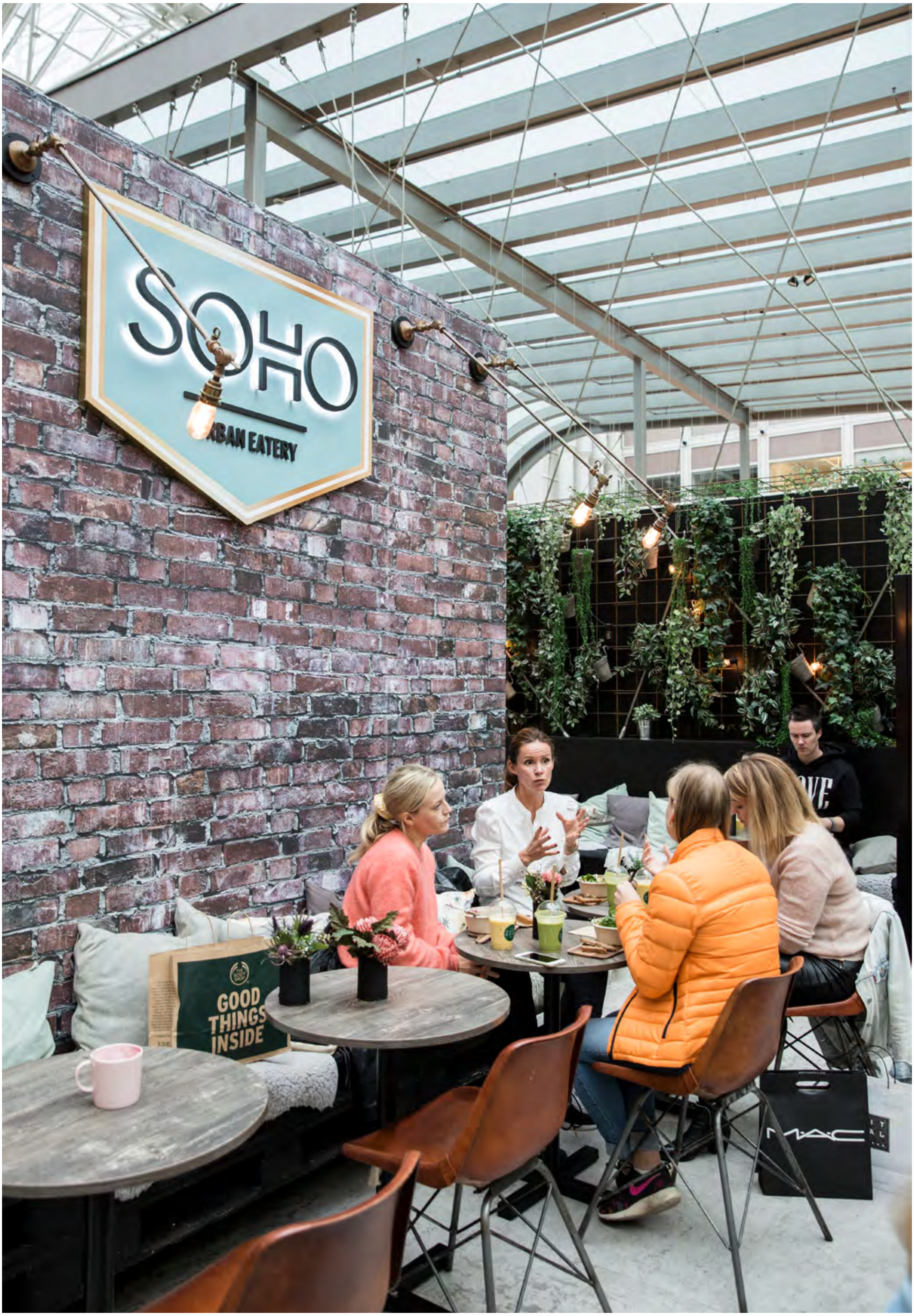
Steen & Strøm has eight fully owned shopping centers and two partly owned shopping centers in Norway. Økern Senter is classified as a part of the Økern Sentrum development project and is not included in the figures. The shopping centers saw a decrease in retail sales of 1.0% on a constant portfolio basis in 2019, driven by structuring investments during the year. The shopping centers had a total gross rental income of NOK 681.2 million (NOK 682.3 million) in 2019. Operating income, adjusted for fair value changes and income from disposals, amounted to NOK 557.9 million (NOK 549.4 million). Increase in net rental income like-for-like was 3.1% in 2019 with Oslo City shopping center as an important contributor. Oslo City had several successful openings in 2019. MAC PRO established the only store in the Nordic countries with this concept. Furthermore, Normal had a highly successful opening, topped by Rituals achieving their best opening sales ever. Illums Bolighus established their first store in the region when opening at Arkaden shopping center, and H&M reopened at Nerstranda shopping center with a rightsized store as the only location left in Tromsø city center.

Shopping centers in Denmark

Steen & Strøm owns and operates three shopping centers in Denmark. The three fully owned shopping centers decreased retail sales by 0.8% in 2019. However, the footfall increased by 3.6%, mainly driven by Field's which continues to strengthen its position as the best shopping destination in Denmark. Gross rental income for the Danish centers amounted to NOK 579.3 million (NOK 552.9 million). Operating income, adjusted for fair value changes and income from disposals, amounted to NOK 483.1 million (NOK 452.5 million). Like-for-like increase in net rental income was 3.0% in 2019. The reshuffle of the shop mix at Field's is still on the way with the introduction of Illums Bolighus, the Scandinavian design-retailer to the center, and the opening of the first kindergarten located in a Danish mall. The Swedish womenswear brand Lindex chose Field's for it's to return to Denmark, opening a new 800 square meter store in October.

Shopping centers in Sweden

Steen & Strøm owns and operates five shopping centers in Sweden. The shopping centers saw a decrease in retailer sales of 1.4% on a constant portfolio basis in 2019. Gross rental income for the Swedish centers amounted to NOK 572.7 million (NOK 570.1 million). Operating income, adjusted for fair value changes and income from disposals, amounted to NOK 468.3 million (NOK 467.5 million). Like-for-like increase in net rental income was 1.0% in 2019. Leasing was very dynamic at Emporia in 2019. Thanks to the ongoing re-tenanting actions, new brands


SOHO
URBAN EATERY
GOOD THINGS INSIDE
MAC


squeeze
VERO MODA
STARBUCKS COFFEE

have been introduced at the shopping center like Chanel Beauty, Hästens, Yves Rocher, Ideal of Sweden and a new Lindex flagship store. The Danish fashion brand Kings & Queens opened their first shop in Sweden at Emporia. New services were also added at the center with the opening of Min Doktor, a medical clinic.

Shareholders

Ownership structure

Storm Holding Norway AS owns all shares in Steen & Strøm AS. Klépierre, the European leader in shopping malls (56.1%), and Stichting Depositary APG Strategic Real Estate Pool (43.9%) indirectly control all shares of Storm Holding Norway AS through Nordica Holdco AB. Klépierre has it's headquarter in Paris and has operations in 16 countries, including Scandinavia. APG is one of the world's largest pension fund managers, based in the Netherlands.

General meetings

A General Meeting is held when required under the relevant legislation. General Meetings are called by the company`s sole shareholder, Storm Holding Norway AS, who also appoints the delegates to represent Storm Holding Norway AS in the General Meeting. Steen & Strøm AS has at present not adopted any resolutions allowing the company to acquire treasury shares.

Board of directors

Steen & Strøm AS' Board of Directors currently has five members, elected by the General Meeting. Pursuant to the company`s articles of association, the Board of Directors shall consist of between five and seven members. The Board of Directors also acts as the Audit Committee.

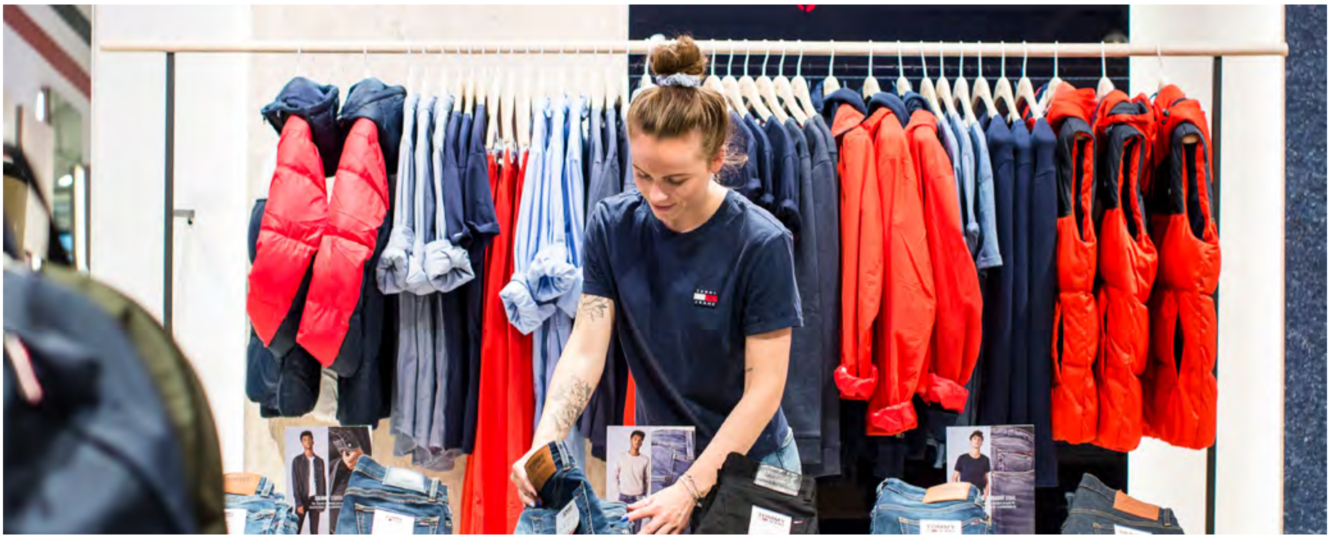
Shareholder policy

Steen & Strøm's long-term goal is to ensure a competitive return on invested capital and equity. Assets are managed to give optimal long-term return. In 2019, the group provided NOK 284.7 million in-group contribution and NOK 803.6 million in dividend to Storm Holding Norway AS.

Organisation and environmental aspects

Employees

Steen & Strøm has employees in Norway, Denmark and in Sweden. The Group had 143 (including fix term) employees by end of 2019. These employees work at our offices in Oslo, Copenhagen and Stockholm and at our 18 shopping centres across Scandinavia. Steen & Strøm has a gender spilt of approximately 60 % women and 40% men. Women constitute the majority in positions and departments like accounting, rental, marketing, HR and shopping centers



(including five female shopping center managers), while men constitute the larger part in corporate management, development and technical operations. Normal working hours are the same for all employees.

Steen & Strøm is an equal opportunity employer. The average yearly salary of women is lower than that of men as more men are working at managerial levels in the group. The Board of Directors has five male members and the Scandinavian Management Team has three female members out of eight members in total. The Management Team and the Board of Directors want to recruit women to new or available positions. The Group constantly strive to avoid any kind of discrimination.

The Group has working environment committees both at local and group level, working closely together with employee representatives to maintain a good and positive work environment. Absence due to illness was 3.76% in 2019. No injuries or accidents of any significance occurred in Steen & Strøm the last year.

Corporate responsibility and sustainability statement

Steen & Strøm has for years, managed a sustainability program with the vision of being one of the leaders within corporate responsibility in our industry. Shopping centers are important social players in the local communities' and this constitute the best possible basis for influencing both the environment and the society around in a positive direction.

Environmental and social responsibility is also a strategic key element in Klépierre, our French majority owner. This includes all subsidiaries in the Klépierre group, as well as in the operation, regardless its own real estate portfolio and/or managed portfolio.

Act for good

To meet our vision of sustainability, Steen & Strøm together with majority owner Klépierre, launched the new CSR approach Act for Good in 2018. Act for Good further combines the requirements of operational excellence with environmental, societal and social performance and rests on three pillars:

- **Act for the Planet**, which sums up the Group's ambition to make a positive contribution to the environment. This pillar consists of four initiatives; act for a low-carbon future, contribute to circular economy, innovate for a sustainable mobility and develop a 100% certified portfolio.

- **Act for Territories**, which illustrates the importance of the Group's local involvement in the regions in which it operates. Four initiatives underpin this pillar; promote local employment around our centers, participate in the local community, pursue our responsible citizenship and involve local actors in development projects.

- **Act for People**, which is about the women and men involved with our shopping centres. It is devoted to the well-being of our visitors, our employees and our rental tenants' employees through five initiatives; increase the satisfaction of visitors, promote health and well-being in our centres, offer group employees a positive experience, champion ethics in the local communities and be social conscious.

Act for the planet
- environmental focus

Steen & Strøm aims to reduce the environmental impact in both the near and distant surroundings, by systematically analysing and mapping each shopping center's environmental impact, definition of targets for the sustainable development and continuous improvements by individual actions, measurement and reporting.

Steen & Strøm has implemented ISO-14001 since 2004. In January 2020 the Group went through a recertification audit carried out by RISE Technical research institute.

The pollution from the Group's activities is limited. However, Steen & Strøm has put a lot of effort into environmental issues and developed individual action plans to improve the Group's environmental performance level. Renewable Energy Guarantees of Origin (GO) exists for all power purchased by Steen & Strøm in Norway and Sweden and Denmark. Moreover, for our center Emporia in Malmö, Sweden, all energy supplied is of renewable origin or green house gas compensated, and as such the center's energy supply is carbon neutral.

Steen & Strøm is also investing in new and existing centers to create the best retail destinations for the future; hence, responsible decision making in relation to development projects is required. In major development projects we comply with the international classification system "BREEAM", aiming for level "excellent". In the course of 2019 we also certified our whole portfolio of existing centres BREEAM in-use with levels of Very Good and Excellent.

GRESB

In 2019, Steen & Strøm's participation in the annual Global Real Estate Sustainability Benchmark ("GRESB") confirmed that the group is rated among the most sustainable shopping center companies in the world: Steen & Strøm increased the overall score from with six points to 91/100 and once again classified as "Green Star". "Green Star" is the highest level of rating in the GRESB quadrant benchmark methodology.

A comprehensive GRESB report on environmental and social responsibility describes the Group's commitment to meet its goal of being among the leaders in environmental and social responsibility in the shopping centre industry. The report highlights key policies, target areas and action plans, as well as case studies that highlight focus areas within both Klépierre and Steen & Strøm.

Organization

Steen & Strøm has a steering committee for CSR (Act for Good Committee) consisting of the following management representatives: Chief Executive Officer, Head of Maintenance and Sustainability, Chief Operation Officers, Head of Marketing, Head of Human Resources and CSR Officer.

Key target areas

Steen & Strøm will continue the project for harmonization of existing energy management system into one common system covering all centers. This means one common reporting tools that ensure reporting of consumptions down to hourly values per building and consumption blocks.

Within energy management, Steen & Strøm is working proactively to reduce energy consumption and increase its share of renewable energy. Since 2013 we have reduced the energy consumption by 19%, with a clear objective to reach -40% by 2022. We reduced the year-on-year energy intensity in kWh per square meter by 16 percent in 2019. Within waste management, the goal is to achieve the highest possible degree of sorting. The goals are set individually for each country and shopping center, with an effectiveness of about 52% recycling degree for the shopping centers by end of 2019.

Within water management, the consumption was reduced by 3% in 2019 as compared with 2018. Within transport, one of the main goals is to increase the number of charging stations/ points for electric cars. All our centers are equipped with chargers for electric and hybrid cars

and have frequent connections with public transport. We have also partnered up with Green Mobility, a provider offering electric car sharing.

Corporate governance

Steen & Strøm aims to comply with requirements outlined in laws, regulations and general good business ethics. The Group strives towards openness on its' economic performance and business operations. Corporate governance is founded on a systematic application of principles laid down in Norwegian recommendations within the field, and we aim at harmonizing with current international guidelines of corporate governance.

Risk management and control

Risk management is included in Steen & Strøm's framework of risk management and internal control. The purpose of this framework is to ensure a strong link between the overall strategy and goals of the Group and the daily operations in the various companies owned by the Group. During 2019, Steen & Strøm have continued to ensure harmonisation of procedures for risk and control in accordance to Klépierre's framework. This includes coordination of methodology for first and second level of controls, as well as internal audits on selected areas. Steen & Strøm has established a five-year strategy, which is the basis for annual plans and budgets.

The Group activities involve different kinds of risk; operational risk, market risk, credit risk, liquidity risk and risks related to floating/fixed interest rates. The Board of Directors set the goals and frameworks for operational and financial risks. The main driver in the operational business of the group is the development in retail spending. Based on available public forecasts we have reason to believe that the growth will be stable in the Scandinavian markets and the shopping center business will have its reasonable share of the retail spending. The Group's credit risk is primarily related to the ability of the tenants to pay rent. Steen & Strøm has more than 1600 leasing contracts. Prominent, stable retail chains form the major group of our tenants. Clear routines have been established on credit check of tenants before contract signing and follow-up of due invoices. The group loss on receivables is limited. The liquidity risk is managed by always having reserves in the form of liquid current assets, unused credit facilities and un-mortgaged properties. Furthermore, an A- rating from S&P gives SST access to deep and diversified funding at beneficial rates. We aim to limit liquidity risk that arises from the refinancing of group debts by scheduling maturity dates for loans at different times of the year and by having sufficient reserves to cover short-term refinancing needs. To reduce the

exposure to interest rate changes in the short-term interest market, the Group has signed fixed interest swaps for approximately 70% of its loan portfolio.

Employees and working environment

Steen & Strøm's most important resource is its employees. The Group aims to promote a healthy working environment for all employees. This by involving employees and follow-up in terms of employee satisfaction surveys. The physical work environment is monitored through meetings concerning the Group's working environment both at Scandinavian and national level. Risk assessment has been prepared for each centre, as well as feedback from employees. Steen & Strøm strives to offer regular courses in safety, first aid and fire fighting for all relevant staff. The number of work-related accidents is very low.

Actions against corruption

Steen & Strøm has an employee manual and ethical guideline where regulations are incorporated to highlight the Group's attitude to prevent corruption, and in line with the Working Environment Act, established procedures for whistleblowing and notification. Ethics in business" trainings are done throughout 2020. Steen & Strøm has also established actions to reveal eventual corruption; this implies actions of control that are organised through internal control, ordinary audit and internal/external audit.

Customer-centric mall management

Steen & Strøm is a retail focused company concentrating its efforts on better serving its direct clients: the retailers. This is achieved through an active marketing policy and specific mall design guidelines, developed in collaboration with Klepierre, both aimed at enhancing the customer experience in its malls:

- **Retail First** means that Steen & Strøm regularly interacts with national and international retailers in order to facilitate their growth efficiently, whether this means optimizing their presence and their store format or offering new points of sale.

- **Let's Play** sums up the positioning of the Steen & Strøm centres. It conveys the idea of promoting shopping as a game and infusing a "retailtainment" spirit combining retail and entertainment into all Steen & Strøm shopping centers.

- **Clubstore** is Steen & Strøm's comprehensive approach to the customer experience. The approach contains a holistic set of detailed standards with respect to 15 touch points with customers, from digital access to welcome desks, from parking to storefronts, from lightening to sound & smell, from break zones to kids' entertainment, etc.

Financial reporting process

Steen & Strøm AS has bonds listed on Oslo Stock Exchange. Hence, the external financial reporting is compliant with the regulations of Oslo Stock Exchange and Norwegian laws and regulations in general. Internal financial reporting is produced on a quarterly basis and results are assessed and analysed against budgets and last year figures. Number of board meetings was four in 2019 and the financial performance was on the agenda in all meetings.

The group financial statements are prepared by the financial department and are audited by an independent auditor on a yearly basis. In addition, external companies perform audits and controls on specific issues. Routines for reporting and benchmarking contribute to make irregular costs visible. Investment properties are stated in the balance sheet at fair value, according to IAS 40. Value of investment properties makes up 96% of all group assets, and is Steen & Strøm's only Key Account Matter (KAM). An independent external appraiser, Cushman & Wakefield, makes the valuation of the investment properties. The valuations are carried out according to the Red Book issued by the Royal Institution of Chartered Surveyors (RICS). The valuation methods used are the discounted cash flow method (DCF) and capitalisation of net market rental value.

Actions of control

Steen & Strøm organises internal and external actions of control. Internal control actions comprise mainly ordinary internal control within the financial and operational fields. External controls actions comprise ordinary audit, extended audit, risk analyses and insurance analyses.

Going concern

The financial statements have been presented under the assumption of going concern. It is the opinion of the Board of Directors that the financial statements and notes presented for the year give satisfactory information about the Group's operations and financial position at the end of the year. The Board of Directors confirms that the annual accounts give a true picture of the Company's and the Group's assets, liabilities, financial position and result for the year. It is the Board of Directors' opinion that nothing of significance has occurred after the end of the year that would harm the Group's reputation or change the Group's financial position. In accordance with Section 3-3a of the Norwegian Accounting Act, we hereby confirm that conditions for going concern is fulfilled. The group has a shopping centre portfolio of high quality, a strong financial position and employees with high competence within the shopping centre business.

Steen & Strøm AS

Steen & Strøm AS had a profit for the year of NOK 1 940.4 million.

Future prospects

The market in general

In historical terms, consumer spending has been stable in Scandinavia compared to other regions. Growth in consumer spending remains positive in all Scandinavian countries. We do observe a change in consumer behavior, increasing e-commerce, emphasizing a polarization of our industry where larger and well-located shopping centers continue to perform well while smaller shopping centers suffer from increasing vacancies and falling sales.

Steen & Strøm's market position

Steen & Strøm's shopping centers are located in major regional cities' with excellent accessibility. Our portfolio comprises large and modern assets which is viewed as attractive by the tenants. This is confirmed by the Group's ability to deliver positive NRI growth on a stable and high occupancy rate of 95.8%.

Legal disputes

See note 11.2 to the financial statements.

Since 26 February 2020, the CoVid-19 epidemic has gradually spread over Norway, Sweden and Denmark. Steen & Strøm response to this situation is ensuring that its operations are compliant with any measures enacted by the authorities on a real time basis and adjusting operation organization and resources to ensure the best possible health and safety conditions while maintaining business continuity.

Between 26 February and 11 March 2020, footfall in Steen & Strøm malls fell by 2.8%. It is too early to determine the situation's impact on the contractual obligations of our retailers or to estimate the effect of any case-by-case support measure the group may decide upon, particularly as regards adapting payment deadlines.

Once the situation has stabilized, the group remains confident in its ability to continue its growth momentum.

The board of directors would like to thank
All employees and customers for great efforts
And positive contributions in 2019.

OSLO, 13.03.2020

Jean-Marc Jestin
Chairman of the Board

Jean-Michel Gault
Member of the Board

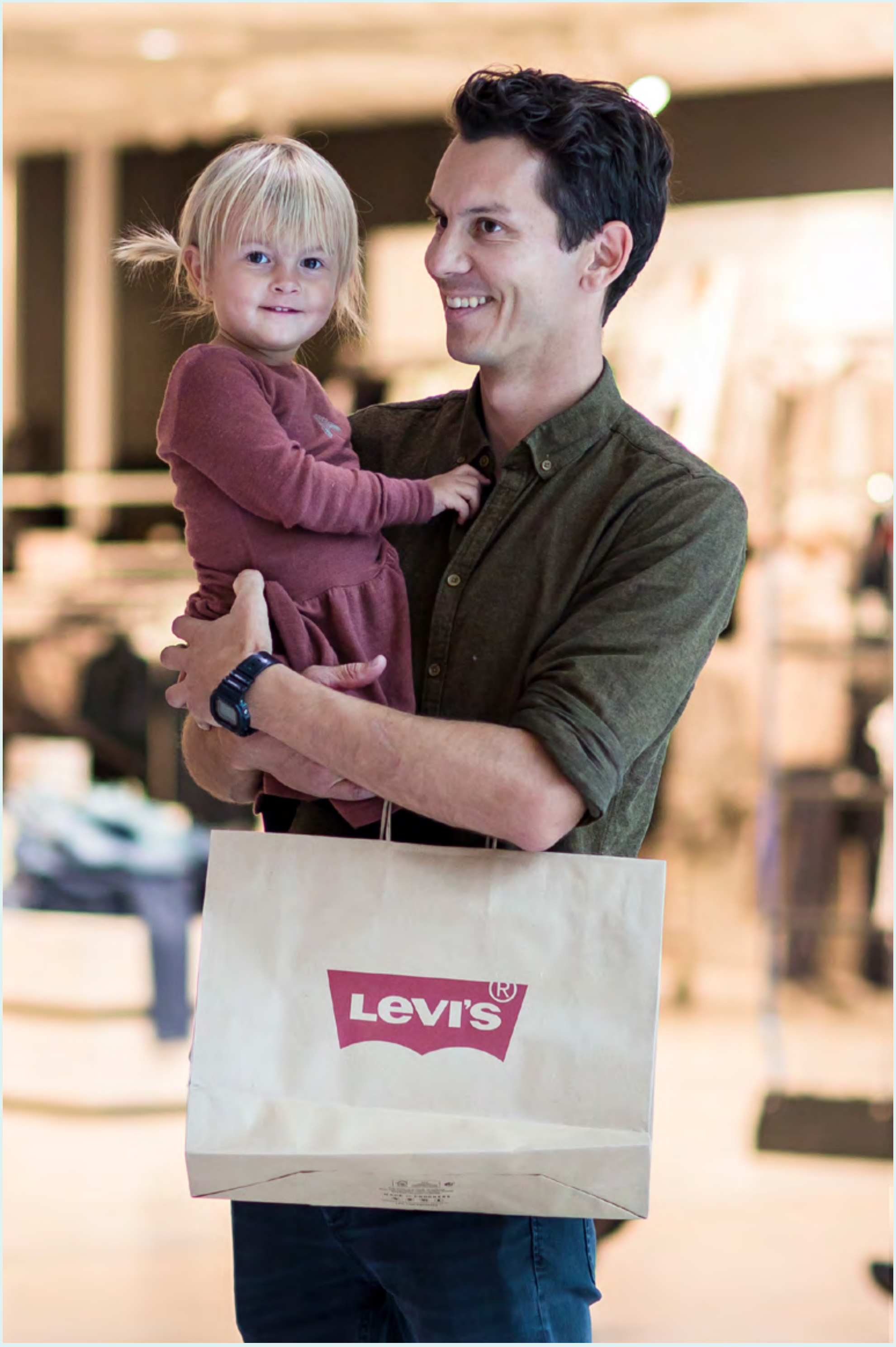
Roland Mangelmans
Member of the Board

Benat Ortega
Member of the Board

Rafael Torres Villalba
Member of the Board

Louis Bonelli
Chief Executive Officer

Consolidated financial statements



Consolidated financial statements

Notes to the consolidated financial statements

Independent auditor's report

Consolidated statement of comprehensive income

In thousands of NOK	Note	2019	2018
Gross rental income		1 833 183	1 805 286
Land expenses (real estate)		-	-8 017
Non-recovered rental expenses		-147 504	-143 895
Building expenses (owner)		-29 209	-36 784
Net rental income		**1 656 470**	**1 616 590**
Management, administrative and related income		77 273	76 707
Other operating revenue		6 137	7 716
Change in the fair value of investment properties	5.3	-546 307	174 325
Payroll expenses	10	-136 693	-134 874
Other general expenses		-61 960	-74 958
Depreciation and impairment on investment properties	5.1, 5.3	-268	-268
Depreciation and impairment on intangible assets and furniture and equipment	5.1, 5.2	-31 739	-21 605
Proceeds from disposal of investment properties and equity investments		100 413	45 194
Net book value of investment properties and equity investments sold		-92 384	-23 234
Gain on disposal of investment properties and equity investments	6.1	8 029	21 959
Operating income		**970 942**	**1 665 593**
Net dividends and provisions on non-consolidated investments		96	-
Financial income		*215 654*	214 967
Financial expenses		*-429 002*	*-473 401*
Net cost of debt	6.2	-213 347	-258 433
Change in the fair value of financial instruments		-4 115	2 626
Share of earnings in equity investment entities	5.4	50 027	7 492
Profit before tax		**803 603**	**1 417 277**
Corporate income tax	7	-71 555	-170 041
Net income of consolidated entity		**732 048**	**1 247 236**
Of which			
Group share		*732 048*	*1 247 236*
Non-controlling interests		-	-
Average number of shares (in thousands)		**29 303**	**29 303**
Earnings per share - Group share		**25**	**43**

In thousands of NOK	2019	2018
Net income of consolidated entity	**732 048**	**1 247 236**
Other comprehensive income items recognized directly as equity		
Items that may be reclassified subsequently to profit or loss		
Gains on cash flow hedges	55 797	78 294
Income tax related to cash flow hedges	-11 842	-18 705
Exchange differences on translation of foreign operations	-238 475	-124 468
Items that will not be reclassified subsequently to profit or loss		
Total comprehensive income	**537 529**	**1 182 357**
Of which		
Group share	*537 529*	*1 182 357*
Non-controlling interests	-	-
Comprehensive earnings per share - Group share	**18**	**40**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

In thousands of NOK	Note	31/12/2019	31/12/2018
Goodwill	4.2	348 425	348 425
Intangible assets	5.1	44 551	63 545
Furniture and equipment and work in progress	5.2	31 801	14 119
Investment properties and properties under construction	3.2, 5.3, 5.10, 9, 11.1	36 476 667	36 820 608
Equity method securities	5.4	1 793 618	1 766 591
Other non-current assets	5.5	4 358	2 341
Non-current derivatives	8, 11.1	14 601	9 610
Deferred tax assets	7	160 246	75 040
Non-current assets		**38 874 267**	**39 100 279**
Trade accounts receivables	5.6, 11.1	171 970	134 301
Other receivables	5.7, 11.1	222 787	180 682
Current derivatives	8, 11.1	546	3 466
Cash and cash equivalents	5.8	452 550	446 821
Current assets		**847 853**	**765 270**
Total assets		**39 722 120**	**39 865 549**

Consolidated statement of financial position

In thousands of NOK	Note	31/12/2019	31/12/2018
Share capital	5.9	73 259	73 259
Additional paid-in capital		4 028 584	4 028 584
Consolidated reserves		16 452 662	16 489 174
Treasury shares		-	-
Hedging reserves		*-53 176*	-97 132
Other consolidated reserves		*16 505 838*	*16 586 305*
Consolidated earnings		*732 048*	*1 247 236*
Shareholders' equity, group share		**21 286 553**	**21 838 252**
Shareholders' equity		**21 286 553**	**21 838 252**
Non-current financial liabilities	5.10, 11.1	10 704 085	10 227 708
Non-current derivatives	8, 11.1	83 742	139 054
Security deposits and guarantees	5.12, 11.1	119 744	114 119
Deferred tax liabilities	7	5 030 745	4 931 491
Non-current liabilities		**15 938 316**	**15 412 372**
Current financial liabilities	5.10, 11.1	1 866 359	2 074 335
Bank facilities	5.8, 11.1	89 293	-
Trade payables	11.1	205 589	183 593
Other liabilities	5.11, 11.1	205 586	230 416
Social and tax liabilities	5.11, 11.1	130 425	126 582
Current liabilities		**2 497 251**	**2 614 926**
Total shareholders' equity and liabilities		**39 722 120**	**39 865 549**

The accompanying notes are an integral part of the consolidated financial statements.

OSLO, 13.03.2020

Jean-Marc Jestin
Chairman of the Board

Jean-Michel Gault
Member of the Board

Roland Mangelmans
Member of the Board

Benat Ortega
Member of the Board

Rafael Torres Villalba
Member of the Board

Louis Bonelli
Chief Executive Officer

Consolidated statement of cash flows

In thousands of NOK	**Note**	**2019**	**2018**
Net income from consolidated companies		732 048	1 247 236
Depreciation, amortization and provisions		*39 257*	*21 873*
Change in the fair value of investment properties		*546 307*	*-174 325*
Capital gains and losses on asset disposals net of taxes and deferred taxes		*-8 139*	*-21 959*
Income taxes		*71 555*	*170 041*
Share of earnings in equity method investees		*-50 027*	*-7 492*
Reclassification of financial interests and other items		*284 825*	*271 348*
Gross cash flow from consolidated companies		**1 615 825**	**1 506 722**
Paid taxes		-9 649	-7 168
Change in operating working capital		-106 121	-307
Net cash flow from operating activities		**1 500 056**	**1 499 247**
Proceeds from sale of investment properties	6.1	100 203	44 253
Proceeds from sale of other fixed assets		85	-
Proceeds from disposal of subsidiaries (net of cash disposed)	6.1	210	582
Acquisitions of investment properties	5.3	-2 489	-19 742
Payments in respect of construction work in progress	5.3	-368 842	-239 596
Acquisitions of other fixed assets	5.1,5.2	-6 758	-30 805
Movement of loans and advance payments granted and other investments		53 022	-193 388
Net cash flow from investing activities		**- 224 568**	**-438 696**
Dividends and group contributions paid to the parent company's shareholders		-1 088 481	-475 520
Change in capital from subsidiaries with non-controlling interests		-30 000	-28 500
New loans, borrowings and hedging instruments	5.10	2 060 935	2 768 905
Repayment of loans, borrowings and hedging instruments	5.10	-2 053 845	-3 244 711
Interest paid		-228 282	-243 416
Other cash flows related to financing activities		-1 896	12 572
Net cash flow from financing activities		**-1 341 570**	**-1 210 670**
Net changes in cash		**-66 082**	**-150 120**
Cash at the start of the period		**446 821**	**578 038**
Effect of foreign exchange differences		-17 482	18 903
Cash at the end of the period	5.8	**363 257**	**446 821**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

31/12/2018	Share capital	Additional paid-in capital	Treasury shares	Hedging reserves	FX conversion reserves	Consolidated reserves	Consolidated earnings	Equity, group share	Equity, non-controlling interest	Total Equity
Opening statement in thousands of NOK	**76 006**	**4 028 584**	**-2 747**	**-156 721**	**1 517 523**	**13 561 870**	**2 349 979**	**21 374 494**	**125**	**21 374 619**
Share capital transactions	-	-	-	-	-	-	-	-	-	-
Reclassification of last year's net income	-	-	-	-	-	2 349 979	-2 349 979	-	-	-
Net income for the period	-	-	-	-	-	-	1 247 236	**1 247 236**	-	**1 247 236**
Net income for the period	-	-	-	-	-	**2 349 979**	**-1 102 743**	**1 247 236**	-	**1 247 236**
Income from cash-flow hedging	-	-	-	59 589	-	-	-	**59 589**	-	**59 589**
Translation profits and losses	-	-	-	-	-124 468	-	-	**-124 468**	-	**-124 468**
Gains and losses recognized directly in equity	-	-	-	**59 589**	**-124 468**	-	-	**-64 879**	-	**-64 879**
Group contribution	-	-	-	-		**-243 079**	-	**-243 079**	-	**-243 079**
Dividends paid	-	-	-	-	-	**-475 520**	-	**-475 520**	-	**-475 520**
Other Movements	**-2 747**	-	**2 747**	-	-	-	-	-	**-125**	**-125**
Closing statement	**73 259**	**4 028 584**	-	**-97 132**	**1 393 055**	**15 193 251**	**1 247 236**	**21 838 252**	-	**21 838 252**

31/12/2019	Share capital	Additional paid-in capital	Treasury shares	Hedging reserves	FX conversion reserves	Consolidated reserves	Consolidated earnings	Equity group share	Equity non-controlling interest	Total Equity
Opening statement in thousands of NOK	**73 259**	**4 028 584**	-	**-97 132**	**1 393 055**	**15 193 251**	**1 247 236**	**21 838 252**	-	**21 838 252**
Share capital transactions	-	-	-	-	-	-	-	-	-	-
Reclassification of last year's net income	-	-	-	-	-	1 247 236	-1 247 236	-	-	-
Net income for the period	-	-	-	-	-	-	732 048	**732 048**	-	**732 048**
Net income for the period	-	-	-	-	-	**1 247 236**	**-515 187**	**732 048**	-	**732 048**
Income from cash-flow hedging	-	-	-	43 956	-	-	-	**43 956**	-	**43 956**
Translation profits and losses	-	-	-	-	-238 475	-	-	**-238 475**	-	**-238 475**
Gains and losses recognized directly in equity	-	-	-	**43 956**	**-238 475**	-	-	**-194 520**	-	**-194 520**
Group contribution	-	-	-	-		**-284 711**	-	**-284 711**	-	**-284 711**
Dividends paid	-	-	-	-	-	**-803 625**	-	**-803 625**	-	**-803 625**
Other Movements	-	-	-	-	-	**-892**	-	**-892**	-	**-892**
Closing statement	**73 259**	**4 028 584**	-	**-53 176**	**1 154 579**	**15 351 258**	**732 048**	**21 286 553**	-	**21 286 553**

The accompanying notes are an integral part of the consolidated finansial statements.

1 General information

Steen & Strøm AS (the Company) is a limited liability company incorporated in Norway. The Company's principal offices are located at Støperigata 1 N-0118 Oslo Norway. The Group also has offices in Copenhagen and Stockholm in addition to offices at the shopping centers.

The consolidated financial statements for the accounting period of 1 January 2019 to 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 13 March 2020. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.1 Segment information.

2 Accounting principles

2.1 Basis of preparation

The consolidated financial statements for the year 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group's consolidated statement of comprehensive income (EPRA model) consolidated statement of financial position (EPRA model) consolidated statement of cash flows and consolidated statement of changes in equity are presented with comparable numbers for the prior year. The functional currency of Steen & Strøm AS is the Norwegian krone (NOK). The Steen & Strøm group accounts are presented in NOK. Presentation and classification of items in the financial statements is consistent for the periods presented. The consolidated financial statements have been prepared on a historical cost basis except for certain assets and liabilities which are presented at fair value (primarily derivatives contracts and investment properties).

Fair value measurements are categorised into Level 1 2 or 3 based on the degree which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and

- **Level 3** inputs are unobservable inputs for the asset or liability.

Steen & Strøm Group uses the EPRA model for reporting of consolidated statements of comprehensive income and consolidated statements of financial position. EPRA is an abbreviation for the European Public Real Estate Association. EPRA's mission is to promote develop and represent the European public real estate sector.

The EPRA reporting model makes the financial statements of public real estate companies clearer and more comparable across Europe which in turn enhances the transparency and coherence of the sector. The EPRA reporting model is used by more than 80% of Europe's real estate companies including Klépierre. For more information visit the Association's website using the following link www.EPRA.com.

2.2 Application of new and revised international financial reporting standards and amendments

New standards and amendments adopted as of 1 January 2019

IFRS 16 Leases
IFRS 16 "Leases" supersedes IAS 17 "Leases", IFRIC 4" Determining Whether an Agreement Contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

This new standard is very close to the previous standard as regards the treatment of leases by the lessor and has no impact on the Group's consolidated financial statements in this respect.

For lessees the standard removes the distinction between finance and operating leases. A single balance sheet accounting model is required for all leases with an exemption for low value assets and short-term leases. Leases with a lease term of 12 months or shorter and low-value leases, meaning mainly office equipment will not be capitalized. IFRS 16 requires lessees to:

- Recognize lease assets (right-of-use assets) and lease liabilities on the consolidated statement of financial position initially measured at the present value of unavoidable lease payments.

- Depreciate right-of-use assets and interest on lease liabilities over the lease term, and
- Separate the total amount of cash paid into a principal portion and interest.

The discount rate used to determine the present value of lease liabilities was computed based on the incremental borrowing rate. The weighted average discount rate applied to lease liabilities restated at 1 January 2019 amounted to 1.84%. Furthermore discounting was conducted based on the assumption of payments being made at the end of the fiscal year.

The main leases in the scope of IFRS 16 for the Group are ground leases, head office leases and vehicle leases. They are initially recognized as right-of-use assets and corresponding lease liabilities:

- Right-of-use assets relating to head office leases and vehicle leases are measured applying a cost model and are depreciated on straight-line basis over the lease term. There are recognized in furniture and equipment
- Right-of-use assets relating to ground leases meet the definition of investment property and are measured using the fair value model provided by IAS 40 as required by the standard. Right-of-use assets relating to ground leases are recognized in investment properties and properties under construction at fair value.

The Group has elected to apply the modified retrospective approach. According to this approach the comparative financial statements from the previous periods are not restated and the cumulative impact of IFRS 16 calculated as of 1 January 2019 is recorded in consolidated equity. IFRS 16 had no impact on the Group's opening equity and has no significant impact on the overall reading of the financial statements. IFRS 16 does not permit restatement of comparatives which continue to be presented under IAS 17 and IFRIC 4.

For further details with regards to impacts of the application of IFRS 16 on the consolidated financial statements see note 5.2 Furniture and equipment 5.3 Investment property 5.10 Non-current and current financial liabilities and 9 Leases.

Annual improvements to IFRS Standards 2015-2017 Cycle Amendments to IAS 12 Income Taxes
The amendments clarify that the Group should recognise the income tax consequences of dividends (group contributions) in statement of other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. The Group adopted the amendment to IAS 12 Income Taxes retrospectively with effect from 1 January 2019.

IFRIC 23 Uncertainty over income tax treatments
IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 Income taxes are applied in cases of uncertainty concerning the measurement and treatment of income taxes. The standard has no material impact on the Group's consolidated financial statements for 2019.

New IFRS standards amendments and interpretations issued but not effective for the financial year ending 31.12.2019 and not early adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. None other new and revised IFRS standards issued are deemed to have any material impact on the consolidated financial statements for the Group.

Amendments to IAS 1 and IAS 8 definition of material
The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

Amendments to references to the conceptual framework in IFRS standards
Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards.

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

2.3 Consolidation

The consolidated financial statements include the financial statements of Steen & Strøm AS (the Company) and entities controlled by Steen & Strøm AS (the Group). Control is achieved when the Group:

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Control normally exists when the Group has more than 50% of the voting power through ownership or agreements. Non-controlling interests in subsidiaries are presented within the Group's equity.

The Group applies the acquisition method under IFRS 3 to account for business combinations. Subsidiaries are fully consolidated from the date on which control is obtained and ceases from the date control is lost.

Investments in associated companies where the Group has significant influence but not control are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group report its interests in joint ventures using the equity method of accounting. Using the equity method an investment in a joint venture is initially recognised in the financial statements at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture.

When the Group's share of losses of an associate or joint venture exceeds the Group's interest in the associate or the joint venture the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Intercompany transactions and related balance sheet items including internal profit and unrealised gains and losses are eliminated. Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Classification of income and expenses in the consolidated statement of comprehensive income (epra model)

The Group applies these classifications in Net rental income:

Gross rental income
Gross rental income includes rents from investment property and rent-related income such as car park rentals and early termination indemnities income from entry fees and other related income.

Stepped rents rent-free periods and entry fees are recognised over the fixed term of the lease contract.

Land expenses (real estate)
Land expenses (real estate) corresponded previously (up until 2018) to lease payments (or depreciation of initial payments) for properties built on land subject to a building lease or an operating contract (concession). From 2019 onwards the Group has treated lease payments for properties built on land subject to building lease in accordance with IFRS 16 Leases. Lease payments will not be presented as land expenses in the future.

Non-recovered rental expenses
Non-recovered building rental expenses are stated net of charges re-invoiced to tenants and mainly comprise expenses related to vacant premises.

Building expenses (owner)
Building expenses (owner) consist of owner's rental expenses related to construction work legal costs bad debt expense and costs related to real estate management.

In addition Revenue classified as part of Operating income is:
Other operating revenues

Other operating revenues include building works re-invoiced to tenants and other income.

2.5 Cash and cash equivalents

In the consolidated statement of cash flows cash and cash equivalents include cash in hand deposits held at call with banks other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. See note 5.8 for information related to bank credit facilities.

2.6 Trade accounts receivable

Trade receivables are primarily lease receivables from tenants and meet the requirements of SPPI and the business model of hold to collect. These receivables are initially recognised at fair value and subsequently measured at amortised cost less any loss allowance for expected credit losses (ECL). The loss allowance for the trade receivables is measured each period at an amount equal to lifetime expected credit losses as an accounting policy choice allowed in IFRS 9 for lease receivables. See notes 2.12 and 5.6 for additional information.

2.7 Hedge accounting

At the inception of each hedge relationship a specific derivative is designated as a hedge of future cash flows related to a highly probable forecasted transaction normally for the Group this is a floating-rate interest payment. Documentation is created at the inception of the hedge for the relationship between the hedging instrument (derivative) and the hedged item (future cash flows) as well as to document possible sources of hedge ineffectiveness and the evaluation of hedge effectiveness. All hedges both at hedge inception and on an ongoing basis are assessed prospectively for hedge effectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualify as hedge instruments for a cash flow hedge is recognised in other comprehensive income (OCI). The ineffective portion is recognised in the profit or loss statement.

When a hedging instrument expires or is sold or when a hedge no longer meets the criteria for hedge accounting any cumulative gain or loss existing in OCI at that time remains in OCI and is recognised when the forecasted transaction is ultimately recognised in profit or loss. When a forecasted transaction is no longer expected to occur the cumulative gain or loss that was reported in OCI is immediately transferred to profit or loss.

2.8 Non-current assets

Non-current assets consist of software (note 5.1) vehicles machines furniture fittings and equipment (note 5.2) Investment property in existence and under construction (note 5.3). Except for investment properties these assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Historical cost includes expenditures that are directly attributable to the acquisition of the fixed asset. Subsequent costs such as repairs and maintenance are charged to profit or loss when incurred. Depreciation on Intangible asset and Property plant and equipment is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful life as follows:

- Software 8 years
- Vehicles and machines 3-5 years
- Furniture fittings and equipment 5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

2.9 Leasing

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019
(I) The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers small items of office furniture and telephones). For these leases the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) less any lease incentives receivable
- Variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options if the lessee is reasonably certain to exercise the options and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within Non-current financial liabilities and Current financial liabilities in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The leas term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value in which cases the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease in which case

- The lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease
- Payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability lease payments made at or before the commencement day less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset the costs are included in the related right-of-use asset unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within Furniture's and equipment and Investment properties and properties under construction in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Furniture and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in Other general expenses in profit or loss.

(II) The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Policies applicable prior to 1 January 2019
(I) The Group as lessee

- Finance leases: The Group has not entered into any finance leasing agreements.

- Operational leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments are an operating expense in consolidated statement of comprehensive income and measured on a straight-line basis over the period of the lease.

(II) The Group as lessor

- Finance leases: The Group has not entered into any finance leasing agreements.

- Operational leases:

The Group presents assets leased to third parties as Investment properties and properties under construction in the consolidated statement of financial position. Lease income is recognised on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased asset and recognised on the same basis as lease income over the lease terms. Stepped rents rent-free periods and entry fees are spread over the fixed term of the lease.

2.10 Investment properties

Investment properties comprise land and buildings for rent. Investment properties are initially recognised at cost and subsequently measured at fair value and changes in fair value are recognised in profit or loss in the period in which they occur. Fair value is the estimated value of the asset in a transaction between independent parties without any deduction for transaction costs.

Fair value represents an estimated gross sales value of the asset at the balance sheet date. Investment properties are valued twice a year by external appraisers who use a cash-flow based model in the calculation of fair value. For further details see Note 5.3 and Note 11.1.

Sale of subsidiaries where the main asset is an Investment Property is presented as gain (loss) on disposal of investment properties and equity investments sold. The gain (loss) is calculated as the fair value of the received payments reduced for the net book value of the assets and liabilities connected to the asset.

2.11 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

The Group classifies its financial assets in the following categories: at fair value through profit and loss and amortised cost.

(I) Financial assets at fair value through profit and loss

A financial asset is classified in this category if it does not meet the conditions of SPPI (solely payments of principal and interest). Derivatives are by definition always at fair value over profit or loss (FVOPL) unless designated as a hedging instrument. Financial assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

(II) Amortised cost

All non-derivative financial assets held by the Group with fixed or determinable payments meet the SPPI criteria and have a business model of hold to collect. These financial assets are measured at amortised cost in the statement of financial position and any interest income earned and impairment on the assets is recognised in the profit or loss statement. These financial assets are included in current assets except for assets with maturities greater than 12 months after the end of the reporting period. These financial assets are classified as non-current assets.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method less any loss allowance. Interest income is recognised by applying the effective interest rate except for short-term receivables when the effect of discounting is immaterial.

The Group classifies its financial liabilities in the following categories: fair value through profit and loss and amortised cost. The Group derecognises financial liabilities when and only when the Group's obligations are discharged cancelled or expire. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the liability. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognised in profit or loss at the date of de-recognition.

(I) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is irrevocably designated at fair value to eliminate or reduce an accounting mismatch or when the financial liability (or group of liabilities) is managed and performance is evaluated on a fair value. Liabilities designated at fair value are subsequently measured at fair value with any gains or losses arising on re-measurement recognised in profit or loss.

(II) Amortised cost

Unless designated at fair value financial liabilities are initially recognised at amortised cost. Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

2.12 Impairment of financial assets

The Group has adopted the accounting policy to use the simplified approach for measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for trade accounts receivable (lease receivables). To measure the expected credit losses trade account receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates are based on payment profiles over a period of 36 months. Historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the tenant's ability to settle their liabilities. Such factors include the probability of bankruptcy and general market conditions for specific shopping centers. Bank or other forms for guarantees and off-balance sheet tenant deposits are included as a reduction in the measurement of the expected credit losses on trade account receivables.

2.13 Equity

(I) Debt and equity

Financial instruments are classified as debt or equity in accordance with the underlying economic reality and IFRS requirements. Interest dividends gains and losses related to a financial instrument which is classified as debt are recognised as an expense or income. Payments to holders of the financial instruments which are classified as equity will be recognised directly through equity.

(II) Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gains or losses are recognised in the income statement on the purchase sale issue or cancellation of the Company's own equity instruments.

(III) Costs of equity transactions

Costs of equity transactions are recognised directly through equity (net of tax). Only transaction costs related to equity transactions are recognised in equity.

(IV) Other equity

(a) Reserve for exchange differences on translation of foreign operations (FX conversion reserves)

Foreign currency exchange differences on translation of foreign operations occurs in connection with currency differences in the consolidation of foreign companies. At the disposal or sale of a foreign entity the foreign currency translation differences related to the subsidiary are reversed and recognised in the consolidated statement of comprehensive as in the same period as the recognition of the gain or loss related to the transaction.

(b) Hedging reserves

Hedging reserves is the total net change in fair value of the derivatives designated as instruments for a cash flow hedge until the hedged cash flow occurs or is no longer expected to occur.

2.14 Revenue recognition

Revenues are recognised when it is probable that economic benefits from the transactions will flow to the Group and the revenues can be reliably measured. Revenues are measured at the fair value of consideration received net of discounts and sales related taxes.

Rental income from investment properties is recognised using the straight-line method over the lease period. At termination of a lease the tenant's lease payment is recognised over the remaining lease term or until the new tenant moves in. Income from rental agreement guarantees is treated the same way as terminations. In the event of the Company releasing a tenant from the lease contract the costs are expensed immediately.

Interest income is recognised using the effective-interest method as it is earned. Dividends are recognised when the shareholder's right to receive dividends is established by the General Assembly.

2.15 Foreign currency

(I) Foreign currency transactions

Transactions in foreign currency are initially recognised in the functional currency of the entity at the exchange rate at the date of the transaction. Monetary assets in foreign currencies are translated to the functional currency at the Group's exchange rate at the reporting date. Non-monetary items that are measured at historical cost in foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in foreign currency are translated using exchange rates determined on the fair value valuation date. All exchange gains or losses are recognised in profit or loss.

(II) Foreign entities

Assets and liabilities of foreign operations including goodwill and fair value adjustments arising on consolidation are converted to the presentation currency (NOK) using the Group's closing rate. Revenues and expenses of foreign operations are converted to the presentation currency using a weighted average exchange rate for the accounting period.

Translation differences arising from translation of net investments in foreign operations are classified as exchange differences on translation of foreign operations and recognised as part of OCI. A foreign operations' accumulated translation differences in OCI is recognised in profit or loss upon disposal of the foreign operation.

2.16 Employee benefits

(I) Pension obligations

All employees of the Group are on defined contribution plans.

For the defined contribution plans the Group pays contributions to privately administered pension insurance plans on a mandatory contractual or voluntary basis. The Group has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(II) Incentive agreements with employees of the management team

For the Group's incentive agreements for employees of the management team see note 10.

2.17 Borrowing costs

Borrowing costs occur when interest costs accrue during the construction period of the asset. Borrowing costs are capitalised to the extent they are directly related to the purchase construction or production of a fixed asset. Borrowing costs are capitalized up until the point in time when the asset is ready for use.

2.18 Provisions

Provisions for environmental restoration restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value money and the risks specific to the obligation.

2.19 Income taxes

Tax expense consists of current tax and changes in deferred tax. The deferred tax liability/tax asset is calculated on all differences between accounting and tax values of assets and liabilities with the exception of:

- temporary differences related to the initial recognition of goodwill and
- temporary differences related to investments in subsidiaries joint ventures or associates where the Group controls the timing of the reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and deferred tax assets are recognised regardless of when the differences will be reversed. Deferred tax liabilities and deferred tax assets are recognised at their nominal value and are classified as non-current liability (non-current financial asset) in the balance sheet.

Current tax and deferred tax are recognised directly in equity as long as they relate to items that are recognised directly in equity.

Current tax and deferred tax liabilities/assets are measured using the tax rates enacted or substantively enacted on the balance sheet date and which are applicable to the obligation to be settled.

2.20 Statement of cash flows

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities while operating activities include both cash and non-cash line items. Dividends distributed to controlling parties outside of the Group are reported as a financing activity.

2.21 Segment information

For internal management reporting purposes the Group is organised into business segments and geographic regions. The management team monitors the operating results of each business segment independently as a basis for segment decision-making and performance evaluation. Financial information for the operating segments is presented in Note 3.

2.22 Contingent liabilities and assets

Contingent liabilities are not recognised in the consolidated financial statements. Significant contingent liabilities with the exception of contingent liabilities where the likelihood of a settlement is remote are disclosed.

A contingent asset is not recognised in the consolidated financial statements but disclosed if it likely that a benefit will accrue to the Group. Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition.

2.23 Subsequent events

New information on the balance sheet date that affects the Group's financial position at the balance sheet date is recognised in the financial statements. Subsequent events that do not affect the Company's financial position at the balance sheet date but which will affect the Group's financial position in a subsequent period are disclosed as subsequent events.

2.24 Critical accounting judgments and key sources of estimation uncertainty

The application of accounting policies requires that management makes estimates and judgments in determining certain revenues expenses assets and liabilities. The principal assumptions made in respect of future events and other sources of uncertainty relating to the use of estimates for which there is a significant risk of material change to the net book values of assets and liabilities are presented below:

Fair value of investment properties
Investment properties are measured at their fair value based on independent external valuations.

Each half-year an independent external appraiser values the properties. The valuations at 31 December 2019 were obtained from Cushman & Wakefield. The valuations are based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. The discount rate is based on interest on investments without risk and a mark-up based on an assessment of the risks related to the cash flows. Inflation is estimated using the consensus of a selection of banks and official statistics.

When carrying out their valuations, the appraiser receives comprehensive details of the leases for the properties, floor space and details of any vacant premises, and up-to-date information about all ongoing projects. Any uncertainties relating to the properties/projects and leases are also clarified verbally and in writing as and when required. The Group management performs internal controls to ensure that all relevant information is included in the valuations.

The appraiser performs the valuations on the basis of the information they have received, regularly scheduled on-site visits, and estimates of future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the segment (location, type of property, mix of tenants etc.). Additional details are presented in Note 11.1.

Measurement of goodwill
Goodwill in the Group consolidated financial statements arises from the acquisition of investment properties recognised as a business combination and is mainly related to the discount on deferred tax liabilities attached to the acquisition. Goodwill is assessed for impairment on an annual basis.

3.1 Segment information

Steen & Strøm is a Scandinavian shopping center company with 18 leading centers located in the most attractive marketplaces in Denmark, Norway and Sweden.

For management purposes the Group is structured into operating segments which are geographic regions. There are in total three operating segments. These three operating segments are structured as follows:

- Denmark
- Norway
- Sweden

The management team monitors the operating results of each business segment independently as a basis for segment decision-making and performance evaluation. Group financial policy (including the impact of financial income and expenses) corporate activities and tax result calculation are handled at Group level and are not allocated to the operating segments.

2019		**Segment income statement**		
In thousands of NOK	**Denmark**	**Norway**	**Sweden**	**Total**
Gross rental income	579 270	681 201	572 712	1 833 183
Land expenses (real estate)	-	-	-	-
Non-recovered rental expenses	-51 643	-42 317	-53 544	-147 504
Building expenses (owner)	-27 423	20 496	-22 282	-29 209
Net rental income	**500 203**	**659 380**	**496 887**	**1 656 470**
Management administrative and related income	16 531	38 404	22 338	77 273
Other operating revenue	1 752	4 360	25	6 137
Change in the fair value of investment properties	-10 513	173 652	-709 446	-546 307
Payroll expenses	-23 437	-76 670	-36 585	-136 693
Other general expenses	-10 599	-40 951	-10 410	-61 960
Depreciation and impairment allowance on investment properties	-	-268	-	-268
Depreciation and impairment allowance on intangible assets and furniture and equipment	-1 404	-26 329	-4 006	-31 739
Proceeds from disposal of investment properties and equity investments	-	*100 203*	*210*	*100 413*
Net book value of investment properties and equity investments sold	-	*-92 266*	*-118*	*-92 384*
Income from disposal of investment properties and equity investments	-	7 937	92	8 029
Operating income	**472 533**	**739 515**	**-241 106**	**970 942**
Net dividends and provisions on non-consolidated investments				96
Financial income				*377 697*
Financial expenses				*-591 045*
Net cost of debt				-213 347
Change in the fair value of financial instruments				-4 115
Share of earnings in equity investment entities				50 027
Profit before tax				**803 603**
Corporate income tax				-71 555
Net income of consolidated group				**732 048**

3.1 Segment information (continued)

2018

In thousands of NOK	**Denmark**	**Norway**	**Sweden**	**Total**
Gross rental income	552 887	682 292	570 106	1 805 286
Land expenses (real estate)	-8 017	-	-	-8 017
Non-recovered rental expenses	-47 574	-49 591	-46 730	-143 895
Building expenses (owner)	-26 668	16 599	-26 715	-36 784
Net rental income	**470 628**	**649 300**	**496 662**	**1 616 590**
Management administrative and related income	16 465	36 989	23 253	76 707
Other operating revenue	2 187	4 540	990	7 716
Change in the fair value of investment properties	381 143	-239 266	32 448	174 325
Payroll expenses	-24 554	-72 203	-38 117	-134 874
Other general expenses	-11 534	-48 534	-14 890	-74 958
Depreciation and impairment allowance on investment properties	-	-268	-	-268
Depreciation and impairment allowance on intangible assets and furniture and equipment	-734	-20 418	-453	-21 605
Proceeds from disposal of investment properties and equity investments	-	*28 063*	*17 131*	*45 194*
Net book value of investment properties and equity investments sold	-	*-20 143*	*-3 091*	*-23 234*
Income from disposal of investment properties and equity investments	-	7 920	14 039	21 959
Operating income	**833 599**	**318 060**	**513 933**	**1 665 593**
Net dividends and provisions on non-consolidated investments				-0
Financial income				*347 952*
Financial expenses				*-606 386*
Net cost of debt				-258 433
Change in the fair value of financial instruments				2 626
Share of earnings in equity investment entities				7 492
Profit before tax				**1 417 277**
Corporate income tax				-170 041
Net income of consolidated group				**1 247 236**

3.2 Net book value of investment properties and properties under construction by operating segment

In thousands of NOK	31/12/2019	31/12/2018
Denmark	11 410 567	10 744 773
Norway	12 671 648	12 445 685
Sweden	11 080 374	12 078 506
Investment properties	**35 162 590**	**35 268 965**

In thousands of NOK	31/12/2019	31/12/2018
Denmark	714 793	1 105 405
Norway	205 348	92 839
Sweden	393 936	353 400
Investment properties under construction	**1 314 077**	**1 551 644**

3.3 Investment by operating segment

2019 In thousands of NOK	Intangible assets	Furniture and equipment and work in progress	Investment properties	Investment properties under construction	Total investment
Denmark	-	402	-	54 367	54 769
Norway	-	6 342	-	223 772	230 114
Sweden	-	14	2 489	90 703	93 206
Total	**-**	**6 758**	**2 489**	**368 842**	**378 088**

2018 In thousands of NOK	Intangible assets	Furniture and equipment and work in progress	Investment properties	Investment properties under construction	Total investment
Denmark	-	219	-	158 012	158 231
Norway	-	227	32 763	39 668	72 658
Sweden	-	74	20 379	19 415	39 868
Total	**-**	**520**	**53 142**	**217 095**	**270 757**

4.1 Subsidiaries

Full consolidated companies	Country	Headquarter	% of interest 31/12/2019	31/12/2018
Head of the Group				
Steen & Strøm AS	Norway	Oslo	100.0%	100.0%
Bruun's Galleri ApS	Denmark	Copenhagen	100.0%	100.0%
Bryggen Vejle A/S	Denmark	Copenhagen	100.0%	100.0%
Field's Copenhagen I/S	Denmark	Copenhagen	100.0%	100.0%
Steen & Strøm CenterService A/S	Denmark	Copenhagen	100.0%	100.0%
Steen & Strøm CenterUdvikling VI A/S	Denmark	Copenhagen	100.0%	100.0%
Steen & Strøm Danmark A/S	Denmark	Copenhagen	100.0%	100.0%
Viva Odense A/S	Denmark	Copenhagen	100.0%	100.0%
Amanda Storsenter AS	Norway	Oslo	100.0%	100.0%
Farmandstredet Eiendom AS	Norway	Oslo	100.0%	100.0%
Gulskogen Senter AS	Norway	Oslo	100.0%	100.0%
Hamar Storsenter AS	Norway	Oslo	100.0%	100.0%
Nerstranda AS	Norway	Oslo	100.0%	100.0%
Slagenveien 2 AS	Norway	Oslo	100.0%	100.0%
Stavanger Storsenter AS	Norway	Oslo	100.0%	100.0%
Vinterbro Senter DA	Norway	Oslo	100.0%	100.0%
Oslo City Kjøpesenter AS	Norway	Oslo	100.0%	100.0%
Oslo City Parkering AS	Norway	Oslo	100.0%	100.0%
Steen & Strøm Mediapartner Norge AS	Norway	Oslo	100.0%	100.0%
Steen & Strøm Senterservice AS	Norway	Oslo	100.0%	100.0%
FAB Allum	Sweden	Stockholm	100.0%	100.0%
FAB Borlange Köpcentrum	Sweden	Stockholm	100.0%	100.0%
FAB Centrum Västerort	Sweden	Stockholm	100.0%	100.0%
FAB CentrumInvest	Sweden	Stockholm	100.0%	100.0%
FAB Emporia	Sweden	Stockholm	100.0%	100.0%
FAB Lackeraren Borlänge	Sweden	Stockholm	100.0%	100.0%
FAB Marieberg Galleria	Sweden	Stockholm	100.0%	100.0%
FAB P Åkanten	Sweden	Stockholm	100.0%	100.0%
FAB P Brodalen	Sweden	Stockholm	100.0%	100.0%
FAB P Porthälla	Sweden	Stockholm	100.0%	100.0%
Fastighets AB Västra Götaland	Sweden	Stockholm	0.0%	100.0%
Partille Lexby AB	Sweden	Stockholm	100.0%	100.0%
Steen & Ström Holding AB	Sweden	Stockholm	100.0%	100.0%
Steen & Ström Sverige AB	Sweden	Stockholm	100.0%	100.0%

Change in scope are essentially due to mergers of companies and will not have any impact on future financial positions and earnings.

4.2 Goodwill

After the recognition of Oslo City Kjøpesenter AS and Oslo City Parkering AS in 2016 as fully consolidated subsidiaries of Steen & Strøm AS there has been no further business combinations. The goodwill of NOK 348 4 million consists mainly of the discounted value of deferred tax liabilities in the purchase price. Goodwill is allocated to the following cash-generating units (CGU):

In thousands of NOK	Oslo City Kjøpesenter AS	Oslo City Parkering AS	Total
Goodwill	**332 518**	**15 907**	**348 425**
Total estimated sales value CGU	4 530 274	181 197	4 711 471
Total Group book value equity CGU	**4 356 856**	**177 718**	**4 534 574**

As the total estimated sales value exceeds the book value of subsidiaries goodwill is not impaired.

Sales value approach
The best estimate of invesment properties sales value is the bi-annuall valuation which in turn equals book value. Cash and working capital (such as account receivables payables etc.) are in general valued at nominal value in a sale. As cash and working capital are recorded at nominal value book value is assumed to approximate sales value.

The deferred tax balance is currently estimated to be discounted at a value of 10% of the temporary difference between the property sales value and tax value. The deferred tax balance is currently recognized at 22% of the temporary difference between book value (equal to fair value) and tax value.

As book value equals sales value for all assets and liabilities except the deferred tax balance it is only required to estimate the gain to be received from the discount applied to the deferred tax balance. If the estimated discount is greater than the book value of the goodwill it is assumed that goodwill balance is not impaired.

5.1 Intangible assets

In thousands of NOK	31/12/2018	Acquisitions	Disposals and retirement of assets	Amortization and impairment allowances	31/12/2019
Software	184 986	-	-	-	184 986
Total gross value	**184 986**	**-**	**-**	**-**	**184 986**
Amortization and impairment allowances	-121 441	-	-	-18 994	-140 435
Total amortization and impairment allowances	**-121 441**	**-**	**-**	**-18 994**	**-140 435**
Intangible assets - Net value	**63 545**	**-**	**-**	**-18 994**	**44 551**

In thousands of NOK	31/12/2017	Acquisitions	Disposals and retirement of assets	Amortization and impairment allowances	31/12/2018
Software	184 986	-	-	-	184 986
Total gross value	**184 986**	**-**	**-**	**-**	**184 986**
Amortization and impairment allowances	-102 237	-	-	-19 204	-121 441
Total amortization and impairment allowances	**-102 237**	**-**	**-**	**-19 204**	**-121 441**
Intangible assets - Net value	**82 749**	**-**	**-**	**-19 204**	**63 545**

5.2 Furniture and equipment

In thousands of NOK	31/12/2018	Acquisitions and new accounting standard	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Other movements	31/12/2019
Furniture and equipment	89 055	6 758	-296	-	-1 489	-	94 028
Right-of-use assets	-	24 305	-	-	-277	-	24 028
Total gross value	**89 055**	**31 064**	**-296**	**-**	**-1 766**	**-**	**118 057**
Depreciation and impairment allowances furniture and equipment	-74 936	-	296	-3 570	1 184	-	-77 026
Depreciation and impairment allowances right-of-use assets	-	-	-	-9 174	-55	-	-9 229
Total depreciation and impairment	**-74 936**	**-**	**296**	**-12 745**	**1 129**	**-**	**-86 255**
Furniture and equipment - Net value	**14 119**	**31 064**	**-**	**-12 745**	**-637**	**-**	**31 801**

In thousands of NOK	31/12/2017	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Other movements	31/12/2018
Furniture and equipment	112 215	30 805	-	-	-1 180	-52 785	89 055
Total gross value	**112 215**	**30 805**	**-**	**-**	**-1 180**	**-52 785**	**89 055**
Depreciation and impairment allowances furniture and equipment	-73 357	-	-	-2 401	821	1	-74 936
Total depreciation and impairment	**-73 357**	**-**	**-**	**-2 401**	**821**	**1**	**-74 936**
Furniture and equipment - Net value	**38 858**	**30 805**	**-**	**-2 401**	**-359**	**-52 784**	**14 119**

The Group adopted IFRS 16 Leases from 1 January 2019. Net capitalized amount of right-of-use assets at implementation amounted to NOK 23.7 million. This amount is included in the column Acquisitions and new accounting standards in the 2019 specification above. For further information see Note 2 Accounting Principles and Note 9 Leases.

5.3a Investment properties

In thousands of NOK	31/12/2018	Acquisitions and new accountng standards	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair value adjustments	Other movements	31/12/2019
Shopping centers								
Land	2 522 779	-	-825	-	-17 692	-	-	2 504 263
Structures	14 514 890	-	-37 774	-268	-196 498	-	-27 291	14 253 059
Facades cladding and roofing	925 429	-	-17 578	-	-6 058	-	35 960	937 753
General and technical installations	2 606 598	-	-26 232	-	-21 331	-	21 271	2 580 307
Fixtures	1 122 599	2 489	-	-	-12 730	-	533 698	1 646 055
Right-of-use assets	-	371 956	-	-	189	-9 732	-	362 412
Cost value	**21 692 295**	**374 444**	**-82 409**	**-268**	**-254 120**	**-9 732**	**563 639**	**22 283 849**
Fair value adjustments	**13 576 669**	**-**	**-**	**-**	**-175 340**	**-551 879**	**29 291**	**12 878 741**
Fair value shopping centers	**35 268 965**	**374 444**	**-82 409**	**-268**	**-429 460**	**-561 611**	**592 930**	**35 162 590**

The Group adopted IFRS 16 Leases from 1 January 2019. Net capitalized amount of right-of-use assets at implementation amounted to NOK 372.0 million. This amount is included in the column Acquisitions and new accounting standards in the specification for 2019 above. For further information see Note 2 Accounting Principles and Note 9 Leases. Other movements consist of investment properties transferred from investment properties under construction see Note 5.3b Investment properties under construction.

In thousands of NOK	31/12/2017	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair value adjustments	Other movements	31/12/2018
Shopping centers								
Land	2 529 585	-	-3 091	-	-6 590	-	2 875	2 522 779
Structures	14 625 633	20 375	-19 893	-268	-132 178	-	21 221	14 514 890
Facades cladding and roofing	908 501	-	-	-	-6 903	-	23 831	925 429
General and technical installations	2 587 711	-637	-4 574	-	-5 446	-	29 544	2 606 598
Fixtures	1 056 367	4	4	-	-9 321	-	75 545	1 122 599
Cost value	**21 707 797**	**19 742**	**-27 554**	**-268**	**-160 438**	**-**	**153 016**	**21 692 295**
Fair value adjustments	**13 491 662**	**11 625**	**-**	**-**	**-104 758**	**178 808**	**-667**	**13 576 669**
Fair value shopping centers	**35 199 459**	**31 367**	**-27 554**	**-268**	**-265 196**	**178 808**	**152 349**	**35 268 965**

5.3b Investment properties under construction

In thousands of NOK	31/12/2018	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair value adjustments	Other movements	31/12/2019
Fixed assets in progress	1 551 644	368 842	-9 857	-	-18 926	15 304	-592 930	1 314 077
Investment properties under construction	**1 551 644**	**368 842**	**-9 857**	**-**	**-18 926**	**15 304**	**-592 930**	**1 314 077**

In thousands of NOK	31/12/2017	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair value adjustments	Other movements	31/12/2018
Fixed assets in progress	1 447 234	208 587	-13 493	-	-1 141	-4 484	-85 059	1 551 644
Investment properties under construction	**1 447 234**	**208 587**	**-13 493**	**-**	**-1 141**	**-4 484**	**-85 059**	**1 551 644**

Other movements consist of investment properties under construction transferred to investment properties, see Note 5.3a Investment properties.

5.3c -Sensitivities

When calculating the value of the investment properties the following average yields were used by external appraisers:

Average yields (%)	31/12/2019	31/12/2018
Norwegian investment property	4.56%	4.70%
Swedish investment property	4.67%	4.44%
Danish investment property	4.27%	4.20%
Weighted average	4.50%	4.45%

Sensitivities yield
The following table shows the sensitivity in fair value of investment property as a result of change in yield:

In thousands of NOK	Yield	Value	Change
Reduced yield by -0 5%	-0.5%	41 071 586	4 565 192
Fair value 31/12/2019	0.0%	36 506 395	-
Increased yield by 0 5%	0.5%	32 854 544	-3 651 850

Sensitivities cash flows
The following table show sensitivity in fair value of investment property as a result of change in cash-flow:

In thousands of NOK	Cash flow	Value	Change
Increased cash-flow by 1%	1.0%	36 871 459	365 064
Fair value 31/12/2019	0.0%	36 506 395	-
Reduced cash-flow by 1%	-1.0%	36 141 331	-365 064

There are no significant contractual commitments to purchase construct or develop investment properties.

Ongoing construction contracts
At 31 December 2019 the Group has one ongoing construction/refurbishment project at Gulskogen Senter in Norway.

5.4a Investments in jointly controlled companies

In thousands of NOK	31/12/2018	Share in net income	Dividends received	Capital increases and reductions	Changes in the scope of consolidation and other movements	31/12/2019
Investments in jointly controlled companies	1 766 591	50 027	-53 000	30 000	-	1 793 618
Equity method securities	**1 766 591**	**50 027**	**-53 000**	**30 000**	**-**	**1 793 618**

In thousands of NOK	31/12/2017	Share in net income	Dividends received	Capital increases and reductions	Changes in the scope of consolidation and other movements	31/12/2018
Investments in jointly controlled companies	1 781 099	7 492	-50 500	28 500	-	1 766 591
Equity method securities	**1 781 099**	**7 492**	**-50 500**	**28 500**	**-**	**1 766 591**

	Country	Headquarter	% of interest	
Equity Method Companies: jointly controlled			31/12/2019	31/12/2018
Hovlandparken DA	Norway	Oslo	50.0%	50.0%
Hovlandparken AS	Norway	Oslo	50.0%	50.0%
Nordal ANS	Norway	Oslo	50.0%	50.0%
Økern Sentrum AS	Norway	Oslo	50.0%	50.0%
Økern Eiendom ANS	Norway	Oslo	50.0%	50.0%
Økern Sentrum ANS	Norway	Oslo	50.0%	50.0%
Metro Shopping AS	Norway	Oslo	50.0%	50.0%
Metro Senter ANS	Norway	Oslo	50.0%	50.0%

5.4b Equity method statement of comprehensive income

In thousands of NOK	2019 100%	2019 Group share	2018 100%	2018 Group share
Gross rental income	151 959	75 980	145 177	72 589
Non-recovered rental expenses	-16 572	-8 286	-14 917	-7 459
Building expenses (owner)	-11 486	-5 743	-11 451	-5 726
Net rental income	**123 901**	**61 951**	**118 809**	**59 405**
Other operating revenue	6	3	281	141
Change in the fair value of investment properties	-30 299	-15 150	-118 616	-59 308
Other general expenses	-331	-166	-263	-132
Operating income	**93 277**	**46 639**	**211**	**106**
Financial income	*594*	*297*	61	31
Financial expenses	*-63*	*-32*	-541	-271
Net cost of debt	531	266	-480	-240
Profit before tax	**93 808**	**46 904**	**-269**	**-135**
Corporate income tax	6 246	3 123	15 253	7 627
Net income of joint venture entities	**100 054**	**50 027**	**14 984**	**7 492**

5.4c Equity method statement of financial position

In thousands of NOK	31/12/2019 100%	31/12/2019 Group share	31/12/2018 100%	31/12/2018 Group share
Furniture and equipment and work in progress	-	-	-	-
Investment properties and properties under construction	3 730 824	1 865 412	3 704 305	1 852 153
Deferred tax assets	-	-	-	-
Non-current assets	**3 730 824**	**1 865 412**	**3 704 305**	**1 852 153**
Trade accounts and notes receivable	7 072	3 536	3 120	1 560
Other receivables	14 210	7 105	11 653	5 827
Cash and cash equivalents	50 704	25 352	31 117	15 559
Current assets	**71 986**	**35 993**	**45 890**	**22 945**
Total assets	**3 802 810**	**1 901 405**	**3 750 195**	**1 875 098**
Share capital	2 076 102	1 038 051	2 122 102	1 061 051
Additional paid-in capital	1 857	929	1 857	929
Consolidated reserves	1 409 222	704 611	1 394 238	697 119
Consolidated earnings	100 054	50 027	14 984	7 492
Shareholders’ equity group share	3 587 235	1 793 618	3 533 181	1 766 591
Shareholders' equity	**3 587 235**	**1 793 618**	**3 533 181**	**1 766 591**
Deferred tax liabilities	187 586	93 793	193 832	96 916
Non-current liabilities	**187 586**	**93 793**	**193 832**	**96 916**
Trade payables	19 836	9 918	16 485	8 243
Other liabilities	6 509	3 255	3 645	1 823
Social and tax liabilities	1 644	822	3 052	1 526
Current liabilities	**27 989**	**13 995**	**23 182**	**11 591**
Total shareholders’ equity and liabilities	**3 802 810**	**1 901 405**	**3 750 195**	**1 875 098**

5.5 Other non-current assets

In thousands of NOK	31/12/2019	31/12/2018
Other long term investments	2 230	230
Deposits	2 129	2 111
Total	**4 358**	**2 341**

5.6 Trade recceivables

In thousands of NOK	31/12/2019	31/12/2018
Trade receivables	190 932	152 666
Gross Value	**190 932**	**152 666**
Loss allowance	-18 961	-18 413
Net value	**171 970**	**134 254**

The trade receivables are spread across several shopping centers throughout Scandinavia (Norway Sweden and Denmark). There is no one single customer who represents a significant share of the trade receivables. The majority of the Group's rental contracts have deposit and bank guarantees which secure up to 3 to 6 month's rent including the outstanding trade receivables.

Trade receivables aging and loss allowance

In thousands of NOK	Total	Not due	< 30 days	30-60 days	60-90 days	>90 days
Trade receivables gross as of 31/12/2019	190 931	136 368	21 704	999	5 502	26 358
Loss allowance	-18 961	-	-94	-266	-1 841	-16 760
Trade receivables net as of 31/12/2019	**171 970**	**136 368**	**21 610**	**733**	**3 661**	**9 598**
Trade receivables gross as of 31/12/2018	152 668	114 720	10 651	219	9 442	17 635
Loss allowance	-18 413	-12 759	-1 385	-31	-1 416	-2 822
Trade receivables net as of 31/12/2018	**134 254**	**101 960**	**9 266**	**188**	**8 026**	**14 814**

On 1 January 2018 the Group adopted IFRS 9 and made the accounting principle choice for the lease receivables (trade receivables) to measure the loss allowance at an amount equal to lifetime expected credit losses. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the probability of a tenants' bankruptcy and location of the shopping centers to be the most relevant factors and accordingly adjusts the historical loss rates appropriately.

In thousands of NOK	2019	2018
Opening balance loss allowance	-18 413	-23 809
Increase in loss allowance recognised in the profit and loss during the period	-4 725	-9 862
Impairment losses on trade receibavles	8 452	10 450
Reversal of previously impairment losses	-4 600	4 657
Foreign exchange effects	325	152
Closing balance	**-18 961**	**-18 413**

5.7 Other receivables

In thousands of NOK	31/12/2019	31/12/2018
Tax receivables	**102 079**	**106 308**
- Corporate income tax	325	1 039
- VAT	101 755	105 269
Other receivables	**120 708**	**74 374**
- Service charges due	15 418	18 706
- Prepaid expenses	7 220	2 236
- Other	98 070	53 432
Total	**222 787**	**180 682**

The item Other consists primarily of funds managed by the Group on behalf of tenants and third parties.

5.8 Cash and cash equivalents

In thousands of NOK	31/12/2019	31/12/2018
Bank	450 180	443 740
Treasury instruments	2 370	3 081
Gross cash and cash equivalents	**452 550**	**446 821**
- Bank overdrafts	-89 293	-
Net cash and cash equivalents	**363 257**	**446 821**

The Group maintain a Group account scheme for bank accounts in Norway, which is linked to the Group's overdraft accounts. At 31 December 2019 and 2018 the Group held a total bank credit facility available of NOK 2.175 million and NOK 2.249 million respectively.

Restricted bank deposits
At 31 December 2019 and 2018 restricted funds amounted to NOK 3.8 million and NOK 3.8 million respectively.

5.9 Shareholders' equity

Share capital
At 31 December 2019 the share capital of the Company was NOK 73 258 653 divided into 29 303 461 shares at par value NOK 2.50.

In december 2018 the extraordinary general meeting decided to reduce the share capital from NOK 76 005 290 with NOK 2 746 637 to NOK 73 258 653 by redemption of 1 098 655 shares. The reduction is used for the redemption of the company's treasury shares pursuant to Section 9 of the Norwegian Companies Act. The reduction was not registrated as of 31.12.2019. Due to this the formal legal process of reducing the share capital by redemption of shares will have to be carried out again in 2020.

Shareholders
At 31 December 2019 and 2018 100% of the shares in the Company were held by Storm Holding Norway AS. Storm Holding Norway AS is 100% owned by Nordica HoldCo AB which in turn is owned 56.1% by Klèpierre Nordica BV corporate identity number 34261791 with headquarters in Amsterdam Holland and 43.9% by Storm ABP Holding BV corporate identity number 34313617 with headquarters in Schipol Holland.

5.10 Non-current and current financial liabilities

In thousands of NOK	Opening Balance 01/01/2019	IFRS 16 Leases implementation 01/01/2019	Cash flow	Reclassification Non Current to Current	Foreign exchange movement	Fair Value changes	Closing Balance 31/12/2019
Non-current financial liabilities							
Bond net costs/premium	4 073 098		499 924	-35 532	10 920	-	4 548 410
Loans and borrowings from credit institutions - more than one year	6 154 610		-269 286	11 640	-100 277	-	5 796 686
Non-current lease liabilities (Note 9)	-	374 755	2 635	-18 365	-36	-	358 988
Non-current derivatives (Note 8)	139 054		-524	-2 142	-3 341	-49 306	83 742
Total non-current financial liabilities	**10 366 761**	**374 755**	**232 749**	**-44 398**	**-92 734**	**-49 306**	**10 787 826**
Current financial liabilities							
Bond net costs/premium	300 000		-300 000	-	-	-	-
Loans and borrowings from credit institutions - less than one year	275 371		-	-3 418	-4 013	-	267 940
Accrued interest	14 993		2 950	1 266	19	-	19 228
Commercial paper	1 483 971		95 329	-24 749	6 387	-	1 560 938
Current lease liabilities (Note 9)	-	18 871	-18 877	18 365	-106	-	18 253
Total current financial liabilities	**2 074 335**	**18 871**	**-220 598**	**-8 536**	**2 287**	**-**	**1 866 359**
Total non-current and current financial liabilities	**12 441 097**	**393 626**	**12 150**	**-52 935**	**-90 448**	**-49 306**	**12 654 185**

Recognised value of the Group's non-current and current financial liabilities are denominated in currencies as follows:

In thousands of NOK	Opening Balance 01/01/2019	IFRS 16 Leases implementation 01/01/2019	Cash flow	Reclassification Non Current to Current	Foreign exchange movement	Fair Value changes	Closing Balance 31/12/2019
NOK	5 878 279	44 094	286 408	-59 015	17 307	-4 393	6 162 680
SEK	2 619 068	10 403	-98 041	3 914	-72 164	-34 023	2 429 157
DKK	3 943 749	339 129	-176 216	2 167	-35 590	-10 889	4 062 349
Total non-current and current financial liabilities	**12 441 097**	**393 626**	**12 150**	**-52 935**	**-90 448**	**-49 306**	**12 654 185**

Contractual repayment of liabilities:

In thousands of NOK	31/12/2019	31/12/2018
0 - 1 years	1 866 359	2 074 335
2 - 5 years	5 473 556	4 371 896
More than 5 years	5 314 271	5 994 865
Total non-current and current financial liabilities	**12 654 185**	**12 441 097**

Certain loans are secured by pledge in certain assets. Pledged assets are specified in the table below:

In thousands of NOK	31/12/2019	31/12/2018
Investment properties and properties under constuction	21 795 395	22 563 608
Total carrying value of pledged assets	**21 795 395**	**22 563 608**

5.11 Social and tax liabilities and other liabilities

In thousands of NOK	31/12/2019	31/12/2018
Social and tax liabilities		
Staff and related accounts	26 371	25 099
Social security and other bodies	5 935	4 934
Corporate income tax	2 249	-1 001
VAT	32 724	14 496
Other taxes and duties	63 146	83 054
Total social and tax liabilities	**130 425**	**126 582**

Other liabilities		
Deferred income	1 389	3 438
Creditor customers	106 866	124 071
Prepaid gift cards	42 920	24 129
Other loans and borrowings	54 411	78 778
Total other liabilities	**205 586**	**230 416**

5.12 Guarantees, bail declarations, pledges and loan covenants

The Group has given the following guarantees bail declarations and pledges:

In thousands of NOK	Banking partner	31/12/2019
Bail declaration - surety for indemnity declaration previous tenants	Nordea Bank AB Norwegian branch	2 147
Pledges secured in investment property of subsidiaries	Different partners	8 801 312
Total off-balance sheet commitments of guarantees bail declarations and pledges		**8 803 459**

Loan covenants

Certain loan agreements contain financial covenants. With regard to such covenants, Steen & Strøm AS has to maintain a minimum book equity ratio of 20%. Some subsidiaries have loan agreements with LTV (loan to value) covenants. Loan to value expresses the ratio of net interest bearing debt to the value of the investment property. The covenants on these loans require the LTV to be below 65%. Furthermore, certain loan agreements contain a change of control event provision being triggered should the Klèpierre Group cease to own (directly or indirectly) 50% of the shares in Steen & Strøm AS. The Steen & Strøm Group was in compliance with its loan covenants 31 December 2019.

6.1 Income from disposal of investment properties and equity instruments

In thousands of NOK	2019
Proceeds from disposal of investment properties and equity investments	100 413
Net book value of investment properties and equity investments sold	-92 384
Income from disposal of investment properties and equity investments	**8 029**

The disposals are related to buildings at Farmandstredet Eiendom AS and Stavanger Storsenter AS in Norway and equity instruments in the subsidiary Steen & Strøm Holding AB in Sweden.

In thousands of NOK	2018
Proceeds from disposal of investment properties and equity investments	45 194
Net book value of investment properties and equity investments sold	-23 234
Income from disposal of investment properties and equity investments	**21 959**

The sales are related to appartments and part of office at Torgterassen in Norway and the subsidiary Gryttingen AB in Sweden.

6.2 Net cost of debt

In thousands of NOK	2019	2018
Financial income		
Interest income on swaps	28 514	24 790
Interest on associates' advances	1	1
Other interest received	1	79
Other revenue and financial income	3 082	9 809
Foreign exchange gains	184 056	180 288
Financial income	**215 654**	**214 967**
Financial expenses		
Interest on bonds	-88 703	-70 557
Interest on loans from credit institutions	-75 459	-65 881
Interest expense on swaps	-86 075	-110 159
Deferral of payments on swaps	199	-177
Interest on associates' advances	-0	-97
Other financial expenses	-11 767	-17 208
Foreign exchange losses	-159 936	-209 322
Interest on lease liabilities	-7 261	-
Financial expenses	**-429 002**	**-473 401**
Net cost of debt	**-213 347**	**-258 433**

Net cost of debt include net foreign exchange gain of NOK 24.1 million and loss of NOK 29.0 million in 2019 and 2018 respectively.

Financial expenses includs interest on external bonds certificates and bank loans.

7 Tax

In thousands of NOK	2019	2018
Tax expenses:		
Current Tax	33 511	53 497
Change in deferred tax	-105 066	-223 538
Tax expenses	**-71 555**	**-170 041**
Profit before tax (including discontinued operations)	803 603	1 417 277
Tax calculated on profit before tax	-180 164	-307 599
Tax on group contribution given to parent company	65 484	58 339
Taxes without bases in taxable income current period	81 981	-5 872
Effect of changes in tax rates		87 192
Non taxable elements	666	-1 882
Other	-39 522	-219
Tax expenses	**-71 555**	**-170 041**

Non taxable elements in mainly related to sale of shares.

Effective tax rate	**8.9%**	**12.0%**

Deferred taxes are composed of:

Deferred tax assets **In thousands of NOK**	31/12/2019	31/12/2018
Tangible fixed assets and investment property	125 902	5 311
Losses carried forward	34 063	68 731
Capital losses carried forward/capital gain pending taxation	798	998
Other	-516	-
Total for entities in a net asset position	**160 246**	**75 040**

Deferred tax liabilities		
Tangible fixed assets and investment property	4 945 844	4 872 235
Derivatives	-14 358	-25 991
Long-term liabilities and receivables	3 284	4 474
Capital losses carried forward/capital gain pending taxation	5 637	3 986
Other	90 338	76 786
Total for entities in a net liability position	**5 030 745**	**4 931 491**

Net postitions	**4 870 499**	**4 856 451**

Summary of losses carried forward		
No due date	313 239	511 626
Total losses carried forward	**313 239**	**511 626**

Change in deferred tax recognized directly against equity		
Cash flow hedges ex translation profits and losses	11 842	18 705
Translation profits and losses cash flow hedges	-209	1 523
Total deferred tax recognized directly against equity	**11 633**	**20 228**

8 Exposure to risk

The procedures for managing risk are approved by the Board of Directors.

Interest rate risk
Interest rate risk arises in the short and medium term following the part of the Company's debt which has a floating interest rate. The loan portfolio currently has a combination of floating and fixed rates where long-term rent agreements have been made for approx. 73% of the Group's loan portfolio.

The Group uses various types of interest rate derivatives to hedge against fluctations due to changes in interest rate levels. As of 31 December 2019 and 2018 the Group had interest rate hedges at nominal value NOK 6 957 million and NOK 7 210 million respectively where the Group receives a variable interest rate and pays a fixed interest rate.

The interest rate swaps are used to hedge against fluctations due to changes in the level of interest rates. The secured loans and the swap agreements have the same terms and conditions. For the swaps thats satisfy the requirements for hedge accounting under IFRS 9 changes in fair value are recognized directly through other comprehensive income (OCI).

Overview of the Group's hedge agreements:

Start Date	End Date	Amount	Currency	Int. rate	Excess value (thousand NOK)
23/06/2017	23/06/2022	500 000 000	NOK	1.3415 %	6 280
21/11/2017	21/11/2023	300 000 000	NOK	1.4350 %	5 051
14/06/2019	14/03/2024	400 000 000	NOK	1.7525 %	1 879
14/06/2019	16/03/2026	300 000 000	NOK	1.8275 %	1 225
18/10/2019	24/10/2024	200 000 000	NOK	0.9250 %	336
18/10/2019	24/10/2024	150 000 000	NOK	2.5500 %	-1 281
30/09/2011	30/09/2021	300 000 000	SEK	2.6400 %	-12 229
30/09/2011	30/09/2021	300 000 000	SEK	2.6950 %	-12 505
29/06/2012	30/06/2022	300 000 000	SEK	2.1450 %	-13 710
30/10/2012	30/10/2020	300 000 000	SEK	2.7900 %	-6 309
11/02/2013	09/11/2020	300 000 000	SEK	2.7500 %	-6 408
30/06/2017	30/06/2020	500 000 000	SEK	1.0000 %	0
30/12/2017	30/12/2021	400 000 000	SEK	1.0000 %	23
21/11/2018	21/08/2023	400 000 000	SEK	1.5000 %	166
29/06/2012	30/12/2021	466 071 000	DKK	2.3250 %	-31 301
30/06/2017	30/06/2022	800 000 000	DKK	1.0000 %	188
30/12/2017	30/12/2020	300 000 000	DKK	0.5000 %	0
02/01/2019	07/03/2023	300 000 000	DKK	1.3900 %	0
Total net excess value					**-68 595**

Average rate on interest-bearing loans in 2019 and 2018 was 1.8% and 2.1% respectively. Based on the financial instruments and interest rate swaps as of 31 December 2019 a general increase of 1% in interest rate levels will reduce profits by approximately NOK 33.0 million.

The Group expensed in 2019 and 2018 NOK 86.1 million and NOK 110.2 million respectively for interest rate hedging. Other movements in interest rate hedging that are not recognized through the income statement are itemized in the statement of equity.

Liquidity risk
The Group's strategy is to at all times have sufficient cash and cash equvalents or credit facilities to be able to finance operations and investments for the next three years in accordance with the Company's strategic plan for the same period.

Currency risk
Changes in exchange rates involve both direct and indirect financial risk for the Group. The currency exposure is mainly limited to the equity portion of shopping center investments in Sweden and Denmark. Hedging is achieved by using the same currency for assets and liabilitites in each country.

Non-Current and Current Interest bearing Financial Liabilities in foreign currency (in thousand)	31/12/2019	31/12/2018
SEK	2 429 134	2 618 592
DKK	4 062 161	3 940 779

Exchange rate on the balance sheet date	31/12/2019	31/12/2018
SEK	94.42	97.01
DKK	132.02	133.22

Counterparty risk
Counterparty risk is limited by the fact that Steen & Strøm is structurally a borrower. The Group is therefore limited essentially to investments made by the Group and the Group's derivative transactions counterparties. The Group only conducts marketable securities and hedging instruments with leading Scandinavian financial institutions recognized as financially sound.

Debt ratio
"The Group's objective is to secure continued operations by ensuring sustainable returns for shareholders and other stakeholder and to maintain an optimal capital structure to reduce capital costs.

To improve the capital structure the Group may adjust the level of dividends to shareholders repay capital to shareholders issue new shares or sell assets in order to repay loans.

Debt ratio as of 31 December 2019 and 2018 were as follows:

In thousands of NOK	31/12/2019	31/12/2018
Total financial liabilities (including bank facilities)	12 659 737	12 302 043
Cash and interest-bearing receivables	453 096	450 287
Net interest bearing debt	**12 206 640**	**11 851 756**
Total fixed assets	**38 346 637**	**38 664 863**
Debt ratio	**31.8%**	**30.7%**

9 Leases

IFRS 16 “Leases” applicable to financial periods beginning on or after 1 January 2019 supersedes IAS 17 and removes the distinction between finance leases and operating leases. The main changes brought about by this new standard and the transition impacts for the Group are presented in the note 2.2 Application of new and revised international financial reporting standards and ammendments - IFRS 16 Leases.

The Group as lessee
The Group has entered into several leases for vehicles offices and properties/land. Several of these leases have an extension option. The agreements do not contain restrictions on the Company’s didivdend policy or financing opportunities. All lease agreements where the Group is the lessee have been reviewed in accordance with IFRS 16. Right-of-use assets and lease liabilities have been recognized in the statement of financial position 1 January 2019 measured at the present value of unavoidable lease payment. Further details about right-of-use assets and lease liabilities are provided in note 5.2 Furniture and equipment 5.3a Investment property and 5.10 Non-current and current financial liabilities.

Comprehensive income statement impacts from applying IFRS 16 Leases:

In thousands of NOK	**2019**
Value change right-of-use assets related to investment properties	-9 732
Depreciation of right-of-use assets realted to office and vehicle leases	9 174
Interest expense on lease libilities	7 261
Total (net expense)	**26 167**

Future minimum lease payments related to non-cancellable leases fall due as follows (discounted values):

In thousands of NOK	**31/12/2019**
Within 1 year	18 253
1 to 5 years	22 140
After 5 years*	336 848
Total	**377 241**

* Leasing comittment related to 85 year lease of land in Denmark.

Consolidated statement of cash flows impacts from applying IFRS 16 Leases:

In thousands of NOK	**2019**
Change in the fair value of investment properties	-9 732
Depreciation amortization and provisions	9 174
Reclassification of financial interests and other items	-7 261
Repayment of loans borrowings and hedging instruments	-18 877

Total cash payments made during 2019 related to leases for vehicles offices and properties/land accounted for in accordance with IFRS 16 Leases where the Group is the lessee amounted to NOK 24.3 million.

Group as lessor - operating leases
The Group’s main activity is that of being a lessor of the Group’s investment properties. Leases as described in the tables below are based on agreements as of 31 December 2019 and in nominal amounts. The Group’s lease agreements are adjusted with changes in consumer price index on an annual basis.

The carrying value of assets leased under lease agreements were the Group is the lessor is as follows:

In thousands of NOK	**31/12/2019**	**31/12/2018**
Buildings	36 506 395	36 820 608
Total	**36 506 395**	**36 820 608**

Future minimum lease payments related to non-cancellable leases fall due as follows:

In thousands of NOK	**31/12/2019**	**31/12/2018**
Within 1 year	1 353 918	1 132 253
1 to 5 years	2 803 240	3 509 669
After 5 years	698 268	662 063
Total	**4 855 426**	**5 303 985**

The Group's rental contracts can be divided into

1) Fixed rent

2) Minimum rent + percentage of tenants turnover and

3) Percentage of tenants turnover.

Percentage of rental rates that are fixed are as follows:

	31/12/2019	**31/12/2018**
Norway	95.0 %	94.8 %
Sweden	92.0 %	93.0 %
Denmark	91.0 %	95.0 %
Average	92.7 %	94.3 %

10 Payroll expenses

In thousands of NOK	2019	2018
Wages bonuses and indemnities	99 972	97 234
Social security tax	18 427	18 245
Pension costs	11 863	11 478
Other costs	5 899	7 557
Payroll expenses	**136 693**	**134 874**

Employees
The average number of employees in the Group in 2019 and 2018 were 146 and 149 respectively. At 31 December 2019 (31 December 2018) the Group had 143 (148) employees.

Pension cost
All employees in the Group are on defined contribution plans. The contribution plans are in compliance with the legal requirements of each country.

Bonus scheme
Bonus is decided based on the Company's achieved results and an individual assessment of each employee. As of 31 December 2019 and 2018 NOK 15.3 million and NOK 4.3 million respectively have been accrued to cover the Group's bonus scheme. The bonus provision includes public and social taxes.

Remuneration of senior executives

2019 (in thousands of NOK)	Salary	Bonus	Payment in kind	Pension	Total
Group Management					
Louis Bonelli - *Chief Executive Officer* [1]	2 290	730	979	308	**4 307**
Bjørn Tjaum - *Chief Investment Officer*	2 146	462	368	312	**3 288**
Nils Eivind Risvand - *Chief legal Officer*	1 721	680	282	262	**2 945**
Brian Jensen - *Chief Financial Officer*	1 711	475	169	172	**2 527**
Total compensation	**7 869**	**2 347**	**1 798**	**1 053**	**13 067**

2018 (in thousands of NOK)	Salary	Bonus	Payment in kind	Pension	Total
Group Management					
Louis Bonelli - *Chief Executive Officer* [1]	849	-	295	44	**1 188**
Philippe Grenet - *Chief Executive Officer* [2]	2 030	-	676	199	**2 905**
Bjørn Tjaum - *Chief Investment Officer*	2 202	462	465	256	**3 386**
Nils Eivind Risvand - *Chief legal Officer*	1 711	549	282	182	**2 725**
Total compensation	**6 793**	**1 011**	**1 718**	**681**	**10 203**

[1)] Louis Bonelli joined the Company 20 august 2018 as CEO of Scandinavia.

[2)] Philippe Grenet left the Company 31 august 2018 as CEO of Scandinavia.

The Chief Executive Officer is hired on an expat agreement with the Klèpierre Group. The expat contract for the Chief Executive Officer last until 19 August 2021. The notice period for the Chief Investment Officer and the Chief Financial Officer is six months, while it is four months for the Chief Legal Officer. No agreements have been entered with regards to severance payment or other post-employment benefits for the senior executives if the employment contracts are to be terminated.

None of the Company's employees or Members of the Board have shares or stock options in the Company.

11.1 Fair value measurements

This note provides information about how the Group determines the fair values of various assets and liabilities.

Investment properties
The Group has appointed Cushman & Wakefield as external appraiser for determining the fair value of the Group's investment property. The fair value was determined based on the income approach. The model is based on the actual tenant situation long-term predictions based on expected inflation and market developments. The shopping centers are appraised twice a year by the external appraiser.

Hedging items
Interest rate swaps are included in the balance sheet at fair value. The fair value of interest rate swaps is obtained from financial institutions.

All accounting items measured at fair value have been categorized to assess valuation uncertainty.

• **Level 1** includes investments where fair value has been determined based on quoted prices in active markets.

• **Level 2** includes investments where fair value has been determined based on valuation modelling and market information. These investments are more uncertain than Level 1.

• **Level 3** includes investments where fair value has not been determined based on observable market data (i.e. unobservable inputs). Investments in Level 3 is determined using valuation models that in material aspect uses input that is non observable market data which implies that there exist a considerable uncertainty in determining fair value.

Description of adapted methods for determining Fair Value on liabilities and assets measured at other than Fair Value in the balance sheet

The carrying value of cash cash equivalents and bank overdrafts approximates their fair value as these instruments have short maturities. Similarly the book value of accounts receivable and accounts payable approximates to fair value.

For other financial assets and liabilities except the accounting items described above fair value is calculated as the present value of estimated cash flows discounted at the rate applicable to similar liabilities and assets on the balance sheet date. This value is approximately equal to fair value.

				31/12/2019
in thousands of NOK	**Level 1**	**Level 2**	**Level 3**	**Total**
Total investment property			**36 476 667**	**36 506 395**
Total financial derivatives		**-68 595**		**-68 595**
Other financial assets		394 757	4 358	399 115
Other financial liabilites		-13 321 081	-	-13 321 081
Total other financial assets and liabilites	**-**	**-12 926 324**	**4 358**	**-12 921 966**
Total	**-**	**-12 994 919**	**36 481 025**	**23 515 834**

				31/12/2018
in thousands of NOK	**Level 1**	**Level 2**	**Level 3**	**Total**
Total investment property	**-**	**-**	**36 820 608**	**36 820 608**
Total financial derivatives	**-**	**-125 978**	**-**	**-125 978**
Other financial assets	-	314 983	2 341	317 324
Other financial liabilites	-	-12 956 752	-	-12 956 752
Total other financial assets and liabilites	**-**	**-12 641 769**	**2 341**	**-12 639 428**
Total	**-**	**-12 767 747**	**36 822 949**	**24 055 202**

11.2 – Litigations and claims

Steen & Strøm is a Scandinavian company that through its ongoing business operations will be exposed to litigations and claims from public authorities and contracting parties. Changes in individual countries' tax laws could increase the Group's tax exposure. The Group's assessment is that best estimate provisions have been made for the aforementioned conditions.

Field´s – "Naturklagenævnet"
On 17 February 2011 the High Court of Eastern Denmark validated a decision from the Nature Protection Board of Appeal which stated that the construction permission for Field´s did not comply with the local development plan. The party in this decision was the Municipality of Copenhagen however Steen & Strøm has a right to appeal.

Steen & Strøm has thus taken the matter to court and has claimed that the decision of the Nature Protection Board of Appeal is void on several grounds. The court process is likely to take several years.

In 2016 a specific issue was separated from the case and heard for Copenhagen City Court. Steen & Strøm stated that the case should be dismissed as the organization making the initial protest did not have sufficient legal interest. However Steen & Strøm was not successful with this argument.

The case now continues on its merits. The date for the court hearing has not yet been set. In the main hearing the court will also consider Steen & Strøm's claim that the case must be referred to the ECJ (European Courts of Justice). The decision of the court can be appealed and a final decision is not expected for several years.

Tax case – Lillestrøm Torv
The tax authorities at the Central Tax Office have decided that taxable income in a former subsidiary of Steen & Strøm AS shall be increased by NOK 85.3 million for the income year 2015. The amount entails a tax of NOK 23 million. The reason for the decision is that a property transferred to another group company in 1997 by mistake remained in the transferring company's books. This was corrected when it was discovered in 2015 but the tax authorities' opinion was that the realization first took place in 2015. Steen & Strøm strongly disagrees with the decision and have filed a complaint. If this is unsuccessful the matter is likely to be taken to the courts.

Veidekke – Gulskogen Senter AS
Gulskogen Senter AS has filed a claim against Veidekke for defects relating to the redevelopment of Gulskogen Senter in 2007-2010 where subsidence problems has required the closure of 11 000 square meters of retail areas. Gulskogen Senter AS argues that Veidekke as the turn-key contractor for the redevelopment are responsible for the subsidence. The claim will be heard by Drammen City Court in late 2020. The areas are now under remediation and will re-open during 2020. The total cost of the remediation (including tenant compensations etc.) is likely to amount to in the region of NOK 400 million although the exact claim against Veidekke has not yet been determined.

11.3 Related parties

The parent company of the Steen & Strøm Group Steen & Strøm AS is a 100% owned subsidiary of Storm Holding Norway AS. Storm Holding Norway AS is fully owned by Nordica HoldCo AB which in turn is owned by subsidiaries of SA Klépierre and Stichting Pensionenfonds ABP.

Transactions between related parties are mainly related to provision of group shared services and financing. All transactions with related parties are carried out at arm's length.

Other general expenses

In thousands of NOK	2019	2018
Standard IT fee	-14 436	-16 263
Total	**-14 436**	**-16 263**

Net cost of debt
Steen & Strøm AS has granted a loan to its subsidiary Steen & Strøm Holding AB . The loan is interest-bearing at STIBOR + 1.0% margin. Steen & Strøm AS has been granted a loan from its subsidiary Steen & Strøm Danemark A/S. The loan is interest-bearing at CIBOR 3-months + 1.0% margin. Both loans are eliminated in the consolidated financial statements.

11.4 Post-balance sheet date events

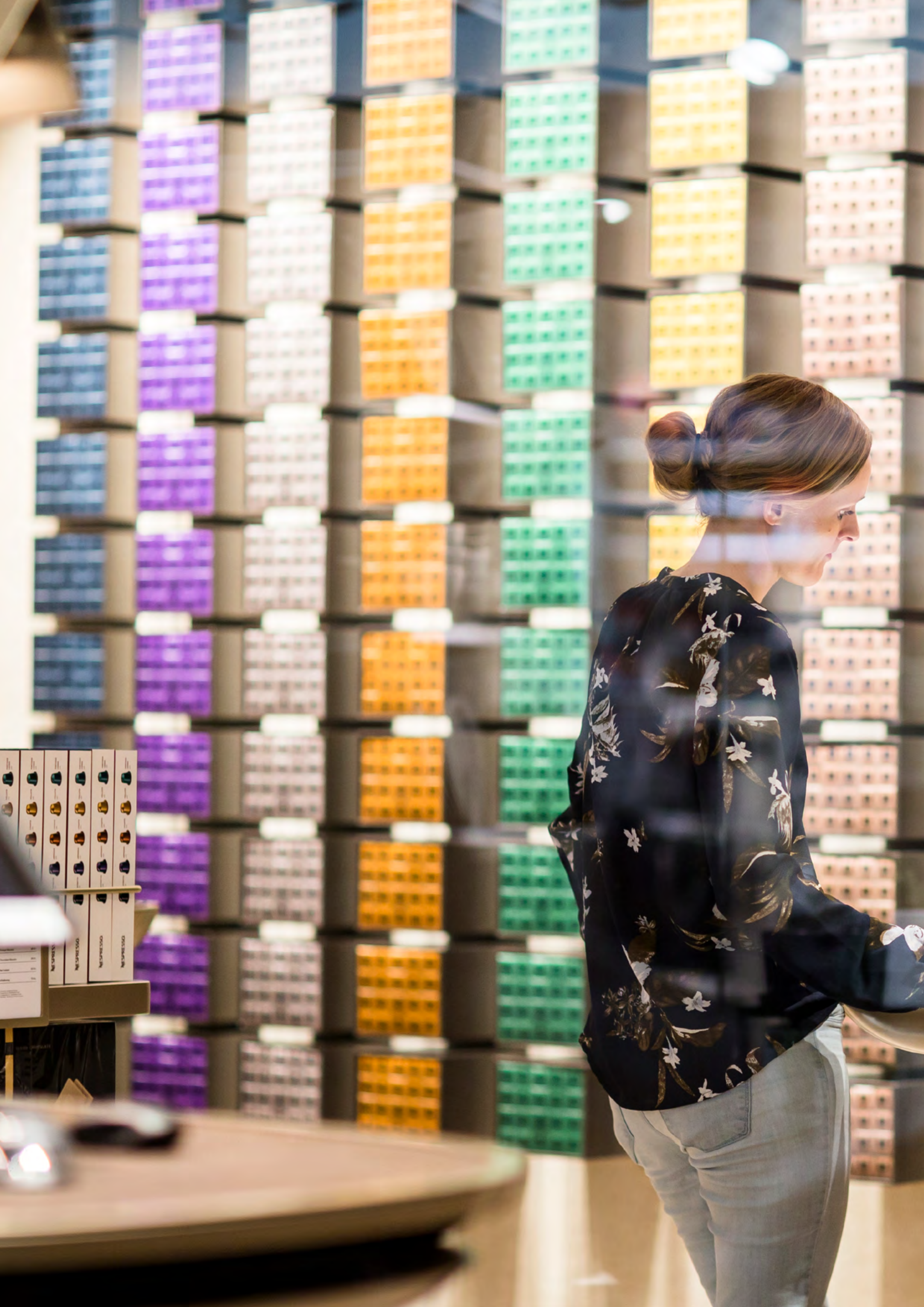
Since 26 February 2020, the CoVid-19 epidemic has gradually spread over Norway, Sweden and Denmark. Steen & Strøm response to this situation is ensuring that its operations are compliant with any measures enacted by the authorities on a real time basis and adjusting operation organization and resources to ensure the best possible health and safety conditions while maintaining business continuity.

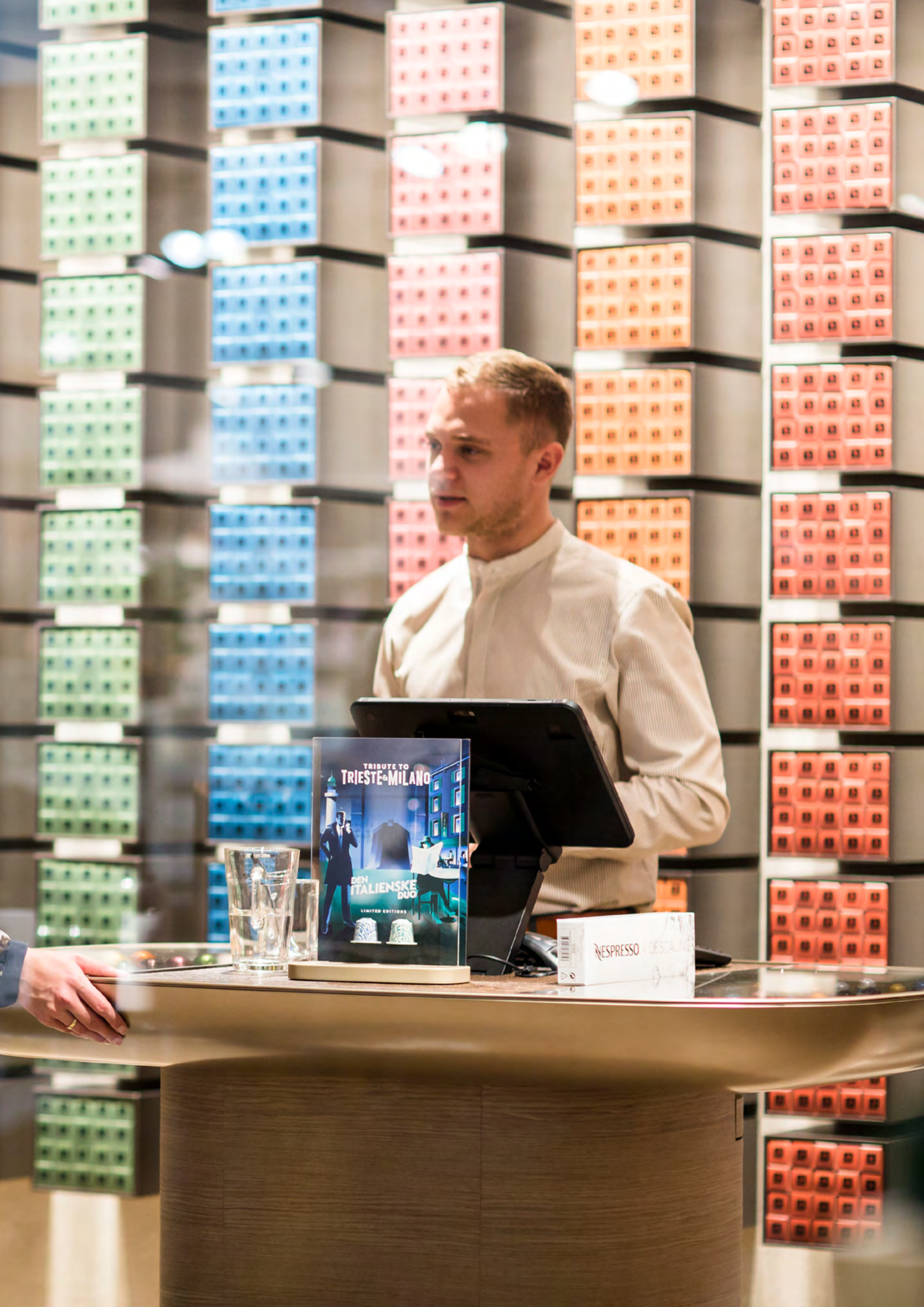
Between 26 February and 11 March 2020, footfall in Steen & Strøm malls fell by 2.8%. It is too early to determine the situation's impact on the contractual obligations of our retailers or to estimate the effect of any case-by-case support measure the group may decide upon, particularly as regards adapting payment deadlines.

Once the situation has stabilized, the group remains confident in its ability to continue its growth momentum.

11.5 Audit fees

In thousands of NOK	2019	2018
Statutory audit	4 802	3 223
Other certification services	-	-
Other services	149	140
Total	**4 951**	**3 363**




TRIBUTE TO
TRIESTE & MILANO
DEN
ITALIENSKE
DUO
LIMITED EDITIONS
NESPRESSO

Financial statements

Financial statements

Notes to the financial statements

Independent auditor’s report

Statement of comprehensive income

In thousands of NOK	Note	2019	2018
Other operating income		124 843	111 765
Gain from sales of assets	4	85	0
Total operating income		**124 928**	**111 765**
Payroll expenses	1	86 462	86 493
Depreciation	4	21 129	20 370
Other operating expenses	1, 4, 10	52 847	55 127
Total operating expenses		**160 438**	**161 990**
Operating income		**-35 510**	**-50 226**
Financial income and expenses			
Income from investments in subsidiaries and joint ventures	6	2 210 273	702 280
Interest received from group companies		11 176	6 215
Net interest on Cash pool		-16 316	59
Other financial income	12	39 734	31 842
Write down on shares in subsidiaries	6	-119 578	-48 000
Interest paid to group companies		-1 546	-2 792
Interest on borrowings	4, 8	-109 463	-110 747
Gain/Loss from sales of shares		0	2 160
Other financial expenses	12	-50 678	-63 377
Net financial income and expenses		**1 963 602**	**517 642**
Profit before tax		**1 928 092**	**467 416**
Corporate income tax	11	12 317	12 835
Corporate income tax		**12 317**	**12 835**
Net income		**1 940 409**	**480 251**
Other comprehensive income items recognized directly as equity			
Items that may be reclassified subsequently to profit or loss			
Effective portion of profits and losses on cash-flow hedging instruments (IFRS 9)		9 055	31 746
Tax on cash-flow hedging instruments		-1 992	-7 252
Items that will not be reclassified subsequently to profit and loss			
Total comprehensive income		**1 947 472**	**504 745**

Statement of financial position

In thousands of NOK	Note	31/12/2019	31/12/2018
Intangible assets			
Deferred tax assets	11	149 726	139 401
Software	4	44 551	63 545
Total intangible assets		**194 277**	**202 946**
Property, plant & equipment			
Company cabin	4	2 753	3 021
Cars, machinery and equipment	4	5 130	997
Right-of-use assets	4	7 471	0
Total property, plant & equipment		**15 354**	**4 018**
Financial assets			
Investment in subsidiaries	6	11 218 476	9 282 854
Loans to subsidiaries	7, 12	970 443	1 497 560
Investments in joint ventures	5	1 189 350	1 159 350
Investments in shares	6	230	230
Total financial assets		**13 378 499**	**11 939 993**
Non-current assets		**13 588 129**	**12 146 957**
Receivables			
Trade receivables		172	3 208
Loans to group companies	7	16 711	6 241
Other receivables	12, 13	39 394	0
Total receivables		**56 276**	**9 449**
Cash and cash equivalents			
Cash and cash equivalents	1	227 028	34 875
Current assets		**283 304**	**44 324**
Total assets		**13 871 433**	**12 191 282**

Statement of financial position

In thousands of NOK	Note	31/12/2019	31/12/2018
Contributed equity:			
Share capital		73 259	73 259
Additional paid-in capital		4 028 584	4 028 584
Total contributed equity	**2**	**4 101 843**	**4 101 843**
Retained earnings:			
Other equity		2 015 808	871 961
Total earned equity		2 015 808	871 962
Shareholders' equity		**6 117 651**	**4 973 805**
Bonds	8, 12	4 549 676	4 073 098
Liabilities to group companies	7	198 156	0
Other Non-Current liabilities	4	2 657	0
Non-current liabilities		**4 750 489**	**4 073 098**
Trade payables		17 963	18 605
Social and tax liabilities		7 837	7 936
Liabilities to group companies	7	1 265 976	1 165 205
Certificates, bonds and other current debt	8	1 660 917	1 922 096
Other current liabilities	4	50 601	30 536
Current liabilities		**3 003 293**	**3 144 378**
Total liabilities		**7 753 782**	**7 217 477**
Total liabilities and shareholder's equity		**13 871 433**	**12 191 282**

OSLO, 13.03.2020

Jean-Marc Jestin
Chairman of the Board

Jean-Michel Gault
Member of the Board

Roland Mangelmans
Member of the Board

Benat Ortega
Member of the Board

Rafael Torres Villalba
Member of the Board

Louis Bonelli
Chief Executive Officer

Statement of cash flows

In thousands of NOK	Note	2019	2018
Net income		1 940 409	480 251
Corporate income tax	11	-12 317	-12 835
Gain/Loss on sale of non-current assets		0	-2 160
Depreciation on fixed assets	4	21 129	20 370
Write-down/reversal of write-down on financial assets	6	119 578	48 000
Changes in trade receivables		3 037	-3 193
Changes in trade payable		-642	18 362
Changes in social and tax liabilities		-100	5 514
Changes in other current assets & other current liabilities		-2 070 288	21 155
Net cash flow from operating activities		**806**	**575 463**
Payments on acquisitions of non-current assets	5, 6	- 30 000	-28 500
Proceeds from sale of non-current assets		0	2 411
Payments on acquisitions of other assets		-6 000	-1 043
Payments on convertion of intercompany debt		0	6 846
Payments/proceeds from borrowings		815 573	-939 365
Net cash flow from investment activities		**779 573**	**-959 652**
Proceeds from borrowings	8, 12	1 083 389	1 076 798
Payments on borrowings	8	- 867 990	-573 622
Payments of dividends		-803 625	-475 520
Net cash flow from financial activities		**-588 226**	**27 656**
Net changes in cash		**192 153**	**-356 533**
Cash at the start of the period		**34 875**	**302 120**
Cash from merger		**0**	**89 287**
Net changes in cash		**192 153**	**-356 533**
Cash at the end of the period		**227 028**	**34 875**

Statement of changes in equity

31/12/2018 In thousands of NOK	Share capital	Additional paid-in capital	Treasury shares	Other equity	Total equity
Opening statement	**76 006**	**4 028 584**	**-2 747**	**755 921**	**4 857 764**
Share capital transaction, not registered	-2 747		2 747	-	-
Mergers				90 348	90 348
Group contribution				-3 533	-3 533
Dividends paid				-475 520	-475 520
Net income for the period				480 251	480 251
Income from cash-flow hedging				24 494	24 494
Closing statement	**73 259**	**4 028 584**	**-**	**871 962**	**4 973 805**

31/12/2019 In thousands of NOK	Share capital	Additional paid-in capital	Treasury shares	Other equity	Total equity
Opening statement	**73 259**	**4 028 584**	**-**	**871 962**	**4 973 805**
Dividends paid				-803 625	-803 625
Net income for the period				1 940 409	1 940 409
Income from cash-flow hedging				7 063	7 063
Closing statement	**73 259**	**4 028 584**	**-**	**2 015 808**	**6 117 651**

Notes to the financial statements

All amounts in thousands of NOK, unless otherwise specified.

General information

as of 1 January 2018, the subsidiary Steen & Strøm Norge AS was merged into Steen & Strøm AS with accounting and taxable continuance.

All amounts in thousands of NOK, unless otherwise specified.

Accounting principles
The accounts have been prepared in accordance with simplified application of international accounting standards according to §3-9 of the Norwegian Accounting Act. See also note 2 in the Group's consolidated financial statements. The explanation of the accouting policies also apply to the parent company, and the notes to the consolidationed financial statements will in som cases cover the parent company.

Shares in subsidiaries and joint ventures are stated using the cost method. Group contributions and dividends from subsidiaries and joint ventures are recognized as income from investments in subsidiaries in the year the group contribution and dividends has been approved.

1 Payroll expenses

	2019	**2018**
Wages, bonuses and indemnities	66 678	65 321
Social security tax	10 705	11 285
Pension costs	846	581
Other benefits	8 233	9 305
Total payroll expenses	**86 462**	**86 493**

Employees
The average number of employees in Steen & Strøm AS in 2019 and 2018 were 76 and 77, respectively.

Remuneration of senior executives
See note 10 of the consolidated financial statements.

Audit fees
The audit fee for Steen & Strøm AS in 2019 was NOK 1.589 thousand (NOK 921 thousand in 2018).

Restricted funds
As of 31 December 2019 and 2018, restricted funds amounted to NOK 3.812 thousand and NOK 3.784 thousand.

2 Shareholder's equity and treasury shares

See note 5.9 of the consolidated financial statements.

3 Shares owned by the ceo or members of the board

None of the Company's employees or Members of the Board have shares or stock options in the Company.

See note 10 of the consolidated financial statements.

4 Software, property, plant & equipment

Intangible assets - software	**2019**	**2018**
Acquisition cost as of 01/01	184 986	184 986
Acquisition	-	-
Acquisition cost as of 31/12	184 986	184 986
Acc. depreciation as of 31/12	140 435	121 441
Net book value as of 31/12	**44 551**	**63 545**
Depreciation for the year	18 994	19 204

Vehicles, furniture and office equipment and machinery	**2019**	**2018**
Acquisition cost as of 01/01	11 152	2 714
Acquisition	6 000	-
Merger	-	8 438
Disposal	296	-
Acquisition cost as of 31/12	16 856	11 152
Acc. depreciation as of 31/12	11 726	10 154
Net book value as of 31/12	**5 130**	**997**
Depreciation for the year	1 867	898

Company cabin	**2019**	**2018**
Acquisition cost as of 01/01	6 698	6 698
Acquisitions	-	-
Acc. depreciation as of 01/01	3 678	3 410
Acc. depreciation as of 31/12	3 946	3 678
Net book value as of 31/12	**2 753**	**3 021**
Depreciation for the year	268	268

Right-of-use assets	**2019**
Implementation 01.01.2019	12 535
Depreciation and impairment allowances (operating expenses)	(5 064)
Net book value as of 31/12	**7 471**
Rent period 3 years.	

Liabilities right-of-use assets:	
Other Non-Current liabilities	2 657
Current liabilities (1. year payment)	4 829
Total liabilities right-of-use assets as of 31/12	**7 487**
Interest expenses right-of-use liabilities of NOK 56 thousand.	

5 Investments in associated companies and joint ventures

Associated companies and joint ventures in the statutory accounts are recorded at cost method.

Company	Ownership 31/12	Value at 01/01	Capital increase	Value at 31/12
Metro Senter ANS	50.0 %	490 750	-	490 750
Hovlandparken DA	50.0 %	288 850	-	288 850
Økern Sentrum ANS	50.0 %	379 750	30 000	409 750
Total		**1 159 350**	**30 000**	**1 189 350**

6 Investments in subsidiaries and other companies

Company	Ownership 31/12	Value at 31/12
AS Kristiania Byggeselskap for smaaleiligheter	1.5 %	230
Others		-
Total		**230**

	2019	2018
Book value of investments in subsidiaries	11 218 476	9 282 854

All subsidiaries are valued at cost.

For a list of all subsidiaries of Steen & Strøm AS, see note 4.1 of the consolidated financial statements.

In 2019 there has been a write down of investments in subsidaries of NOK 119.578 thousand.

Income from investments in subsidiaries and joint ventures	2019	2018
Dividends from subsidiaries	2 055 200	554 670
Distributions from joint ventures	53 000	50 500
Received group contribution	102 073	97 110
Total income from investments	**2 210 273**	**702 280**

7 Intercompany receivables and payables

Current assets and current liabilities	2019	2018
Current receivables from group companies	16 711	6 241
Total current receivables	**16 711**	**6 241**
Non-current receivables from group companies *)	970 443	1 497 560
Total receivables	**987 154**	**1 503 801**
*) Non-current receivables/liabilities to group companies have a maturity of 3 years.		
Current liabilities to group companies	**1 265 976**	**1 165 205**
Non-current liabilities to group companies	198 156	-
Total liabilities	**1 464 131**	**1 165 205**

The Steen & Strøm group maintain a group account scheme for bank accounts in Norway which are linked to the groups overdraft accounts. The subsidiaries' bank accounts included in this scheme is formally receivables or liabilities against the parent company, and are classified in Steen & Strøm's balance sheet accordingly.

8 Liabilities

Non-current interest bearing borrowings	2019	2018
Bonds	4 549 676	4 073 098
Total non-current interest bearing borrowings	**4 549 676**	**4 073 098**

Current borrowings		
Certificates	1 560 938	1 483 971
Bonds	-	300 000
Borrowing to financial institutions	99 980	138 125
Total current borrowings	**1 660 917**	**1 922 096**

Repayment plans and renegotiation of non-current debt:		
Between 1 and 5 years	4 449 676	4 073 098
More than 5 years	100 000	-
Total	**4 549 676**	**4 073 098**

The table excludes intercompany loans. Secured debt includes also collatoral of other Group companies' assets. See note 4.1 of the consolidated financial statements for a complete listing of subsidiaries in the group.

9 Guarantees, bail declarations and pledges

Steen & Strøm AS is by ownership solely responsible for the debts of the following companies:

	Total debt	SST Share	Ownership
Økern Senter ANS	2 923	1 462	50.0 %
Hovlandparken DA	4 021	2 011	50.0 %
Metro Senter ANS	9 300	4 650	50.0 %
Total	**16 244**		

Steen & Strøm AS has given the following guarantees, bail declarations and pledges:

Type	Banking partner	Amount at 31/12
Bail declaration - surety for Group bank account scheme	DNB Bank ASA	1 000 000
Bail declaration – surety for FX swap	DNB Bank ASA	217 096
Bail declatration - surety for indemnity declaration previous tenants	Nordea Bank AB, filial Norge	2 147
Bail declaration – surety for debt of subsidiaries	Danske Bank	3 109 076
Total off balance sheet commitments of garantees, bail declarations and pledges		**4 328 319**

10 Breakdown of other operating expenses

	2019	2018
Rental space	751	4 915
Management and other fees	4 894	5 217
Other operating expenses	12 831	15 035
Other administrative costs	34 370	29 961
Total other operating expenses	**52 847**	**55 127**

11 Tax

Temporary differences	2019	2018
Fixed assets	-626	-973
Non-current receivables	69 123	70 537
Shares in partnerships	-702 755	-615 431
Taxable profit and loss account	9 873	12 341
Accrual of interest rate swap	-868	1 638
Other differences	13 996	4 959
Net temporary differences	-611 255	-526 929
Losses carried forward	-69 318	0
Group Contribution	0	-102 073
Basis for deferred tax / tax assets	**-680 573**	**-629 002**
22 % deferred tax / deferred tax assets	-149 726	-144 670
Change in tax rate	0	6 290
Change in tax rate - effect on group contribution	0	-1 021
Total deferred tax assets (-) / liabilities (+)	**-149 726**	**-139 401**

Explanation of the tax expense	2019	2018
22 % / 23 % tax on profit before tax	424 180	107 506
Effect of group contribution - change in tax rate	0	-1 021
Effect on change in tax rate	0	6 290
Change in tax papers 2017/2018	0	1 572
Change of shares in partnerships from previous years	-19 211	-17 927
Tax on received group contribution adopted this year	23 477	23 306
Permanent differences	-440 763	-132 489
The tax effects recognized in equity	0	50
Other differences	0	-121
Corporate income tax expense	-12 317	-12 835

Analysis of tax expense	2019	2018
Change in deferred tax	-10 325	-12 050
Change in tax rate (from 23 % to 22 %)	0	5 269
Change in tax papers 2017	0	1 055
Change in deferred taxes due to merger	0	143
The tax effects recognized in equity	-1 992	-7 252
Corporate income tax expense	**-12 317**	**-12 835**

Basis for tax payable	2019	2018
Profit before tax	1 928 092	467 416
Write-downs on shares	119 578	48 000
Income from partnerships	87 323	78 242
Revenue from companies within the exemption method	-2 108 296	-605 170
Other permanent differences		-526
Basis for this year's tax	26 697	-12 037
Change in temporary differences	6 057	7 075
Received group contribution adopted this year	-102 072	-97 110
Taxable income	**-69 318**	**-102 072**
Use of tax losses carried forward	0	102 072
Basis for tax payable	**-69 318**	**0**

12 Financial intruments - exposure to risk

For a comprehensive description of the Group's strategy, see note 8 of the consolidated financial statements.

The company has as of 31/12/2019 recorded a net receivable of NOK 13.656 thousand related to financial instruments.

The corresponding amount for 31/12/2018 was a receivable of NOK 3.412 thousand.

Summary of receivables and debts in foreign currency	**2019**	**2018**
Non-current receivables		
In thousands of SEK	1 039 620	1 543 445
Non-current debt		
In thousands of SEK	900 000	900 000
In thousands of DKK	151 155	-
Exchange rate on the balance sheet date		
SEK	0.94	1.03
DKK	1.32	1.31
In thousands of NOK		
Non-current receivables	**970 443**	**1 497 560**
Non-current debt	**1 047 803**	**873 245**

Assets and liabilities are recorded at exchange rates per 31/12/2019. Changes in exchange rates compared with last year's exchange rates at 31/12/2018 is posted in the accounts as a loss / gain.

Steen & Strøm AS has in 2019 had a net loss on foreign currency of NOK 2.542 thousand. Of this amount a gain of NOK 6.427 thousand is realized. The corresponding amounts in 2018 was a loss of NOK 24.410 thousand of which NOK 3.661 thousand in realized loss.

Remaining lines of credit are NOK 2.175.000 thousands.

13 Litigations and claims

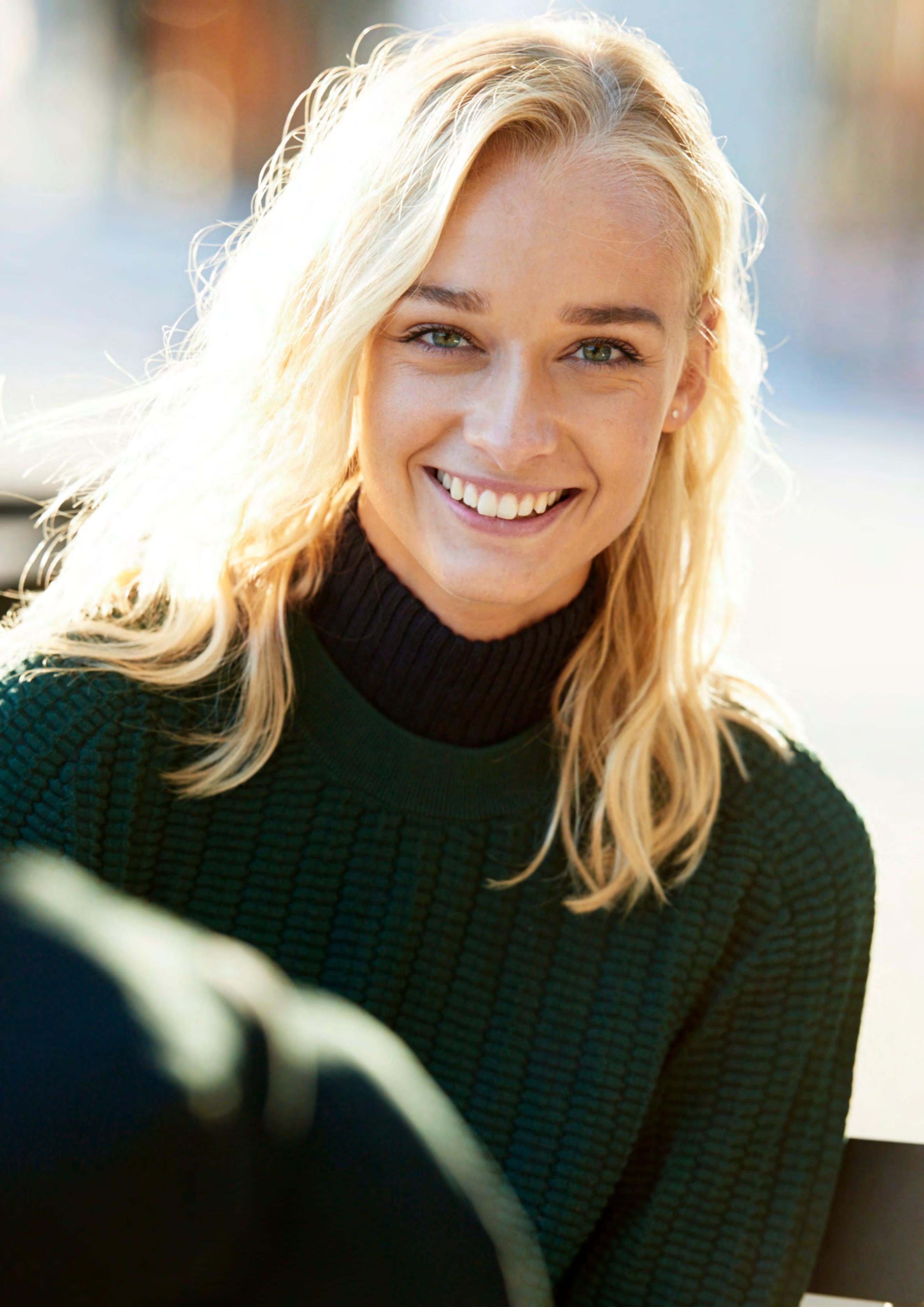
See note 11.2 of the consolidated financial statements.

14 Related parties

See note 11.3 of the consolidated financial statements.

15 Post balance sheet date events

See note 11.4 of the consolidated financial statements.



Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

To the General Meeting of Steen & Strøm AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Steen & Strøm AS, which comprise:

- The financial statements of the parent company Steen & Strøm AS (the Company), which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Steen & Strøm AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

Key audit matter	How the matter was addressed in the audit
The majority of the group's assets consist of investment properties. The carrying amount of investment properties as at 31 December 2019 is NOK 36 477 million. In addition, the group has interest in investment properties through jointly controlled companies, accounted for using the equity method. The carrying value of the jointly controlled companies is NOK 1 794 million as at 31 December 2019. Investment properties are measured at fair value. Fair value adjustments of investment properties may have a significant affect on the group's operating income and consequently the equity. The fair value is based on estimates as well as property specific information. The basis for management's estimates is valuations performed by external, independent appraisers. The valuations are based on recognized valuation techniques. Refer to note 2.24 "Use of material judgements and estimates" in addition to note 5.3 and 5.4 in the financial statements of the group for details of investment properties and valuation methodology.	We evaluated the design and implementation of the control activities that management has established to ensure that all relevant property information is included in the external valuations. For a sample of leasing contracts, we tested if the information was accurate and correctly applied in the external valuers' reports. We assessed the external valuers' competence and qualifications and that the valuation methods used were in accordance with generally accepted valuation standards and were appropriate to determine fair value of the group's investment properties. In our meetings with the appraisers, we discussed and challenged assumptions used and reason behind significant movements in valuations from previous periods. Were relevant, we compared the assumptions used with observable market data and our knowledge about the market. We reconciled the values used in the financial statements to the valuation reports. We used Deloitte valuation specialists in our audit of the valuation of investment property. We also assessed the adequacy of the related disclosures in the financial statements.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 13 March 2020
Deloitte AS

Sylvi Bjørnslett
State Authorised Public Accountant (Norway)

Alternative performance measures (APM)

Net rental income including equity investments

In thousands of NOK	2019	2018
Net rental income of Consolidated Statement of Comprehensive Income	1 656 470	1 616 590
Group share of Net rental income from Equity investments according to note 5.4B	61 951	59 405
Net rental income including equity investments	**1 718 421**	**1 675 995**

Net rental income on like-for-like

2019	Denmark	Norway	Sweden	Total
Net rental income of current operations	521 533	620 553	514 385	1 656 470
Net rental income of constant operations	506 987	523 783	511 285	1 542 056
Variable including IFRS16-adjustments	14 545	96 770	3 100	114 415

2018				
Net rental income of current operations	489 183	614 115	513 292	1 616 590
Net rental income of constant operations	492 315	507 948	506 198	1 506 461
Variable	-3 133	106 167	7 094	110 128

Net rental income increase on like-for-like basis	**3,0 %**	**3,1 %**	**1,0 %**	**2,4 %**

Net rental income on like-for-like includes only comparable data (i.e. the portion of the portfolio that has remained the same year over year). The computation does not include equity investments (the two partly owned shopping centers in Norway). The Scandinavian holding fee has been eliminated.

Direct operating expenses

In thousands of NOK	2019	2018
Land expenses (real estate)	0	8 017
Non recoverable rental expenses	147 504	143 895
Building expenses (owner)	29 209	36 784
Direct operating expenses	**176 713**	**188 696**

Direct operating expenses occur at the shopping centers and are equal to gross rental income minus net rental income.

Other operating expenses

In thousands of NOK	2019	2018
Payroll expenses	136 693	134 874
Other general expenses	61 960	74 958
Depreciation and impairment allowance on investment properties	268	268
Depreciation and impairment allowance on intangible assets and property, plant and equipment	31 739	21 605
Other operating expenses	**230 660**	**231 704**

Other operating expenses occur in the management companies and relate to commercial management and development of the portfolio.

Net interest bearing debt

In thousands of NOK	2019	2018
Non-current financial liabilities	10 704 085	10 227 708
Current financial liabilities	1 866 359	2 074 335
Cash and cash equivalents	-452 550	-446 821
Net interest bearing debt	**12 117 894**	**11 855 222**

Net interest bearing debt is defined as interest bearing debt deducted cash on account.

Loan to Value

In thousands of NOK	2019	2018
Investment properties	36 506 395	36 820 608
Equity method securities	1 793 618	1 766 591
Value of portfolio	**38 300 012**	**38 587 199**

In thousands of NOK	2019	2018
Net interest bearing debt	12 119 161	11 855 222
Value of portfolio	38 300 012	38 587 199
Loan to Value	**31,6 %**	**30,7 %**

Loan to Value expresses the ratio of net interest bearing debt to the value of portfolio.

Book equity ratio

In thousands of NOK	2019	2018
Shareholders' Equity	21 286 523	21 838 252
Total Assets	39 722 120	39 865 549
Book equity ratio	**53,6 %**	**54,8 %**

Book equity ratio indicates the relative proportion of equity used to finance the assets.

Reversion rate

In thousands of NOK	Denmark	Norway	Sweden	Total
Previous MGR	19 099	165 315	95 754	280 168
New yearly MGR	19 015	179 511	97 498	296 023
Reversion rate	**-0,4 %**	**8,6 %**	**1,8 %**	**5,7 %**

Reversion rate expresses the average increase of yearly Minimum Guaranteed Rent (MGR) for re-let and renewed contracts signed during the year.

STEEN STRØM