S&P Global Ratings

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Tear Sheet:

Steen & Strom AS

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This report does not constitute a rating action.

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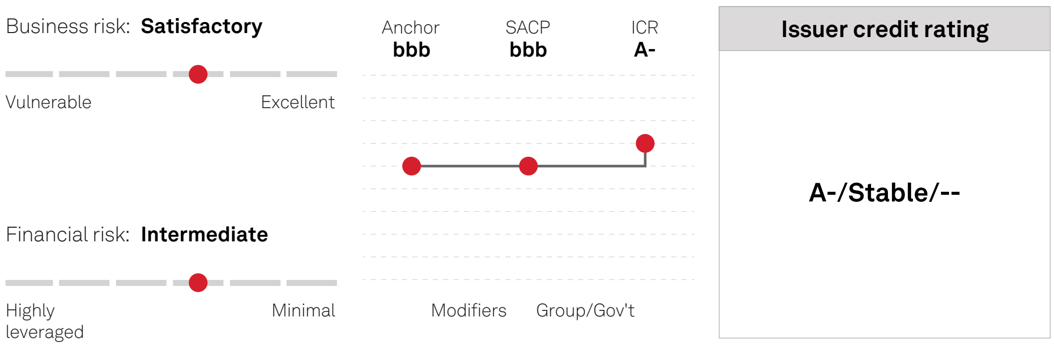
We expect Steen & Strom AS (S&S) to maintain low leverage over the next 12-24 months, providing substantial headroom relative to the current rating. As of June 30, 2026, S&S reported a slight decrease in its loan-to-value (LTV) ratio to 19.0%, corresponding to our S&P Global Ratings-adjusted debt-to-debt plus equity ratio of 23.9%, down from a reported 20.0% at year-end 2025 and 22.0% in 2024. Over the next 12-24 months, we forecast credits to be broadly stable, with adjusted debt to debt plus equity of 24%-25% and EBITDA interest coverage remaining at 7x-8x. These projections are supported by steady operating cash flows, moderate leverage, an average cost of debt of 1.7%, and a 94% hedging ratio as of June 2026. Since 2020, S&S has undergone a strategic portfolio contraction--reducing its shopping center assets to eight from 18 and its total portfolio value to €2.5 billion from €3.5 billion by disposing of noncore assets. But we anticipate a shift toward expansion in the medium term as S&S pursues high-quality, accretive acquisitions aligned with Klépierre's broader strategy of targeting dominant shopping centers in large catchment areas. Even with this potential for growth, we expect S&S to remain well within the company's financial policy target of a reported LTV below 40%.

We expect S&S' operating performance to remain broadly stable over the next 24 months, with like-for-like rental growth of 1%-2%. In first-half 2026, S&S reported 1.5% like-for-like net rental growth, driven by indexation (1.5%) and an increase in variable revenue, partially offset credit loss provisions and a decline in specialty leasing. While tenant sales (2.9%) and occupancy rates (95.6%) remain robust and in line with peers, we note S&S' like-for-like rental growth, albeit positive, lags slightly behind larger, more geographically diversified peers; Klépierre and NEPI Rockcastle each reported like-for-like net rental growth of 3.3% for first-half 2026. However, we believe S&S faces higher concentration risk than its peers, leaving the portfolio more vulnerable to minor fluctuations or one-off items. Over the next 12 to 24 months, we project annual like-for-like revenue growth to remain steady at 1%-2%, sustained by positive consumer price index-based rental income in Nordic markets and stable occupancy rates of 95%-96% amid resilient tenant demand--particularly in the health and beauty and supermarkets segments.

We forecast S&S' liquidity will remain strong for the next 12-24 months starting from July 2026. Liquidity is supported by NOK251 million in cash and cash equivalents, NOK1.9 billion in undrawn credit lines (including a NOK1 billion facility from DNB Bank renewed annually), and estimated funds from operations of NOK1.1 billion-NOK1.2 billion. We expect these resources to cover S&S' committed liquidity needs by more than 1.5x over the forecast period, even after accounting for annual dividend payments of about NOK600 million and committed capital expenditure of NOK390 million in 2026 and NOK290 million and 2027. S&S's liquidity position is further bolstered by a favorable maturity profile; as of June 30, 2026, the average debt maturity is 11.8 years, and near-term maturities are limited to approximately NOK200 million annually over the next four years, with no material maturities until 2030, when NOK700 million in secured loans are due. Additionally, S&S maintains strong access to funding through established relationships with major Nordic banks, as well as the ability to tap capital markets via commercial paper and bonds.

Ratings Score Snapshot



ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Recent Research

- Industry Credit Outlook Update Europe: Real Estate (REITs), July 16, 2026
- Industry Credit Outlook: Industry Credit Outlook 2026: Real Estate, Jan. 14, 2026
- Tear Sheet: Steen & Strom AS., Aug. 5,2025

Company Description

S&S is a Norwegian retail property company operating in Scandinavia. As of June 30, 2026, the company's portfolio includes nine shopping centers and has a relatively broadly stable value of about NOK26.8 billion (equivalent to €2.5 billion). These centers are in Denmark (40% of the portfolio value), Sweden (41%), and Norway (20%). S&S is fully owned by Storm Holding Norway AS, which is, in turn, owned by Nordica Holdco AB. Nordica has two major shareholders: France's Klépierre (56.1%) and APG Holdco (43.9%). Klépierre is one of the leading shopping center owners in Europe, with a presence in 12 countries, managing a property portfolio worth €21.7 billion as of June 30, 2026. We continue to see S&S as a core subsidiary of the Klépierre group.

Outlook

The stable outlook on S&S reflects our expectation that Klépierre's asset portfolio will continue to generate steady cash flow due to its investment strategy focused on regional assets that maintain strong credit ratios. Specifically, debt to debt plus equity to remain at 23%-25%, debt to EBITDA at 4.0x-5.0x, and EBITDA to interest at about 8.0x, comfortably above the thresholds for the rating. Additionally, the outlook reflects our expectation that S&S will remain a strategically important company under Klépierre's group.

Downside scenario

We could lower the long-term rating on S&S if Klépierre changes its stance toward S&S in a way that could lead us to revise our view of the latter's status within the group.

We could lower our long-term rating on Klépierre, and hence S&S, if:

- Klépierre's debt to debt plus equity approaches or exceeds 45%;
- EBITDA interest coverage decreases toward 3.8x; or
- Debt to annualized EBITDA deviates from our base case, standing materially above 7.5x on a sustained basis.

We would also take a negative view of Klépierre undertaking debt-funded acquisitions or exceptional shareholder distributions beyond our expectations, resulting in a material deviation from our base case. In addition, we could take a negative rating action on S&S if Klépierre's portfolio performance degrades, which could come from vacancy increases or negative releasing spreads, resulting in a lower assessment of Klépierre’s overall portfolio quality and competitiveness.

Although it might not result in a lower issuer credit rating, we would likely revise down our stand-alone credit profile (SACP) on S&S if:

- The S&P Global Ratings-adjusted debt-to-debt plus equity ratio surpasses 50% for a prolonged period;
- Adjusted debt-to-EBITDA ratio exceeds 11x; or
- The EBITDA interest coverage ratio decreases to below 3.8x.

Additionally, we could revise our SACP on S&S downward if we consider its portfolio is not comparable to the assets of other real estate companies in the same rating category. This could be triggered, for example, by a further meaningful reduction in S&S’ portfolio value.

Upside scenario

A positive rating action on Klépierre, and therefore on S&S, is unlikely since it would hinge on a substantial change in financial policy such that leverage metrics would materially decrease. This would mean, on a prolonged basis:

- S&P Global Ratings-adjusted debt to debt plus equity improves below 35%;
- EBITDA interest coverage remains well above 4.5x; and
- Debt to annualized EBITDA improves toward 4.5x.

We would also consider an upgrade to Klépierre if its asset portfolio materially increases while maintaining a high level of asset quality and geography diversity, which is not in our base-case scenario.

Although it might not result in an upgrade to S&S, we would likely revise our 'bbb' SACP assessment upward if:

- Organic revenue and portfolio value return to sustainable growth levels, demonstrating strong operating resilience, while the scale and scope of its portfolio increase to levels more in line with a 'BBB+' rating;
- The adjusted debt-to-debt plus-equity ratio stays below 35% on a prolonged basis;

- The EBITDA interest coverage ratio remains higher than 4.5x; and
- Debt to EBITDA remains comfortably below 9.5x.

Key Metrics

Steen & Strom AS--Forecast summary

Period ending	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029
(Mil. NOK)	2022a	2023a	2024a	2025a	2026e	2027f	2028f	2029f
Revenue	1,486	1,586	1,656	1,746	1,768	1,771	1,802	1,832
EBITDA	1,193	1,250	1,328	1,349	1,379	1,399	1,423	1,448
Funds from operations	958	987	1,103	830	1,173	1,192	1,217	1,244
EBIT	1,460	1,167	1,266	1,335	1,373	1,394	1,416	1,440
Interest expense	147	164	157	164	170	171	169	166
Capital expenditure	110	143	136	238	395	286	294	294
Dividends	1,579	258	679	409	1,370	750	800	800
Debt	7,850	7,199	6,771	6,386	6,210	6,057	5,939	5,794
Equity	17,753	17,969	18,652	19,687	19,218	19,385	19,521	19,676
Adjusted ratios								
Debt/EBITDA (x)	6.6	5.8	5.1	4.7	4.5	4.3	4.2	4.0
EBITDA interest coverage (x)	8.1	7.6	8.5	8.2	8.1	8.2	8.4	8.7
EBITDA margin (%)	80.3	78.8	80.2	77.2	78.0	79.0	79.0	79.0
Debt/debt and equity (%)	30.7	28.6	26.6	24.5	24.4	23.8	23.3	22.7

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. NOK--Norwegian krone.

Peer Comparison

Steen & Strom AS--Peer Comparisons

	Steen & Strom AS	NEPI Rockcastle N.V.	Mercialys	Carmila S.A.
Foreign currency issuer credit rating	A-/Stable/--	BBB+/Stable/--	BBB/Stable/A-2	BBB/Stable/A-2
Local currency issuer credit rating	A-/Stable/--	BBB+/Stable/--	BBB/Stable/A-2	BBB/Stable/A-2
Period	Semiannual	Semiannual	Annual	Semiannual
Period ending	2026-06-30	2026-06-30	2025-12-31	2026-06-30
Mil.	NOK	NOK	NOK	NOK
Revenue	1,740	7,094	1.944	4,725
EBITDA	1,353	6,485	1.701	3,742
Funds from operations	830	4,852	1,099	2,540
Interest expense	145	1,307	552,7	1,151
Capital expenditure	250	2,171	1,109	936

Steen & Strom AS--Peer Comparisons

	Steen & Strom AS	NEPI Rockcastle N.V.	Mercialys	Carmila S.A.
Debt	5,891	31,475	13,698	29,454
Equity	18,405	55,402	17,752	37,324
EBITDA margin (%)	77.8	91.4	87.5	79.2
EBITDA interest coverage (x)	9.3	5.0	3.1	3.3
Debt/EBITDA (x)	4.4	4.9	8.1	7.9
Debt/debt and equity (%)	23.9	36.2	43.6	44.1

NOK--Norwegian krone.

Principal liquidity sources	Principal liquidity uses
• A cash balance of NOK251 million. • Undrawn bank lines of about NOK1.9 billion (which we assume will be renewed annually). • Funds from operations of about NOK1.1 billion-NOK1.2 billion over next 12 months. • Asset disposals of NOK750 million.	• About NOK196 million in debt maturities over the next 12 months. • Capex investment of about NOK290 million. • Dividend payments of NOK600-NOK700 million ,.

Environmental, Social, And Governance

ESG factors are a neutral consideration in our credit rating analysis of S&S. The company aims to achieve net-zero emissions for scopes 1 and 2 by 2030. It also plans to reduce its energy intensity per square meter to 70 per kilowatt-hour (kWh) until 2030 from 77 kWh in 2024. All nine centers are BREEAM certified (part 1), with part 2 certification planned for 2026.

As of June 30, 2026, Klépierre owns 56.1% of S&S, whose current leverage and financial discipline are commensurate with those of Klépierre. We have not seen the controlling shareholder exert any negative operational influence on S&S over the past few years. On the contrary, Klépierre has a track record of injecting capital into S&S to sustain conservative financial leverage during the company's selective acquisitions.

Steen & Strom AS--Rating component scores

Foreign currency issuer credit rating	A-/Stable/--
Local currency issuer credit rating	A-/Stable/--
Business risk	Satisfactory
Country risk	Very low
Industry risk	Low
Competitive position	Satisfactory
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb
Group credit profile	bbb+
Entity status within the group	Core (+2 notches)

Related Criteria

- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011