Steen & Strøm

Annual Report 2015

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE

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Total retail sales for Steen & Strøm's shopping centers increased by 3.0% in 2015 on a constant portfolio basis. On a like-for-like basis, excluding extensions, retail sales increased 2.2%. Gross rental income increased 3.1% in 2015, while net rental income increased 3.6% to NOK 1,402.2 million (NOK 1,353.6 million), implying a net to gross rent ratio of 88.5% (88.1%). The group generated pre-tax profits of NOK 3,084.5 million in 2015 (NOK 1,473.1 million) which was positively impacted mainly by value adjustments of investment properties of NOK 2,027.6 million (NOK 691.5 million), lower cost of debt and a decrease in payroll expenses.

On 31st of December 2015, Steen & Strøm acquired Oslo City shopping center from DNB Liv for NOK 3.16 billion in a joint acquisition with Entra. Entra acquired office premises of ca. 33,300 s.qm. and Steen & Strøm acquired retail space of ca. 33,000 s.qm. Parking areas offering 340 parking spaces were acquired 50/50 by Steen & Strøm and Entra. The property has in 2016 been sectioned into three condominium units and the acquired company demerged into three legal entities. Steen & Strøm is now the sole owner of the retail part of the property.

Property divestments in 2015 include the sale of a development property in Borås to housing developer Riksbyggen with a property value of NOK 98 million, as well as sale of 50% of Hovlandbanen, a development plot adjacent to Nordbyen shopping center, to KLP for a property value of NOK 121 million on a 100% basis.

Investments in existing shopping centers amounted to NOK 386.1 million (NOK 686.0 million) in 2015, mainly tied to the development project in Kristianstad and an extension of Field`s in Copenhagen.

Book value of assets amounted to NOK 39.4 billion (NOK 31.9 billion) as of 31.12.2015, while group net interest-bearing debts made up NOK 16.1 billion (NOK 13.9 billion). The book equity-to-assets ratio was 44.7% (40.5%).

Other highlights:

- Retail sales increased by 3.0% at shopping centers owned by Steen & Strøm in 2015. On a constant portfolio basis the sales evolution was a decrease of 0.8% in Norway and an increase of 7.9% in Sweden and 3.7% in Denmark.
- The shopping centers had an increase in gross rental income of 3.1% in 2015. On a constant portfolio basis rental income increased by 3.3% in Norway, 2.7% in Sweden and 4.4% in Denmark.
- Net rental income increased 3.6% during the year. On a like-for-like basis growth in NRI was 4.4% of which 3.5% in Norway, 4.4% in Sweden and 7.0% in Denmark.
- Value adjustments of the shopping centers and projects amounted to NOK 2,027.6 million in 2015 (NOK 691.0 million in 2014) primarily impacted by falling valuation yields.
- The average interest rate on external loans was 2.6 % in 2015 compared to 3.6 % in 2014. Net financial expenses amounted to NOK -287.9 million (NOK -557.9), but is impacted by NOK 82.8 million of currency translation gains. Interest cost on external loans and hedges was approximately NOK 400 million in 2015.

Restated 2015 Financial statements

The Steen & Strøm Group has in 2015 adopted the EPRA-model for reporting of consolidated statements of comprehensive income and consolidated statement of financial position. As a consequence 2014 numbers has been restated for comparison reasons.
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 Steen & Strøm's majority owner, Klépierre.

Explanation of the annual accounts

Steen & Strøm leases premises at its shopping centers to tenants. The rent that retail tenants are able to pay depends primarily on their store turnover. Hence, the rental income for Steen & Strøm depends mainly on the development in the tenants' retail turnover at the centers. Retail sales in Steen & Strøm's shopping center portfolio developed positively in 2015 reflecting both a positive trend in consumer spending in the Scandinavian countries and a strong property portfolio focused on larger, attractive shopping centers located in growing population centers. The outlook for continued growth in consumer spending remains positive in Scandinavia, underpinned by rising real incomes and a low interest rate environment.

Net rental income
Net rental income from shopping center operations amounted to NOK 1,402.2 million (NOK 1,353.6 million), of which gross rental income made up NOK 1,584.5 million (NOK 1,536.4 million).

Most of the leasing contracts are based on a percentage of the tenants' net turnover, but also includes a minimum guaranteed rent. The minimum guaranteed rent makes up 97% of the total rent in 2015. Leasing contracts are normally signed for a durations of 5 years. The average duration of remaining contracts is approximately 3 years.

Operating expenses
Operating expenses directly tied to shopping center operations amounted to NOK 182.4 million (NOK 182.7 million). In addition, head office and other general expenses made up NOK 178.7 million (NOK 190.6 million). The decrease in other general expenses is primarily related to lower payroll expenses.

Value adjustments
Value adjustment of investment properties was NOK 2,027.6 million (NOK 691.5 million). The valuation of the shopping centers is based on an average yield of 5.13% (5.54%). The value of investment properties is determined by an external appraiser. The shopping centers and projects have a book value of NOK 32.0 billion (NOK 27.5 billion) as of 31.12.2015.

Operating profit/loss

The group's operating profit was NOK 3,312.1 million (NOK 1,887.7 million) after value adjustments.

Gain on sale of assets made up NOK 41.0 million in 2015 (NOK 26.9 million), while other operating revenue made up NOK 20.0 million (NOK 6.2 million).

Financial expenses

Steen & Strøm's net cost of debt amounted to NOK 287.9 million (NOK 557.9 million). In addition, NOK 60.1 million (NOK 139.7 million) was received in income from other investments (equity method shares).

Mainly due to the acquisition of Oslo City ultimo 2015, net interest-bearing increased by NOK 2 billion to NOK 16.1 billion (NOK 13.9 billion) at 31.12.2015. The average interest rate was 2.6% in 2015 and 3.6% in 2014.

Pre-tax profit

Pre-tax profits amounted to NOK 3,084.5 million (NOK 1,473.1 million). Before value adjustments and one-time effects the pre-tax profit amounted to NOK 1,015.8 million, which is NOK 261.1 million higher than 2014.

Cash flow

Net cash flow from operational activities was NOK 1 163.5 million (NOK 398.9 million), while net cash flow from investment activities was NOK -3 588.0 million (NOK 2,780.2 million). Net cash flow from financial activities was NOK 2 006.3 million (NOK -2,166.1 million). Cash and cash equivalents decreased by NOK 409.3 million in 2015 and amounted to NOK 172.3 million at 31.12.2015.

The group has liquidity reserves through unused drawing rights of approximately NOK 902 million and unmortgaged properties of approximately NOK 1.8 billion.

Balance sheet

Group assets as of 31.12.2015 were booked at NOK 39.4 billion (NOK 31.9 billion), of which investment properties amounted to NOK 30.4 billion (NOK 26.0 billion). The group gross investments on shopping centers and projects were NOK 386.1 million in 2015. The main investments were tied to:

- Development project in Kristianstad	NOK 155.8 million
- Extension of Field`s	NOK 163.1 million

Book equity amounted to NOK 17.6 billion as of 31.12.2015, corresponding to an equity ratio of 44.7% (40.5%).

Shopping center operations

Steen & Strøm is responsible for operations of 22 shopping centers in Scandinavia. Of these, Steen & Strøm owns all or part of 13 centers in Norway, 6 centers in Sweden and 3 centers in Denmark. Our strategy is to own and develop market-leading shopping centers in large and fast-growing population centers and to create the most attractive retail locations in Scandinavia.

Shopping centers in Norway

Steen & Strøm fully owns 9, and partly owns 4 shopping centers in Norway.

The shopping centers saw a decrease in retail sales of 0.8% on a constant portfolio basis in 2015. The shopping centers had total operating revenues of NOK 517.5 million (NOK 502.5 million) in 2015. Operating profit amounted to NOK 404.7 million (NOK 354.0 million). On a constant portfolio basis, the increase in operating revenues was 3.3% in 2015. This increase is due to a general increase in rents at the centers.

Shopping centers in Denmark

Steen & Strøm owns and operates three shopping centers in Denmark. An agreement with Danica for management of 13 additional shopping centers was terminated as of 30.06.2015. The direct financial impact of this has been limited and the organization has been adjusted accordingly.

The three fully-owned shopping centers in Denmark increased the retail sales by 3.7% in 2015. Operating revenues for the Danish centers amounted to NOK 458.9 million (NOK 395.4 million). Before the impact of changes in currency, the increase of operating revenues was 4.4% in 2015. Operating profit amounted to NOK 370.9 million (NOK 338.7 million).

An extension of Field´s shopping center in Copenhagen, including a new cinema, was completed and inaugurated in August 2015.

Shopping centers in Sweden

Steen & Strøm owns 6 shopping centers in Sweden. Five centers were divested in July 2014, but on a constant portfolio basis, retail sales increased by 7.9% in 2015.

Operating revenues for the Swedish shopping centers amounted to NOK 608.1 million (NOK 638.4 million). On a constant portfolio basis, and before the impact of changes in currency, the increase in operating revenues was 2.7% in Sweden. Operating profit amounted to NOK 508.9 million (NOK 503.5 million).

Stage two of the shopping center development in Kristianstad opened in March 2015.

Shareholder concerns

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.

Ownership structure

The shares in Steen & Strøm AS are held by Storm Holding Norway AS. Storm Holding is indirectly owned by the French shopping center group Klepierre (56.1%) and Stichting Depositary APG Strategic Real Estate Pool (43.9%). Klepierre owns 181 shopping centers throughout Europe and is represented in 16 countries including Scandinavia. APG is one of the world's largest pension fund managers, and manages assets of more than EUR 415 billion.

The Board of Directors of the company shall have between 5 and 7 members. The members are elected by the General Meeting.

There are no regulations in the Articles of Association or elsewhere that authorize the Board of Directors to buy back own shares or to issue new own shares or equity instruments.

Organization and environmental aspects

Employees

Steen & Strøm had 188 (272) employees at the end of 2015 and 12 (12) of these were employed in the parent company. Employees working for the group are by gender 54 percent women and 46 percent men. The group's main office is located in Oslo. The group also has offices in Copenhagen and Stockholm in addition to the offices at the shopping centers.

Women are overrepresented in positions and departments like accounting, rental, marketing and as shopping center assistants, while men are overrepresented in corporate management, shopping center management, operations managers, development and leasing. Normal work hours are about the same for all employees.

Steen & Strøm is an equal opportunity employer. The average yearly salary for women is lower than that for men. The main reason for this is that more are working at management level in the company. The board of directors has five male members. The executive management and the board of directors want to recruit women to new or available positions.

The group works constantly to avoid any kind of discrimination.

The group has both local and group level working environment committees, working closely together with employee representatives for a pleasant and positive work environment.

Absence due to illness was 3% for the group. There have been no injuries or accidents of any significance in the group.

Corporate Responsibility and Sustainability statement

Steen & Strøm has for many 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 areas and this gives the best possible basis for influencing both the environment and the society around in a positive direction. To meet this vision, Steen & Strøm has implemented ISO 14001 in all units and centers, and the multisite certificate was signed by the certification partner SP Technical Research Institute of Sweden in May 2014.

The pollution from the group's activities is limited. However, Steen & Strøm has put a lot of effort into environmental issues and developed individual actions plans to improve the group's environmental performance level. Special focus is placed on reducing the energy consumption and to optimize waste management and source separation to achieve increased recycling rate.

Steen & Strøm is also investing large amounts in new and existing centers to create the best retail destinations for the future; therefor responsible decision making in relation to development projects is highly needed. In major development projects we comply with the international classification system "BREEAM", aiming for level "very good" or higher.

In 2015, Steen & Strøm's participation in GRESB's annual benchmark confirms that the company still maintains a high level of sustainable performance, and was rated as the most sustainable shopping center company, awarded as the "Europe Sector Leader" and "Green Star" and ranked as number 1 out of 58 actors within the pier: "Unlisted Retail real estate companies". "Green Star" is the highest level of rating in the GRESB quadrant benchmark methodology.

Strategy

Environmental and social responsibility is defined as a strategic key element in Klépierre, which is Steen & Strøm's French parent company. This includes both the Klépierre Group and subsidiaries in all countries, as well as in the operation of each shopping centre in its own real estate portfolio and managed portfolio.

A comprehensive report on environmental and social responsibility describes the company'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 the Klépierre group and Steen & Strøm.

Standards and continuous improvement

The environmental management system in Steen & Strøm complies with the ISO 14001:2004 standard. All Norwegian Steen & Strøm shopping centers also comply with the Norwegian Miljøfyrtårn (Eco-lighthouse) standard.

Back in 2007, Steen & Strøm implemented a program "Good Choice", to motivate employees, tenants, vendors and partners, to increased environmental performance and focus, which is still an important part of the force within sustainability.

Steen & Strøm AS organizes its environmental and social work according to the company's CR policy that identifies the following key areas:

CSR policy

1. Adapt its business in order to offer safe and secure shopping centers.
2. Focus on reducing environmental risks, use resources more efficiently, and minimize its environmental impact with particular focus on energy, waste, transport and procurement.
3. Create vibrant meeting places, contribute to powerful shopping destinations and develop shopping centers with contemporary aesthetic qualities.
4. Cooperate with local initiatives and organizations.
5. Work to promote high-quality indoor environments by focusing on indoor climate and universal design.
6. Work to promote inclusive working environments.
7. Focus on goal-oriented, long-term corporate responsibility, and to ensure compliance with applicable laws, regulations and other requirements. The work will continually be improved, and the entire organization will participate. Management will lead by example in the environmental field.
8. Ensure employees receive environmental and corporate responsibility training.
9. Show openness and enthusiasm, as well as inform and report on the environmental work, both internally and externally.

10. Facilitate participation by tenants, suppliers and partners so they can help to address shared environmental and corporate responsibilities.
11. Prefer tenants, suppliers and partners who already focus on environmental and corporate responsibility.
12. Make a positive contribution to society's economic development as an employer, taxpayer and purchaser of goods and services.

Organization

The company has a steering committee for CR (Sustainable Committee) consisting of the following management representatives: CEO, Scandinavian Technical Director and Group Quality Director. Group Quality Director is designated as the management representative to ensure compliance to the ISO 14001:2004 standard, as well as responsible within: corporate CR reporting, monitoring of the company's CR performance, follow up the working group and comply to external reporting requirements by owners, NGOs, auditors and accreditation partner.

From 2015, the CR workgroups has been merged into one common group, who is responsible for sustainable performance in the daily operation. This workgroup is led by a core team consisting of Scandinavian Technical Director and CR Coordinator. All participants in the national management team are also present when needed. The workgroup holds its meetings in conjunction with the ordinary management team meetings. The purpose of this workgroup is to ensure that the monitoring of actions and key performance indicators is put on the agenda at an operational level.

Environmental focus

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

Management Reporting

The company has developed a framework for monitoring and reporting of environmental performance based on SharePoint (named Superview). The key performance indicators are based on a total of seven significant environmental aspects with the underlying action plans for corporate and national level, and individual plans for each shopping center.

Steen & Strøm has identified the following priority areas and significant environmental aspects for measurement and reporting:

1. Energy (Reduce energy consumption, increased share of renewable energy)
2. Waste (Increased sorting and recycling)
3. Water (Reduce water consumption)
4. Transportation (Reducing environmental impact in general)
5. Shopping (Environmental and focus on environmentally friendly choice)
6. Tenants (Reducing environmental impact within coordination and agreements)
7. Project (BREEAM rating "Very good" or higher in new development)

In the following section, we describe some of the key targets for 2016. It should be noted that the objectives and results for the entire portfolio of shopping centers is set individually for each subsidiaries of the Steen & Strøm Group.

Key target areas

Steen & Strøm will harmonize existing Energy Managements into one common system covering all centers. This means one common reporting tools that ensure continually reporting of consumptions down to hourly values per building and consumption blocks. This will ensure that potential deviations in consumption is notified and corrected as soon as possible.

Within energy management, the company is working proactively to reduce energy consumption and increase the share of renewable energy. The company purchases green power in Norway and Sweden, and has an ambition to increase the share of green electricity in Denmark. There is an on-going proactive process to ensure that the company's energy monitoring system reveals possible savings potential in terms of energy consumption related to the operation of shopping centers.

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 70 % recycling degree for the Norwegian shopping centers by the end of 2016. In 2015, approximately 65% of all waste was recycled (exclusive incineration). The total recovery rate for Steen & Strøm is 99%.

Within procurement, the target is to gain 40% of all purchases (related to the operation of shopping centers) from certified suppliers and contractors (ISO 14001, EMAS, Eco-lighthouse or similar standards). This goal has already been reached, and the goal will be revised to ensure further achievements.

Within water management, consumption should be optimized and reduced in comparison to 2010 by the end of 2016. In Norway, an important goal is to install water meters in tenant's areas with consumption equal to/or exceeding 10 m3 per year.

Within transport, one of the goals is to increase the number of charging stations/points for electric cars by the end of 2016. Approx. 159 charging stations exist by the end of 2016 and will increase significantly for the next years. By the end of 2020, 2% of all parking spaces are desired to be prepared for electric and hybrid cars, assuming that standard charging station and 3. party suppliers are available

All shopping centers under development should achieve the BREEAM rating of level: "Very Good" or higher. The planned development of ØKERN SENTRUM in Oslo and VIVA in Odense will follow this classification standard, assuming that the projects will be approved by the development committee.

Corporate governance

Steen & Strøm aims to comply with requirements from laws, regulations and general good business ethics. The company also tries to be open about economic conditions and other issues. Corporate governance for the group is built on systematic application of principles laid down in Norwegian recommendations in this field, and we try to harmonize as much possible with current international guidelines for good corporate governance.

Risk management and control

Risk management is a part of the Group system for risk management and internal control. The purpose of this system is to secure that there is a link between the overall strategy and goals, and the daily business, in a perspective where the main goal is to create values for the shareholders. During 2016, Steen & Strøm will continue to ensure harmonization of procedures for risk and control in accordance to the Klépierre based framework. This includes coordination of methodology for 1st and 2nd level of controls, as well as internal audit on selected fields.

The Group has established a five year strategy, which is the basis for yearly plans and budgets. 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 how operational- and financial risk is managed.

The main driver of the operational business of the group is the development in retail spending. Based on public forecasts we have reason to believe that the growth will be stable in the Scandinavian markets. The shopping center business share of the retail spending is stable. A further sustainable development is dependent on high standards for taking care of the environment. The Group has a very active approach in these issues.

The group's credit risk is primarily related to the ability of the tenants to pay rent. The group has more than 2000 rental contracts. Prominent, stable retail chains form the major group of our tenants. The tenants normally present some kind of security for the rent, and good routines have been established to follow-up and collect on rent due. The group loss on receivables is limited.

The liquidity risk is managed by always having liquid reserves in the form of liquid current assets, unused credit facilities and unmortgaged properties. We try 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 liquid reserves available 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 agreements for approximately 50% 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 is done by actively involving employees and follow-up in terms of employee satisfaction surveys.

The physical work environment is monitored through meetings concerning the company's working environment. Risk assessment has been prepared for each center, as well as feedback from employees. The company strives to offer regular courses in safety, first aid and fire fighting for all relevant staff. The number of work-related accidents is in general very low.

Actions against corruption

Steen & Strøm has employee manual and ethical guidelines where regulations are incorporated to highlight the Groups attitude to prevent corruption, and in line with the Employment Protection Act, established procedures for whistle blowing.

Steen & Strøm has also established actions to reveal eventual corruption, this implies actions of control that are organized through internal control, ordinary audit and extended audit.

Financial reporting and process
Steen & Strøm AS has listed bonds, and due to that the external financial reporting is in line with the Oslo Stock Exchange regulations, in addition to general regulations.

Internal financial reporting is made on a monthly and quarterly basis where the results are assessed and analyzed against budgets and last year.

The number of board meetings was 6 in 2015, and financial statements were on the agenda.

The Group and parent company financial statements are prepared by the Group financial department. The financial statements are audited with a full report on a yearly basis, and with a limited audit on a semiannual basis. In addition to that there are also audits and control by externals on specific issues.

Routines for reporting and benchmarking will contribute to make irregular costs visible.

Investment properties are carried in the balance sheet at fair value (IAS 40). Value of investment properties makes 95% of all Group assets, and is therefore the most important item in the accounts.

The valuation of the investment properties is made by an independent external appraiser. DTZ has appraised the portfolio in 2015.

The valuations are carried out according to the Red Book of Royal the Institution of Chartered Surveyors. The valuation methods used are the discounted cash flow method (DCF) and capitalization of net market rental value.

Actions of control
Steen & Strøm organizes 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, IT 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 believes that the annual accounts give a true picture of company/group's assets, liabilities, financial position and profit/loss 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 company'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 center portfolio of high quality, a strong financial position and employees with high competence within the shopping center business.

Steen & Strøm AS
Steen & Strøm AS had a profit for the year of NOK 126.9 million.

Future prospects

The market in general

In historical terms, consumer spending has been stable in Scandinavia. Following lower growth in 2009 and 2010 due to the financial crisis, growth in consumer spending has since picked up and remains positive in all Scandinavian countries.

Steen & Strøm's market position

Steen & Strøm is one of Scandinavia's leading operators of shopping centers. The board of directors and company administration consider our market position to be a good reason to maintain a high level of activity, yet being responsible. Statistics for turnover show that customers appreciate the extensive modernizations, expansions and upgrades being carried out by Steen & Strøm at many of our shopping centers. We are also working actively to maintain a low level of vacancy and a high level of commercial activity at all shopping centers.

Legal disputes

Steen & Strøm is not involved in any significant legal disputes that could be of significance for our economic position.

The board of Directors would like to thank all employees and customers for great efforts and positive contributions in 2015.

Oslo, 24.5.2016

Laurent J. J. Morel, Chairman of the Board	**Jean-Michel Gault** Member of the Board
Patrick M. Kanters Member of the Board	**Jean-Marc Jestin,** Member of the Board
Rafael Torres Villalba Member of the Board	**Philippe Grenet** Chief Executive Officer

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Consolidated statement of comprehensive income (EPRA model)

(in KNOK)	**Note**	**31/12/2015**	**31/12/2014**
Gross Rental Income	6.1	1 584 527	1 536 371
Land expenses (real estate)	6.2	-7 331	-6 802
Non-recovered rental expenses	6.3	-118 368	-102 461
Building expenses (owner)	6.4	-56 673	-73 507
Net rental income		**1 402 156**	**1 353 601**
Management, administrative and related income		127 533	151 318
Other operating revenue	6.5	19 983	6 187
Survey and research costs		-103	-135
Change in the fair value of investment property		2 027 639	691 519
Payroll expenses	10	-177 828	-219 605
Other general expenses		-94 092	-82 981
Depreciation and impairment allowance on investment property		-898	-320
Depreciation and impairment allowance on intangible assets and property, plant and equipment		-33 453	-38 887
Provisions		139	0
Proceeds from disposal of investment properties and equity investments		*203 587*	*583 453*
Net book value of investment properties and equity investments sold		*-162 553*	*-556 498*
Income from disposal of investment properties and equity investments	6.6	41 033	26 954
Operating income		**3 312 109**	**1 887 651**
Net dividends and provisions on non-consolidated investments		201	3
Financial income		*347 404*	*213 172*
Financial expenses		*-635 261*	*-771 098*
Net cost of debt	6.7	-287 857	-557 926
Change in the fair value of financial instruments		0	3 672
Share of earnings in equity investment entites	5.4	60 060	139 734
Profit before tax		**3 084 512**	**1 473 133**
Corporate income tax	7	-649 071	-382 088
Net income of consolidated entity		**2 435 442**	**1 091 045**
Of which			
Group share		*2 435 387*	*1 090 917*
Non-controlling interests		*-55*	*-128*
Average number of shares (in thousands)		**29 303**	**29 303**
Earnings per share - Group share		**83**	**37**

In thousands of NOK	**31/12/2015**	**31/12/2014**
Net income of consolidated entity	**2 435 442**	**1 091 045**
Other comprehensive income items recognized directly as equity		
Effective portion of profits and losses on cash-flow hedging instruments (IAS 39)	92 854	-205 835
Tax on cash-flow hedging instruments	-24 166	42 644
Translation profits and losses	940 970	245 554
Items that will be reclassified subsequently to profit or loss		
Actuarial gains	0	-4 733
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive income items of equity method investees	0	0
Total comprehensive income	**3 445 100**	**1 168 675**
Of which		
Group share	*3 447 236*	*1 169 259*
Non-controlling interests	*-2 136*	*-584*
Comprehensive earnings per share - Group share	**118**	**40**

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Consolidated statement of financial position (EPRA Model)

In thousands of NOK	Note	31/12/2015	31/12/2014
Goodwill		-	-
Intangible assets	5.1	112 955	112 347
Property, plant and equipment and work in progress	5.2	20 390	47 256
Investment property	5.3	30 424 478	26 047 256
Investment property under construction	5.3	1 608 811	1 445 287
Equity method securities	5.4	5 739 006	2 476 443
Other non-current assets	5.5	673 325	647 893
Non current derivatives		0	(1)
Deferred tax assets	7	175 361	239 691
NON-CURRENT ASSETS		**38 754 326**	**31 016 170**
Investment property held for sale		-	-
Inventory		-	-
Trade accounts and notes receivable	5.6	167 031	134 840
Other receivables	5.7	272 371	177 127
Tax receivable		*79 617*	*27 377*
Other debtors		*192 754*	*149 750*
Current derivatives		-	-
Cash and cash equivalents	5.8	172 268	581 610
CURRENT ASSETS		**611 671**	**893 576**
TOTAL ASSETS		**39 365 997**	**31 909 746**
Share capital		76 005	58 134
Additional paid-in capital		4 028 585	2 746 762
Legal reserve		-	-
Consolidated reserves		11 053 574	9 032 593
Treasury shares		*(2 199)*	*(2 199)*
Hedging reserves		*(278 395)*	*(347 083)*
Other consolidated reserves		*11 334 167*	*9 381 875*
Consolidated earnings		2 435 386	1 090 917
Shareholders' equity, group share		**17 593 550**	**12 928 406**
Non-controlling interests		1 643	3 779
Minority interest		**1 643**	**3 779**
SHAREHOLDERS' EQUITY	5.9	**17 595 193**	**12 932 185**
Non-current financial liabilities	5.10	15 641 220	13 173 829
Long-term provisions		-	-
Pension commitments	10.2	-	28 382
Non current derivatives	8	419 007	484 286
Security deposits and guarantees		111 301	87 387
Deffered tax liabilities	7	3 517 652	2 733 125
NON-CURRENT LIABILITIES		**19 689 180**	**16 507 009**
Current financial liabilities	5.10	1 342 917	1 969 310
Bank facilities	5.8	(0)	-
Trade payables		299 196	282 059
Payables to fixed assets suppliers		25 799	-
Other liabilities	5.11	269 283	105 727
Current derivatives	8	-	-
Social and tax liabilities	5.11	144 153	113 457
Short-term provisions		276	-
CURRENT LIABILITIES		**2 081 624**	**2 470 553**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**39 365 997**	**31 909 746**

Oslo, 24.5.2016

Laurent J. J. Morel, Chairman of the Board

Jean-Michel Gault, Member of the Board

Patrick M. Kanters, Member of the Board

Jean-Marc Jestin, Member of the Board

Rafael Torres Villalba, Member of the Board

Philippe Grenet, Chief Executive Officer

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Consolidated statement of changes in equity

31/12/2014	Share capital	Additional paid-in capital	Legal reserve	Treasury shares	Hedging reserves	Consolidated reserves	Consolidated earnings	Equity, group share	Equity, non-controlling interest	Total Equity
Opening statement	58 134	2 746 762	-	(2 199)	(189 748)	8 217 052	1 014 097	11 844 098	4 362	11 848 460
Share capital transactions	-	-	-	-	-	(77 428)	-	(77 428)	(95)	(77 523)
Reclasification of last years net income	-	-	-	-	-	1 014 097	(1 014 097)	0	-	0
Net income for the period	-	-	-	-	-	-	1 090 917	1 090 917	128	1 091 045
Net income for the period	-	-	-	-	-	1 014 097	76 820	1 090 917	128	1 091 045
Income from cash-flow hedging	-	-	-	-	(163 797)	-	-	(163 797)	-	(163 797)
Translation profits and losses	-	-	-	-	-	239 192	0	239 192	0	239 192
Actuarial gain and losses	-	-	-	-	-	(4 733)	-	(4 733)		(4 733)
Gains and losses recognized directly in equity	-	-	-	-	(163 797)	234 459	0	70 662	0	70 663
Group contribution						(84 949)		(84 949)		(84 949)
Other Movements	(0)	-	-	-	6 461	78 645	0	85 107	(618)	84 489
Closing statement	58 134	2 746 762	-	(2 199)	(347 083)	9 381 875	1 090 917	12 928 406	3 779	12 932 185

31/12/2015	Share capital	Additional paid-in capital	Legal reserve	Treasury shares	Hedging reserves	Consolidated reserves	Consolidated earnings	Equity, group share	Equity, non-controlling interest	Total Equity
Opening statement	58 134	2 746 762	-	(2 199)	(347 083)	9 381 875	1 090 917	12 928 406	3 779	12 932 185
Share capital transactions	17 871	1 282 129	-	-	-	1	-	1 300 001	-	1 300 001
Reclasification of last years net income	-	-	-	-	-	1 091 127	(1 091 127)	(0)	-	(0)
Net income for the period	-	-	-	-	-	-	2 435 387	2 435 387	55	2 435 442
Net income for the period	-	-	-	-	-	1 091 127	1 344 259	2 435 387	55	2 435 442
Income from cash-flow hedging	-	-	-	-	66 361	-	-	66 361	-	66 361
Translation profits and losses	-	-	-	-	-	940 970	210	941 180	13	941 194
Actuarial gain and losses										
Gains and losses recognized directly in equity	-	-	-	-	66 361	940 970	210	1 007 541	13	1 007 555
Group contribution						(138 125)		(138 125)		(138 125)
Other Movements	-	(306)	-	-	2 327	58 319	(0)	60 339	(2 204)	58 136
Closing statement	76 005	4 028 585	-	(2 199)	(278 395)	11 334 167	2 435 386	17 593 550	1 643	17 595 193

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Restatment of comprehensive income 2014 (in KNOK)

NEW FORMAT	31/12/2014	RESTATEMENTS	31/12/2014	OLD FORMAT
Gross Rental Income	1 536 371		1 536 371	Rental income
Land expenses (real estate)	-6 802	-6 802		
Non-recovered rental expenses	-102 461	-102 461		
Building expenses (owner)	-73 507	-73 507		
Net rental income	**1 353 601**			
Management, administrative and related income	151 318	-17 109	168 427	Other operating income
Other operating revenue	6 187	6 187		
Survey and research costs	-135	-135		
Change in the fair value of investment property	691 519		691 519	Fair value adjustments on investment property
Payroll expenses	-219 605		-219 605	Salaries
Other general expenses	-82 981	193 828	-276 809	Other operating expenses
Depreciation and impairment allowance on investment property	-320			
Depreciation and impairment allowance on intangible assets and property, plant	-38 887		-39 207	Depreciation
Provisions	0			
Proceeds from disposal of investment properties and equity investments	583 453			
Net book value of investment properties and equity investments sold	-556 498		26 954	Gain sale of assets
Operating income	**1 887 651**	**0**	**1 887 651**	**Operating profit after fair value adjustments**
Net dividends and provisions on non-consolidated investments	3	-117 443	117 446	Interest income
Financial income	*213 172*	178 223	34 949	Other financial income
Financial expenses	*-771 098*	-112 898	-658 200	Interest expenses
Net cost of debt	-557 926			
Change in the fair value of financial instruments	3 672	52 121	-48 449	Other financial expenses
Share of earnings in equity investment entites	139 734		139 734	Income on other investments
Profit before tax	**1 473 133**	**3**	**1 473 131**	**Profit before tax**
Corporate income tax	**-382 088**		**-382 088**	Tax cost
Net income of consolidated entity	**1 091 045**	**3**	**1 091 043**	**Profit of the year**
Of which				***Allocation***
Group share	*1 090 917*		1 090 914	Shareholders
Non-controlling interests	*-128*		128	Minority
Average number of shares (in thousands)	**29 303**			
Earnings per share - Group share	**37**		37	Profit per share - basic and diluted

In thousands of NOK	31/12/2014		31/12/2014	
Net income of consolidated entity	**1 091 045**		**1 091 043**	**Profit for the year**
Other comprehensive income items recognized directly as equity				
Effective portion of profits and losses on cash-flow hedging instruments (IAS 39)	-205 835			
Tax on cash-flow hedging instruments	42 644		-163 191	Financial instruments
Translation profits and losses	245 554		245 554	Currency translation etc.
Items that will be reclassified subsequently to profit or loss				
Actuarial gains	-4 733		-4 733	Pension
Total comprehensive income	**1 168 675**	**0**	**1 168 673**	**Total comprehensive income for the periode, net of tax**

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Restatement of financial position 2014 (in KNOK)

NEW FORMAT	31/12/2014	RESTATEMENTS	31/12/2014	OLD FORMAT
Intangible assets	112 347			
Property, plant and equipment and work in progress	47 256		159 603	Equipment, furniture and other fixed assets
Investment property	26 047 256			
Investment property under construction	1 445 287		27 492 542	Investment property and projects
Equity method securities	2 476 443		2 476 443	Equity method share investments
Other non-current assets	647 893	17 536	630 357	Loan and other outstanding receivables
Non current derivatives	(1)	(1)		
Deferred tax assets	239 691	(210 968)	450 659	Deffered tax asset
NON-CURRENT ASSETS	**31 016 170**			
		(856)	856	Investment in shares
Trade accounts and notes receivable	134 840		134 840	Accounts receivable
Other receivables	177 127	(16 679)	193 806	Other outstanding receivables
Tax receivable	27 377			
Other debtors	*149 750*			
Cash and cash equivalents	581 610		581 610	Cash and cash equivalents
CURRENT ASSETS	**893 576**			
TOTAL ASSETS	**31 909 746**	**(210 969)**	**32 120 715**	**TOTAL ASSETS**
Share capital	58 134		58 134	Ordinary shares (30,402,116 shares @ NOK 1.91)
Additional paid-in capital	2 746 762		2 746 762	Share premium reserves
Consolidated reserves	9 032 593			
Treasury shares	*(2 199)*	*(1)*	*(2 198)*	Treasury shares
Hedging reserves	*(347 083)*	*(6 464 530)*	*6 117 447*	Fair value and hedging reserves
Other consolidated reserves	*9 381 875*	*5 373 614*	*4 008 261*	Other equity
Consolidated earnings	1 090 917	1 090 917		
Shareholders' equity, group share	**12 928 406**		**12 928 406**	**Total equity allocated to shareholders**
Non-controlling interests	3 779		3 779	Minority interest
Minority interest	**3 779**		**3 779**	**Minority interest**
SHAREHOLDERS' EQUITY	**12 932 185**	**0**	**12 932 185**	**Total equity**
Non-current financial liabilities	13 173 829	3 722 308	9 451 521	Borrowings to financial institutions
Long-term provisions	-	(3 710 270)	3 710 270	Bonds
		(571 673)	571 673	Other long term liabilities
Pension commitments	28 382		28 382	Pension liabilities
Non current derivatives	484 286	484 286		
Security deposits and guarantees	87 387	87 387		
Deffered tax liabilities	2 733 125	(210 968)	2 944 093	Deferred tax liability
NON-CURRENT LIABILITIES	**16 507 009**			
Current financial liabilities	1 969 310	46 381	1 922 929	Borrowings to financial institutions
Trade payables	282 059		282 059	Accounts payable
Other liabilities	105 727	(108 800)	214 527	Other short term debt
		(1 152)	1 152	Tax payable
Social and tax liabilities	113 457	51 532	61 925	Other taxes and withholdings
CURRENT LIABILITIES	**2 470 552**			
TOTAL LIABILITES	**18 977 562**	**(210 969)**	**19 188 530**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**31 909 746**	**(210 969)**	**32 120 715**	

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Consolidated cash flow statement

	31/12/2015	31/12/2014
Profit for the year	2 435 442	1 091 045
Tax expenses for the year	649 071	382 088
Paid tax for the year	-	0
Gain/Loss on sale of non-current assets	-41 033	-26 954
Income from other investments	-60 060	-139 734
Fair value adjustments on investment property	-2 027 639	-691 519
Depreciation on fixed assets	34 351	39 207
Changes in financial intruments	-116	-60 329
Changes in accounts receivables	20 186	-61 422
Changes in accounts payable	185 705	-157 393
Changes in other taxes and withholdings	28 962	15 723
Changes in other current assets and liabilities	-61 398	8 179
Net cash flow from operating activities	**1 163 470**	**398 891**
Proceeds from sale of non-current assets	2 246	1 826 712
Payments on acquisitions of non-current assets	-432 354	-706 027
Proceeds/Payments on aqquisitions of financial investments	-3 179 203	66 500
Proceeds from sale of shares etc.	77 244	582 271
Proceeds from borrowings	-55 924	1 010 724
Net cash flow from investment activities	**-3 587 991**	**2 780 180**
Proceeds from borrowings	1 762 584	1 901 592
Repayment of borrowings	-946 468	-3 951 309
Proceeds from capital increase	1 300 000	
Group contributions to owners (Net)	-109 825	-116 368
Net cash flow from financial activities	**2 006 291**	**-2 166 085**
Net changes in cash	**-418 230**	**1 012 986**
Cash at the start of the period	**581 610**	**547 736**
Effect of foreign exchange differences	**8 887**	**-979 113**
Cash at the end of the period	**172 268**	**581 610**

Notes to the Annual Report of 2015

Note 1 – Significant events

Oslo City shopping center

On 31.12.2015, Steen & Strøm acquired Oslo City shopping center from DNB Liv for BNOK 3.16 in a joint acquisition with Entra. Entra acquired office premises of ca. 33 300 s.qm. and Steen & Strøm acquired retail space of ca. 33 000 s.qm. Parking areas offering 340 parking spaces were acquired 50/50 by Steen & Strøm and Entra. The property has been sectioned in 2016 and the acquired company demerged into three legal entities.

Divestment of Borås and Hovlandsbanen

Property divestments in 2015 include the sale of a development property in Borås to housing developer Riksbyggen with a property value of MNOK 98, as well as sale of 50% of Hovlandbanen, a development plot tied to Nordbyen shopping center, to KLP for a property value of MNOK 121.

Development of existing shopping centers

Investments in existing shopping centers amounted to MNOK 386 (MNOK 686) in 2015, mainly tied to the development project in Kristianstad and an extension of Field`s in Copenhagen.

Note 2 - Consolidation and accounting principles

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.

The consolidated financial statements for the accounting period of 1.1.2015 to 31.12.2015 were authorized for issue in accordance with a resolution of the Board of Directors on May 2015.

2.1 Basis of preparation

The consolidated financial statements for the year 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group's statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity are presented with comparable numbers for the prior year. Reporting currency is Norwegian Krone (NOK) and most tables are in thousand Norwegian Krone (KNOK).

The consolidated financial statements have been prepared on a historical cost basis, except for following accounting items, reference to IFRS 13:

- Financial instruments at fair value (including financial derivatives and shares)
- Investment properties at fair value

In addition for financial reporting purposes, fair value measurements are categorized 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

The consolidated financial statements are prepared with same principles for same transactions and events under similar conditions.

2.2 Changing in accounting policy and disclosures

The Steen & Strøm Group has in 2015 adopted the EPRA-model for reporting of consolidated statements of comprehensive income and consolidated statement of financial position. As a consequence 2014 numbers has been restated for comparison reasons.

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. Please visit the Association using the following link www.EPRA.com.

Main IFRS standards adopted by the Group

- *IFRS 10 - Consolidated financial statements*

The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has assessed that the changes in IFRS 10 have had no impact on the consolidated financial statements.

- *IFRS 11 – Joint arrangements*

IFRS 11 has replaced IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Ventures has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there were three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 could be accounted for using the equity method of accounting or proportionate accounting.

Nordbyen, Metro Senter, Oslo City, Åsane Storsenter and Økern Sentrum are classified as a joint venture under IFRS 11 and accounted for using the equity method.

- *IFRS 12 – Disclosures of interests in other entities*

IFRS 12 is a disclosure standard and is applicable to all entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives. The objective of IFRS 12 is that an entity should disclose information that helps users of financial statements evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial statements. The disclosure requirements set out in IFRS 12 are more extensive than those in the previous standards and the Group has extended the information in note 5.4. Apart from this, the changes in IFRS 12 have not had an impact on the financial statements.

- *IAS 17 – Leasing arrangements*

IAS 17 prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors. Leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor) and operating leases (which result in expense recognition by the lessee, with the asset remaining recognized by the lessor). IAS 17 also outlines how stepped rents and rent free periods should be recognized on a straight line basis over the lifetime of the lease.

- *IAS 32 – Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify the requirements to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement". The amendments have not had any impact on the financial statements.

New IFRS standards, amendments and interpretations issued but not effective for the financial year beginning 1.1.2015 and not early adopted

- *IFRS 9 – Financial Instruments*

IFRS 9 will replace IAS 39 and introduces new requirements for classification, measurement and de-recognition of financial assets and liabilities. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing "a fair value through other comprehensive income" measurement category for certain single debt instruments. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018 on condition of EU approval.

- *IFRS 11 Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a Joint Operation that constitutes a business as defined a business in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016 on condition of EU approval.

- *IFRS 15 – Revenue Recognition*

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue and related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the considerations to which the entity expects to be entitled in exchange for those goods and services and introduces a 5-step approach for revenue recognition. The Group is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no later than the accounting period beginning on or after 1 January 2017 on condition of EU approval.

- *IAS 16 & IAS 38 Clarifications of Acceptable Methods of Depreciation and Amortization*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances.

a) when the intangible asset is expressed as a measure of revenue or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 on condition of EU approval. The Group has anticipated that the application of these amendments will have no material impact on the Group's financial statements.

- *IAS 19 Defined Benefit Plans: Employee Contributions*

The amendments to IAS 19 clarify how an entity should account for contribution made by employees or third parties to defined benefit plans. The Group does not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Group's consolidated financial statements.

2.3 Consolidation

The consolidated financial statements include the financial statements of Steen & Strøm AS and entities controlled by Steen & Strøm AS (the Group). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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 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 transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in associated companies where the Group has significant influence but not control are accounted for using the equity method of accounting. Significant influence normally exists when the Group has 20% to 50% voting power through ownership or agreements.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint venture arrangements that involve a separate entity in which each venture has an interest are referred to as jointly controlled entities.

The Group reports its interests in joint ventures using the equity method of accounting. Using the equity method, an investment in a joint venture is initially recognized in the financial statements at cost and adjusted thereafter to recognize 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 recognizing its share of further losses. Additional losses are recognized 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 sale 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.

Other investments are recognized in the consolidated financial statements in accordance with IAS 39 – Financial instruments: Recognition and Measurement. Supplementary information is given in Note 2.10 and 2.18.

Intercompany transactions and related balance sheet items, including internal profit and unrealized gains and losses, are eliminated. Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes 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.

2.5 Trade accounts and notes receivable

Trade receivables are recognized and carried at original invoice amount less provision for impairment.

2.6 Hedging

At the inception of each hedge relationship the Group designates certain derivates as hedges of future cash flow related to a recognized asset or liability or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management, both at hedge inception and on an ongoing basis, of whether the derivates that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in fair value of derivates that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The ineffective portion is recognized in the income statement.

When the forecast transaction that is hedged results in the recognition of an asset or liability, the gain and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

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 equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.7 Non-current assets

Fixed assets, except of investment properties, 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 recognized in the income statement.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs as repairs and maintenance are charged to the income statement.

Depreciation on other assets is calculated using the straight-line method to allocate their 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.

2.8 Leasing

According to IAS 17, the Group distinguishes between financial leases and operational leases.

(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. Payments made are charged to the income statement 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 fixed assets in the balance sheet. Lease income is recognized 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 recognized 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.

2.9 Investment properties

Investment properties comprise land and buildings for rent. Investment properties are initially recognized at cost and subsequently measured at fair value and changes in fair value are recognized in the income statement 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 sale value of the asset at the year end. The 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) sale of assets. 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.

2.10 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized 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 recognized immediately in the income statement.

The Group classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, and available for sale.

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivates are also categorized as held for trading unless they are designed as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading. These assets are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in the income statement.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivates that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial assets classified as available-for-sale are recognized at fair value at the year end, without deduction of the transaction costs related to sale.

For a description of accounting policies for impairment of financial assets, see Note 2.18.

The Group classifies its financial liabilities in the following categories: at fair value through profit and loss, and other financial liabilities.

(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 held for trading. These liabilities are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in the income statement.

(ii) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the income statement.

2.11 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized 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 recognized 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.

2.12 Equity

(i) Debt and equity

Financial instruments are classified as debt or equity in accordance with the underlying economic reality.

Interests, dividends, gain and losses related to a financial instrument which are classified as debt, will be presented as cost or income. Payments to holders of the financial instruments which are classified as equity will be recognized directly through equity.

(ii) Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gains or losses are recognized 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 recognized directly through equity (net of tax). Only costs of transactions related to equity transactions are recognized in equity.

(ii) Other equity

(a) Reserve for foreign currency translation

Foreign currency translation occurs in connection with currency differences in the consolidation of foreign companies.

Exchange differences on monetary items (debt or receivables) which are a part of company's net investment in a foreign unit are treated as foreign currency translation differences.

At disposal of a foreign entity, the foreign currency translation differences related to the unit, is reversed and recognized in the income statement in the same period as the recognition of the gain or loss related to the transaction.

(b) Hedging reserve

Fund for hedging include the total net change in fair value on a cash flow hedge, until the hedged cash flow occurs or is no longer expected to occur. See Note 2.6.

2.13 Revenue recognition

Revenues are recognized 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 recognized using the straight-line method over the lease period. The termination a tenant's lease payment is recognized over the remaining lease term, or until the new tenant moves in. Income from guarantees is treated in the same way as terminations. See Note 1.8.

Interest income is recognized using the effective-interest method as it is earned.

Dividends are recognized when the shareholder's right to receive dividends is established by the General Assembly.

In the event of the Company releasing a tenant from the lease contract, the costs are expensed immediately.

2.14 Foreign currency translation

(i) Foreign currency transactions

Transactions in foreign currency are initially recognized in the functional currency 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 differences are recognized in the income statement.

(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.

Translation differences arising from translation of net investments in foreign operations are classified as translation differences in equity. Translation differences in equity are recognized in the income statement on disposal of foreign operations.

2.15 Employee benefits

(i) Pension obligations

The Group has until 1.1.2015 provided their employees pensions which are defined as benefit plans. Pension assets are valued by actuaries every year. Pension obligations and pension expense are determined using a linear formula. A linear formula allocates the earning of future pension benefits linearly over the vesting period and considers earned pension rights of the employees during a period, as pension costs. Introduction of a new benefit plan or an improvement of the current benefit plan involves changes in the pension liability. These changes are expensed linearly until the effects of the changes are retained. The introduction of new arrangements or changes to existing arrangements that occur retroactively so that employees have immediately earned a paid-up (or change in paid-up) is recognized in the income statement immediately. Gain or loss related to reductions in, or termination of pension plans, is recognized in the income statement when it occurs. Actuarial gains or losses are amortized over the remaining average service period.

The present value of pension obligations depends on a number of factors. Any change in the assumptions affects the estimated pension liabilities and future pension costs. Pension obligations are calculated based on the present value of expected cash flows. The discount rate used is estimated on the basis of interest rates on Norwegian 10-year government bonds, with an estimated addition, to take into account the maturity. Company's right to repayment of some or all of the previous costs related to termination of a benefit plan, are recognized in the income statement when (and only when) the repayments are secure.

All employees of the Group are on defined contribution plans as of 1.1.2015.

(ii) Incentive agreements with employees of the management team

For the Group's incentive agreements for employees of the management team, see note 10.1.

2.16 Borrowing costs

Borrowing costs are capitalized to the extent they are directly related to the purchase, construction or production of a fixed asset. Capitalizations of borrowing costs occur when interest costs accrue during the construction period of the asset. Capitalization of borrowing costs is made up to the time asset is ready for use.

2.17 Income taxes

Tax expense consists of current tax and changes in deferred tax. 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 recognized when it is probable that the Company will have sufficient taxable profit to utilize the tax benefit. At each balance sheet date, the Group reviews any unrecognized deferred tax asset and the carrying value of deferred tax assets. The companies recognize previous unrecognized deferred tax assets to the extent that it's likely that the company can take advantage of the deferred tax asset. Likewise, the company will reduce its deferred tax assets to the extent that the company no longer is able to utilize the deferred tax asset.

Deferred tax liabilities and deferred tax assets are measured based on tax rates that are enacted or substantively enacted and are expected to apply when the related deferred tax or deferred tax asset is realized.

Deferred tax liabilities and deferred tax assets are recognized regardless of when the differences will be reversed. Deferred tax liabilities and deferred tax assets are recognized 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 recognized directly in equity as long as they relate to items that are recognized 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.

2.18 Impairment of assets

Impairment of financial assets

Financial assets carried at amortized cost are impaired when there is objective evidence that it is likely that the instrument's cash flows have been negatively affected by one or more events that occurred after the initial recognition of the instrument. The impairment amount is recognized in the income statement. If the reason for the impairment in a later period expires, and the loss can be related to an event occurring after the impairment was recognized, the previous impairment charge is reversed. The reversal shall not result in the carrying amount of the financial asset exceeding the amount of what the amortized cost would have been, if the impairment had not been recognized. Reversal of previous impairment is presented as income.

Financial assets classified as available for sale are written down when there is objective evidence that the asset is impaired. The cumulative loss recognized directly in the equity (the difference between the acquisition cost and current fair value less impairment previously recognized in profit and any amortization amount) is removed from the equity and recognized in the income statement.

If the fair value of a debt instrument classified as available for sale increases at a later period, and the increase can be related objectively to an event that occurred after the impairment was recognized, the impairment is reversed through profit and loss. Impairment losses related to an investment in an equity instrument are not reversed through profit and loss.

2.19 Segment information

For management purposes the Group is organized into business segments and geographic regions, reference to IFRS 8. The management team monitors the operating results of each business segment independently as a basis for segment decision-making and performance evaluation. Financial information of the operating segments is presented in Note 3.

2.20 Contingent liabilities and assets

Contingent liabilities are not recognized 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 recognized 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.

2.21 Subsequent events

New information on the balance sheet date that affects the company's financial position at the balance sheet date is recognized 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 Company's financial position in a subsequent period, are reported if significant.

2.22 Critical accounting estimates and subjective judgments

Management has used estimates and assumption that affect assets, liabilities, revenues, expenses and disclosure of contingent liabilities. This is specially the case in assessment of investment properties.

Fair value of investment properties

Investment properties are measured at their fair value based on external, independent valuations.

Each half-year, an independent, external appraiser values the properties. The valuations at 31.12.2015 were obtained from DTZ Realkapital Verdivurdering AS. 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 perform the valuations on the basis of the information they have received, yearly on-site visits, and estimate 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.)

For further details, see Note 11.1.

Note 3 – Segment information

Segment income statement

For management purposes, the Group is structured into business segments and geographical regions. There are in three geographical regions:

- Denmark
- Norway
- Sweden

For each geographical region there are two business segments:

- Net rental income of the investment properties
- Operating income includes the management costs and other adjustments

The Management Team monitors the operating results of each operating 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.

(in KNOK)	Denmark		Norway		Sweden		Steen & Strøm	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Gross Rental Income	458 909	395 430	517 543	502 530	608 075	638 412	1 584 527	1 536 371
Land expenses (real estate)	(7 331)	(6 802)	-	-	-	-	(7 331)	(6 802)
Non-recovered rental expenses	(32 242)	(23 556)	(38 450)	(27 369)	(47 676)	(51 536)	(118 368)	(102 461)
Building expenses (owner)	(32 752)	(31 958)	6 251	3 575	(30 173)	(45 124)	(56 673)	(73 507)
Net rental income	**386 585**	**333 114**	**485 344**	**478 736**	**530 227**	**541 751**	**1 402 156**	**1 353 601**
Management, administrative and related income	51 946	78 322	51 048	40 626	24 539	32 370	127 533	151 318
Other operating revenue	481	1 603	18 820	1 183	681	3 401	19 983	6 187
Survey and research costs	(103)	(104)	-	-	-	(31)	(103)	(135)
Change in the fair value of investment property	180 753	257 074	775 920	399 769	1 070 966	34 676	2 027 639	691 519
Payroll expenses	(52 133)	(60 273)	(67 048)	(77 110)	(58 646)	(82 222)	(177 828)	(219 605)
Other general expenses	(14 950)	(11 858)	(57 438)	(49 252)	(21 704)	(21 871)	(94 092)	(82 981)
Depreciation and impairment allowance on investment property	-	-	(268)	(285)	(630)	(35)	(898)	(320)
Depreciation and impairment allowance on intangible assets and property, plant and equipment	(935)	(2 123)	(28 765)	(32 321)	(3 753)	(4 444)	(33 453)	(38 887)
Provisions	-	-	139	-	-	-	139	-
Proceeds from disposal of investment properties and equity investments	-	-	*129 708*	*1 180*	*73 879*	*582 273*	*203 587*	*583 453*
Net book value of investment properties and equity investments sold	-	-	*(126 868)*	*(8 779)*	*(35 685)*	*(547 719)*	*(162 553)*	*(556 498)*
Income from disposal of investment properties and equity investments	-	-	2 840	(7 599)	38 193	34 553	41 033	26 954
Operating income	**551 644**	**595 755**	**1 180 592**	**753 747**	**1 579 873**	**538 149**	**3 312 109**	**1 887 651**
Net dividends and provisions on non-consolidated investments							201	3
Financial income							*347 404*	213 172
Financial expenses							*(635 261)*	*(771 098)*
Net cost of debt							(287 857)	(557 926)
Change in the fair value of financial instruments							-	3 672
Share of earnings in equity investment entites							60 060	139 734
Profit before tax							**3 084 512**	**1 473 133**
Corporate income tax							(649 071)	(382 088)
Net income of consolidated entity							**2 435 442**	**1 091 045**

Net book value of investment property by operating segment

(in KNOK)	31/12/2015	31/12/2014
Denmark	8 979 679	7 986 880
Norway	8 661 471	7 958 611
Sweden	12 783 329	10 101 765
Investment property	**30 424 478**	**26 047 256**

(in KNOK)	31/12/2015	31/12/2014
Denmark	1 187 355	865 386
Norway	21 566	57 243
Sweden	399 889	522 657
Investment property under construction	**1 608 811**	**1 445 287**

Investment by operating segment

(in KNOK)	Intangible assets	Property, plant and equipment and work in progress	Investment property	Investment property under construction	31/12/2015
Denmark	-	1 973	-	174 998	176 971
Norway	9 538	-	-	27 012	36 550
Sweden	-	340	9 126	163 130	172 596
Total	**9 538**	**2 313**	**9 126**	**365 140**	**386 117**

Customer receivables by operating segment

(in KNOK)	31/12/2015	31/12/2014
Denmark	35 709	28 603
Norway	55 704	36 194
Sweden	75 618	70 043
Total	**167 031**	**134 840**

Note 4 – Scope of consolidation

List of consolidated companies	Country	Headquarter	% of interrest		
Full consolidated companies			**31/12/2015**	**31/12/2014**	**Change**
Head of the Group					
Steen & Strom AS	Norway	Oslo	100%	100%	0%
Subsidiaries					
Bruun's Galleri ApS	Denmark	Copenhagen	100%	100%	0%
Bryggen, Vejle A/S	Denmark	Copenhagen	100%	100%	0%
Field's Copenhagen I/S	Denmark	Copenhagen	100%	100%	0%
Field's Eier I ApS	Denmark	Copenhagen	100%	100%	0%
Field's Ejer II A/S	Denmark	Copenhagen	100%	100%	0%
Steen & Strøm Centerdrift A/S	Denmark	Copenhagen	100%	100%	0%
Steen & Strøm CenterService A/S	Denmark	Copenhagen	100%	100%	0%
Steen & Strøm CenterUdvikling VI A/S	Denmark	Copenhagen	100%	100%	0%
Steen & Strøm Danemark A/S	Denmark	Copenhagen	100%	100%	0%
Steen & Strøm Holding AS	Denmark	Copenhagen	100%	100%	0%
Viva, Odense A/S	Denmark	Copenhagen	100%	100%	0%
Amanda Storsenter AS	Norway	Oslo	100%	100%	0%
Farmanstredet ANS	Norway	Oslo	100%	100%	0%
Farmanstredet Eiendom AS	Norway	Oslo	100%	100%	0%
Gulskogen Prosjekt & Eiendom AS	Norway	Oslo	100%	100%	0%
Gulskogen Senter ANS	Norway	Oslo	100%	100%	0%
Hamar Storsenter AS	Norway	Oslo	100%	100%	0%
Hovlandbanen AS	Norway	Oslo	100%	100%	0%
KS Markedet	Norway	Oslo	100%	100%	0%
Lille Eiendom AS	Norway	Oslo	66%	66%	0%
Markedet Haugesund 2 AS	Norway	Oslo	100%	100%	0%
Nerstranda AS	Norway	Oslo	100%	100%	0%

List of consolidated companies	Country	Headquarter	% of interrest		
Full consolidated companies			31/12/2015	31/12/2014	Change
Nordbyen Senter AS	Norway	Oslo	100%	100%	0%
Nordbyen Senterforening AS	Norway	Oslo	100%	100%	0%
Slagenveien 2AS	Norway	Oslo	100%	100%	0%
Slavengeien AS	Norway	Oslo	100%	100%	0%
SSI Lillestrøm Torv AS	Norway	Oslo	100%	100%	0%
Stavanger Storsenter AS	Norway	Oslo	100%	100%	0%
Steen & Strøm Mediapartner AS	Norway	Oslo	100%	100%	0%
Steen & Strom Norge AS	Norway	Oslo	100%	100%	0%
Steen & Strøm Senterservice AS	Norway	Oslo	100%	100%	0%
Torvbyen Utvikling AS	Norway	Oslo	100%	100%	0%
Torvhjornet Lillestrom ANS	Norway	Oslo	100%	100%	0%
Vinterbro Senter DA	Norway	Oslo	100%	100%	0%
FAB Allum	Sweden	Stockholm	100%	100%	0%
FAB Borlange Köpcentrum	Sweden	Stockholm	100%	100%	0%
FAB Centrum Västerort	Sweden	Stockholm	100%	100%	0%
FAB CentrumInvest	Sweden	Stockholm	100%	100%	0%
FAB Emporia	Sweden	Stockholm	100%	100%	0%
FAB Lackeraren Borlänge	Sweden	Stockholm	100%	100%	0%
FAB Marieberg Galleria	Sweden	Stockholm	100%	100%	0%
FAB P Åkanten	Sweden	Stockholm	100%	100%	0%
FAB P Brodalen	Sweden	Stockholm	100%	100%	0%
FAB P Porthälla	Sweden	Stockholm	100%	100%	0%
FAB Uddevallatorpet	Sweden	Stockholm	100%	100%	0%
FAB Viskaholm	Sweden	Stockholm	100%	100%	0%
Fastighets AB Västra Götaland	Sweden	Stockholm	0%	65%	-65%
Grytingen Nya AB	Sweden	Stockholm	0%	100%	-100%

List of consolidated companies	Country	Headquarter	% of interrest		
Full consolidated companies			31/12/2015	31/12/2014	Change
Mässcenter Torp AB	Sweden	Stockholm	0%	100%	-100%
NorthMan Suède AB	Sweden	Stockholm	0%	100%	-100%
Partille Lexby AB	Sweden	Stockholm	0%	100%	-100%
Steen & Strøm Holding AB	Sweden	Stockholm	0%	100%	-100%
Steen & Strøm Sverige AB - Developement	Sweden	Stockholm	0%	100%	-100%
Västra Torp Mark AB	Sweden	Stockholm	0%	100%	-100%

List of consolidated companies	Country		% of interrest		
Equity Method Companies: jointly controlled			31/12/2015	31/12/2014	Change
Nordbyen Senter 2 AS	Norway	Oslo	50.0%	50.0%	0%
Nordal ANS	Norway	Oslo	50.0%	50.0%	0%
Okern Sentrum AS	Norway	Oslo	50.0%	50.0%	0%
Okern Eiendom ANS	Norway	Oslo	50.0%	50.0%	0%
Okern Sentrum ANS	Norway	Oslo	50.0%	50.0%	0%
Metro Shopping AS	Norway	Oslo	50.0%	50.0%	0%
Metro Senter ANS	Norway	Oslo	50.0%	50.0%	0%
Norbyden Senter DA	Norway	Oslo	50.0%	50.0%	0%
Asane Storsenter DA	Norway	Bergen	49.9%	49.9%	0%
Asane Senter AS	Norway	Bergen	49.9%	49.9%	0%
Asane Kontorutvikling AS	Norway	Bergen	49.9%	49.9%	0%
Oslo City Kjøpesenter AS	Norway	Oslo	66.7%	0.0%	67%
Asane Storsenter Drift AS	Norway	Oslo	49.9%	49.9%	0%
Asane Kulturutvikling AS	Norway	Oslo	0.0%	49.9%	-50%
Asane Hotellutvikling AS	Norway	Oslo	0.0%	49.9%	-50%

Note 5.1 – Intangible assets

The “Software” item includes software in service as well as ongoing expenses. The change of this item is related to the deployment of new software projects.

(in KNOK)	31/12/2014	Acquisitions, new businesses and contributions	Allowances for the period	Other movements, reclassification	31/12/2015
Software	128 474	9 538	-	33 035	171 047
Total gross value	**128 474**	**9 538**	**-**	**33 035**	**171 047**
Software	(16 127)	-	(23 917)	(18 048)	(58 092)
Total depreciation and amortization	**(16 127)**	**-**	**(23 917)**	**(18 048)**	**(58 092)**
Intangible assets - Net value	**112 347**	**9 538**	**(23 917)**	**14 987**	**112 955**

Note 5.2 – Property, plant and equipment and work in progress

Property, plant and equipment include operating furniture and equipment.

(in KNOK)	31/12/2014	Acquisitions, new businesess and contributions	Reduction by disposals, retirement of asset	Allowances for the period	Currency fluctuations	Other movements, reclassification	31/12/2015
Furniture and equipment	168 617	2 313	(49 370)	-	7 911	(33 657)	95 815
Total gross value	**168 617**	**2 313**	**(49 370)**	**-**	**7 911**	**(33 657)**	**95 815**
Furniture and equipment	(121 362)	-	42 927	(9 536)	(6 284)	18 829	(75 425)
Total depreciation and amortization	**(121 362)**	**-**	**42 927**	**(9 536)**	**(6 284)**	**18 829**	**(75 425)**
Property, plant and equipment	**47 256**	**2 313**	**(6 443)**	**(9 536)**	**1 627**	**(14 827)**	**20 390**

Note 5.3 – Investment property and investment property under construction

Investment property

(in KNOK)	31/12/2014	Acquistions, new businesess and contributions	Reduction by disposals, retirement of asset	Allowances for the period	Currency fluctuations	Fair Value adjustment	Other movements, reclasification	31/12/2015
Shopping centers								
Land	1 383 729	-	(42 977)	-	121 029	-	-	1 461 780
Structures	12 064 391	730	(45 295)	(630)	1 144 435	-	269 448	13 433 080
Facades, cladding and roofing	888 405	514	(2 556)	-	26 460	-	41 604	954 427
General and Technical Installations	2 491 551	1 120	-	-	143 498	-	22 365	2 658 534
Fixtures	926 050	6 762	-	-	45 620	-	55 216	1 033 647
Cost value	**17 754 126**	**9 126**	**(90 828)**	**(630)**	**1 481 042**	**-**	**388 633**	**19 541 469**
Fair Value Adjustments Land	16 957	-	-	-	1 928	-	-	18 885
Fair Value Adjustments Buildings	8 272 081	-	(72 686)	-	653 170	1 987 730	20 005	10 860 300
Fair value adjustement	**8 289 038**	**-**	**(72 686)**	**-**	**655 098**	**1 987 730**	**20 005**	**10 879 186**
Fair value shopping centers	**26 043 164**	**9 126**	**(163 514)**	**(629)**	**2 136 140**	**1 987 730**	**408 638**	**30 420 654**
Other property								
Cost value	6 698	-	-	-	-	-	-	6 698
Depreciation	(2 606)	-	-	(268)	-	-	-	(2 874)
Net book other property	**4 092**	**-**	**-**	**(268)**	**-**	**-**	**-**	**3 824**
Investment property	**26 047 256**	**9 126**	**(163 514)**	**(898)**	**2 136 140**	**1 987 730**	**408 638**	**30 424 478**

Investment property under construction

(in KNOK)	31/12/2014	Acquistions, new businesess and contributions	Reduction by disposals, retirement of asset	Allowances for the period	Currency fluctuations	Fair Value adjustment	Other movements, reclasification	31/12/2015
Fixed assets in progress	1 445 287	365 140	(32 447)	-	152 719	39 908	(361 796)	1 608 811
Investment property under construction	**1 445 287**	**365 140**	**(32 447)**	**-**	**152 719**	**39 908**	**(361 796)**	**1 608 811**

Annual revenues related to investment property amounted to KNOK 1 584 527 (KNOK 1 536 371). Direct costs related to real estate rental amounted to KNOK 182 372 (KNOK 182 770). All investment properties generate rental income.

When calculating the value of the investment properties the following average yields are used:

Average yields (%)	31/12/2015	31/12/2014
Norwegian investment property	5,10 %	5,54 %
Swedish investment property	4,95 %	5,54 %
Danish investment property	5,43 %	5,39 %
Weighted average	5,13 %	5,51 %

Sensitivities

The following two sensitivities show how the investment property could be affected by changes in yield and cash flow.

Sensitivity 1 - Change in yield	Yield	Value	Change
Change in yield -0.50%	4,6 %	35 491 932	3 458 643
Value 31.12.2015	5,1 %	32 033 289	-
Change in yield + 0.50%	5,6 %	29 188 871	(2 844 418)

Sensitivity 2 - Change in cash flow	Cash flow	Value	Change
Increased cash flow + 2%	32 872	32 673 955	640 666
Increased cash flow + 1%	16 436	32 353 622	320 333
Value 31.12.2015	-	32 033 289	-
Reduced cash flow -1%	(16 436)	31 712 956	(320 333)
Reduced cash flow -2%	(32 872)	31 392 623	(640 666)

There are no significant contractual commitments to purchase, construct or develop investment property. The group is, however, committed to build 24 000 square meters of residential homes in connection with the development of Emporia in Malmö.

Interest on building loans

Fixed assets include building loan interests in connection with the construction of certain assets. Capitalized interest in building loans amounts to KNOK 1 491 in 2015.

Ongoing construction contracts

The Group has no ongoing construction contracts as per 31.12.2015. The construction contracts are mainly turnkey projects. The historical maturity structure of these contracts is shown below:

(in KNOK)	31/12/2015	31/12/2014
Within 1 year	-	40 117
1 to 2 years	-	-
After 2 years	-	-
Total	**-**	**40 117**

Note 5.4 – Investment in associated companies

(in KNOK)	31/12/2014	Share in net income	Capital increases and reductions	Changes in the scope of consolidation and other movements	31/12/2015
Investments in jointly controlled companies	2 476 443	60 060	17 101	3 185 403	5 739 006
Equity method securities	**2 476 443**	**60 060**	**17 101**	**3 185 403**	**5 739 006**

The item "Changes in the scope of consolidation and other movements" mainly corresponds to the acquisition of Oslo City.

(in KNOK)	31/12/2015		31/12/2014	
	100 %	Group share	100 %	Group share
Intangible assets	647 386	431 806	-	-
Property, plant and equipment and work in progress	11 100	5 550	903	451
Investment property	8 961 161	5 285 259	4 940 263	2 467 946
Investment property under construction	1 163 408	581 574	249 762	124 780
Deferred tax assets	(147 104)	(73 405)	538	269
NON-CURRENT ASSETS	**10 635 951**	**6 230 785**	**5 191 466**	**2 593 446**
Trade accounts and notes receivable	11 301	6 035	3 878	1 937
Other receivables	24 976	13 908	8 400	4 197
Tax receivable	*5 240*	*2 618*	*1 859*	*927*
Other debtors	*19 736*	*11 290*	*6 541*	*3 270*
Cash and cash equivalents	199 818	99 958	81 558	40 745
CURRENT ASSETS	**236 095**	**119 900**	**93 836**	**46 879**
TOTAL ASSETS	**10 872 046**	**6 350 685**	**5 285 302**	**2 640 324**

(in KNOK)	31/12/2015		31/12/2014	
	100 %	Group share	100 %	Group share
Share capital	3 566 112	1 799 130	3 381 308	1 689 647
Additional paid-in capital	767 667	511 677	92 137	45 850
Consolidated reserves	5 432 370	3 368 267	1 199 973	599 147
Other consolidated reserves	*5 432 370*	*3 368 267*	*1 199 973*	*599 147*
Consolidated earnings	119 726	59 931	279 467	139 698
Shareholders' equity, group share	**9 885 875**	**5 739 005**	**4 952 885**	**2 474 342**
SHAREHOLDERS' EQUITY	**9 885 875**	**5 739 005**	**4 952 885**	**2 474 342**
Pension commitments	-	-	262	131
Security deposits and guarantees	413	206	423	211
Deffered tax liabilities	902 785	563 454	303 301	151 436
NON-CURRENT LIABILITIES	**903 198**	**563 660**	**303 986**	**151 778**
Trade payables	16 855	8 423	16 942	8 467
Other liabilities	14 328	7 539	1 271	634
Social and tax liabilities	51 790	32 058	10 218	5 102
CURRENT LIABILITIES	**82 973**	**48 020**	**28 431**	**14 204**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10 872 046**	**6 350 685**	**5 285 302**	**2 640 324**

The main elements of the balance sheet and income statement of joint ventures (jointly controlled companies) are shown at 100% and based on the Group's share in each company, including consolidation restatements.

(in KNOK)	31/12/2015		31/12/2014	
	100 %	Group share	100 %	Group share
Gross Rental Income	265 627	132 581	279 134	139 448
Non-recovered rental expenses	(20 892)	(10 439)	(19 309)	(9 649)
Building expenses (owner)	(15 216)	(7 600)	(24 119)	(12 050)
NET RENTAL INCOME	**229 519**	**114 543**	**235 706**	**117 749**
Management, administrative and related income	422	211	773	386
Other operating revenue	634	316	5	3
Change in the fair value of investment property	(33 918)	(16 725)	72 039	35 968
Other general expenses	(771)	(385)	(384)	(192)
Depreciation and impairment allowance on intangible assets and property, plant and	(422)	(211)	(773)	(386)
Proceeds from disposal of investment properties and equity investments	17 342	8 671	20 888	10 444
Net book value of investment properties and equity investments sold	(17 324)	(8 662)	(9 555)	(4 778)
OPERATING INCOME	**195 482**	**97 758**	**318 699**	**159 195**
Financial income	*645*	*322*	*1 065*	*532*
Financial expenses	*(153)*	*(76)*	*(118)*	*(59)*
Net cost of debt	492	246	947	473
PROFIT BEFORE TAX	**196 466**	**98 250**	**319 646**	**159 668**
Corporate income tax	(76 246)	(38 190)	(40 179)	(20 068)
NET INCOME OF CONSOLIDATED ENTITY	**120 220**	**60 060**	**279 467**	**139 600**

Note 5.5 – Other non-current assets

(in KNOK)	31/12/2015	31/12/2014
Other long term investments	855	856
Loan and advances to to non-consolidated companies and companies consolidated using the equity method	670 222	644 977
Deposits	2 248	2 060
Other non-current assets	**673 325**	**647 893**

Steen & Strøm AS has a receivable of KNOK 205 906 (KNOK 196 540) on Storm Holding Norway AS. In addition the Group has a receivable on Nordica Holdco AB of KNOK 464 316 (KNOK 448 404).

Other long term investments

(in KNOK)	31/12/2015	31/12/2014
Gumøy Golf AS	625	460
Christiania Byggeselskap AS	226	393
Other shares	3	3
Total	**855**	**856**

Note 5.6 – Trade accounts and notes receivable

Trade accounts and notes receivable adjusted for bad debt

(in KNOK)	31/12/2015	31/12/2014
Trade receivables	138 742	120 272
Stepped rents and rent-free periods of leases	55 022	36 674
Gross Value	**193 764**	**156 946**
Provision for bad debts	(26 733)	(22 106)
Total	**167 031**	**134 840**

There is no single customer who represents a large share and therefore poses a material credit risk. The accounts receivable are spread across industries in different countries. The majorities of the Group's rental contracts have deposit and bank guarantees which secure up to 3-6 months' rent, including accounts receivable.

Specification of provision for bad debt

(in KNOK)	31/12/2015	31/12/2014
Opening balance provisions for bad debts	(22 106)	(13 097)
Provisions for bad debts for the year	(13 149)	(22 666)
Confirmed losses for the year	7 983	3 976
Reversed earlier alloaction	10 595	9 537
Foreign exchange effects	(10 056)	144
Closing balance provisions for bad debts	**(26 733)**	**(22 106)**

When there is objective evidence of loss of value, the difference between book value and present value of future cash flows is recognized as a loss.

Account receivable overdue

(in KNOK)	Total	Not due	< 30 days	30-60 days	60-90 days	>90 days
2015	193 764	123 410	20 754	1 326	9 584	38 690
2014	156 946	83 063	47 893	2 816	5 088	18 085

Note 5.7 – Other receivables

(in KNOK)	31/12/2015			31/12/2014
	Total	Less than one year	More than one year	Total
Tax receivables	**79 617**	**79 617**	**-**	**27 377**
Corporate income tax	68 656	68 656	-	924
VAT	10 961	10 961	-	26 453
Other receivables	**192 754**	**188 274**	**4 480**	**149 750**
Service charges due	11 654	11 654	-	-
Down payments to suppliers	-	-	-	367
Prepaid expenses	10 485	10 485	-	9 068
Other	170 615	166 135	4 480	140 314
Total	**272 371**	**267 891**	**4 480**	**177 127**

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

Note 5.8 - Cash and cash equivalents

The group has a group account scheme linked to the overdraft account.
Interest income and interest expenses on the accounts linked to this scheme are shown gross in the accounts.
The Group's credit balance or outstanding balance is shown net in the accounts.

(in KNOK)	31/12/2015	31/12/2014
Banks	172 262	581 603
Cash	6	7
Gross cash and cash equivalents	**172 268**	**581 610**
Bank facilities	-	-
Net cash and cash equivalents	**172 268**	**581 610**

The Group has a total bank credit facility of MNOK 902.

Restricted bank deposits
As of 31.12.2015, restricted funds amounted to KNOK 7 877 (KNOK 3 197).

Note 5.9 – Shareholders' equity

Shareholders

As of 31.12.15 there is only one shareholder of the Company and no foreign shareholders. All shares are owned by Storm Holding Norway AS. Storm Holding Norway AS is owned by Nordica HoldCo AB, which in turn is owned by Klèpierre Nordica BV and Stichting Pensioenfonds ABP.

Paid-in capital

As a part of the Oslo City acquisition, Storm Holding Norway AS increased the paid-in capital of Steen & Strøm AS by BNOK 1.3.

Number of shares

The share capital of the Parent Company of the Group, Steen & Strøm AS, is NOK 76 005 290 (NOK 58 133 335) divided into 30 402 116 (30 402 116) shares with par value NOK 2.500 (NOK 1.9121) per share.

The Company has only one class of shares.

Treasury shares

The company has 1 099 000 treasury shares. The Company's value of treasury shares as of 31.12.15, is KNOK 2 199 310 (KNOK 2 099 310).

Dividend

The Board proposes to give a dividend of KNOK 0 (KNOK 0) for 2015. The proposal will be presented for a vote at the Annual General Meeting, to be held in June 2015.

(in KNOK)	31/12/2015	31/12/2014
Dividend	-	-

Note 5.10 – Non-current and current financial liabilities

Non-current financial liabilities

(in KNOK)	Rate	31/12/2015	31/12/2014
Bond net costs/premium	2,46 %	4 183 443	3 710 270
Loans and borrowings from credit institutions - more than one year	1,12 %	11 457 777	9 463 559
Total non-current financial liabilities		**15 641 220**	**13 173 829**

(in KNOK)	31/12/2015	31/12/2014
Investment property and investment property under construction	32 033 289	27 492 542
Book value of mortgaged assets	**32 033 289**	**27 492 542**

Repayment plans and renegotiation of long-term debt

(in KNOK)	31/12/2015	31/12/2014
Between 1 to 2 years	5 461 690	1 653 315
Between 2 to 5 years	3 176 135	5 137 344
More than 5 years	7 003 394	6 383 169
Total repayment and renegotiation of long-term debt	**15 641 220**	**13 173 829**

Current financial liabilities

(in KNOK)	Rate	31/12/2015	31/12/2014
Bond net costs/premium		(1)	(1)
Loans and borrowings from credit institutions - less than one year		62 315	472 929
Accrued interest		40 603	46 382
Commercial paper	1,87 %	1 240 000	1 450 000
Total current financial liabilities		**1 342 917**	**1 969 310**

Interest-bearing current financial liabilities secured by mortgages	**62 315**	**472 929**

(in KNOK)	31/12/2015	31/12/2014
Investment property and investment property under construction	32 033 289	27 492 542
Other assets	20 390	47 256
Book value of total mortgaged assets	**32 053 679**	**27 539 798**

The group is exposed to changes in interest rates based on the following pricing structure, taking into consideration fixed rate agreements, swap agreements and interest rate cap agreements:

(in KNOK)	31/12/2015	31/12/2014
6 months or less	9 761 580	7 658 502
6-12 months	699 973	139 661
1-5 years	4 652 669	4 558 670
Over 5 years	1 869 914	2 786 306
Total	**16 984 137**	**15 143 139**

Recognized value of the Group's borrowings is as follows:

(in KNOK)	31/12/2015	31/12/2014
NOK	7 390 750	6 810 954
SEK	5 298 204	4 357 946
DKK	4 295 183	3 974 239
Total	**16 984 137**	**15 143 139**
Bank facilities, remaining credit	**902 375**	**897 025**

Note 5.11 – Other liabilities

Social and tax liabilities

(in KNOK)	31/12/2015	31/12/2014
Staff and related accounts	41 848	51 532
Social security and other bodies	9 456	9 320
Corporate income tax	40	1 152
VAT payable	9 109	15 602
Other taxes and duties	83 700	35 850
Total social and tax liabilities	**144 153**	**113 457**

Other liabilities

(in KNOK)	31/12/2015	31/12/2014
Prepaid income	712	13 030
Creditor customers	444	196
Prepaid gift cards	36 443	49 269
Other loans and borrowings	231 685	43 232
Total other liabilities	**269 283**	**105 727**

Note 6.1 – Gross rental income

Gross rental income includes:

— rents from investment property and rent-related income, such as car park rentals and early termination indemnities;

— other rental income; building works re-invoiced to tenants, penalty fees to tenants and other income.

Stepped rents and rent-free periods are spread over the fixed term of the lease according to IAS 17. Charges invoiced to tenants are not included in gross rental income but deducted from rental expenses.

Note 6.2 – Land expenses (real estate)

Land expenses (real estate) correspond to lease payments (or depreciation of initial payments) for properties built on land subject to a building lease or an operating contract (concession).

Note 6.3 – Non-recovered rental expenses

These expenses are stated net of charges re-invoiced to tenants and mainly comprise expenses on vacant premises.

Note 6.4 – Owners' building expenses

These expenses are composed of owners' rental expenses, expenses related to construction work, legal costs, expenses on bad debts and costs related to real estate management.

Note 6.5 – Other operating revenue

Other operating revenue includes:

— income from the shopping center gift cards services;

— other income.

Note 6.6 - Income from disposals of investment properties and equity investments

Income from disposals totalled KNOK 41 033 and mainly resulted from the disposal of:

- Borås in Sweden,
- Hovlandsbanen and Torvbyen in Norway.

Income from disposals also includes registration fees and expenses incurred relate to the disposals.

Note 6.7 – Net cost of debt

Net cost of debt includes net currency translation effects of KNOK 82 765 in 2015 (KNOK -7 049). Financial expenses include both interests on external bonds, certificates and bank debt as well as interest payable on loans to Nordica AB and Storm AS, holding companies to Steen & Strøm AS. Total net interest cost on all loans, including hedges, decreased by KNOK 67 978 million in 2015, to KNOK 495 754.

(in KNOK)	31/12/2015	31/12/2014
Financial income	**347 404**	**213 172**
Interest income on swaps	50 103	60 777
Interest on associates' advances	25 279	9 849
Other interests received	107 811	99 080
Other revenue and financial income	8 558	19 716
Currency translation gains	155 654	23 751
Financial expenses	**(635 261)**	**(771 098)**
Interest on bonds	(96 663)	(90 795)
Interest on loans from credit institutions	(244 496)	(260 835)
Interest expense on swaps	(204 698)	(212 299)
Deferral of payments on swaps	-	(60 581)
Interest on associates' advances	(2 237)	(98 140)
Other financial expenses	(14 278)	(17 648)
Currency translation losses	(72 889)	(30 800)
Net cost of debt	**(287 857)**	**(557 926)**

Note 7 – Tax

(in KNOK)	31/12/2015	31/12/2014
Tax expenses		
Current Tax	(3 615)	(6 673)
Change in deferred tax	(645 456)	(375 415)
Taxes expenses	**(649 071)**	**(382 088)**
Profit before tax (including discontinued operations)	3 084 512	1 473 133
Tax calculated on profit before tax	(742 588)	(369 866)
Taxes without bases in taxable income current period	4 452	(19 633)
Effect of changes in tax rates	98 936	3 673
Non taxable elements	(2 000)	6 874
Other	(7 872)	(3 136)
Tax expenses	**(649 071)**	**(382 088)**

Non taxable elements in mainly related to sale of shares.

Effective tax rate	**-21,0%**	**-25,9%**

Deferred taxes are composed of:

Deferred tax assets		
Tangible fixed assets and investment property	(20 331)	16 597
Losses carried forward	192 452	215 083
Derivatives	-	-
Long-term liabilities and receivables	-	-
Capital losses carried forward/capital gain pending taxation	2 252	3 028
Other	989	4 983
Total for entities in a net asset position	**175 361**	**239 691**
Deferred tax liabilities		
Tangible fixed assets and investment property	3 586 959	2 896 879
Losses carried forward	(60 751)	(73 996)
Derivatives	(75 657)	(94 608)
Long-term liabilities and receivables	38 986	4
Capital losses carried forward/capital gain pending taxation	28 728	10 423
Other	(614)	(5 577)
Total for entities in a net liability position	**3 517 652**	**2 733 125**
NET POSTITIONS	**3 342 291**	**2 493 434**

Summary of losses carried forward		
No due date	1 429 673	1 512 045
By the end of 2019	0	0
Total losses carried forward	**1 429 673**	**1 512 045**

Change in deferred tax recognized directly against equity		
Cash flow hedges ex translation profits and losses	24 166	(42 644)
Translation profits and losses cash flow hedges	(5 215)	(748)
Total deferred tax recognized directly against equity	**18 951**	**(43 391)**

Note 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. 50% of the Group's loan portfolio.

The Group uses various types of interest rate derivatives to hedge against fluctuations due to changes in interest rate levels. As of 31.12.2015, the Group had interest rate swaps valued at KNOK 6 967 042 (KNOK 6 811 807) where the Group receives a variable interest rate and pays a fixed interest rate.

The interest rate swaps are used to hedge against fluctuations due to changes in the level of interest rates. The secured loans and the swap agreements have the same terms and conditions. The swaps satisfy the requirements for hedge accounting under IAS 39, and changes in fair value are recognized directly through equity.

Overview of the Group's swap agreements

Start Date	End Date	Amount	Currency	Int. rate	Excess value (KNOK)
02.01.2006	04.01.2016	300 000	DKK	2,50 %	(7 604)
29.06.2012	30.12.2021	466 071	DKK	2,33 %	(56 022)
06.02.2006	05.02.2016	200 000	NOK	4,00 %	(1 486)
05.11.2006	05.11.2016	200 000	NOK	4,51 %	(7 316)
10.01.2011	10.01.2017	400 000	NOK	3,69 %	(25 236)
10.01.2012	10.01.2017	175 000	NOK	3,87 %	(11 675)
05.08.2009	05.02.2016	300 000	NOK	4,34 %	(2 485)
05.11.2012	07.11.2016	200 000	NOK	3,97 %	(6 214)
05.11.2012	05.11.2017	300 000	NOK	3,95 %	(18 955)
30.12.2010	30.12.2016	300 000	NOK	3,69 %	(8 509)
28.04.2014	28.01.2019	300 000	NOK	2,40 %	(14 592)
12.06.2014	12.03.2019	300 000	NOK	2,40 %	(14 518)
12.06.2014	12.03.2019	400 000	NOK	2,39 %	(19 228)
05.08.2014	05.08.2019	200 000	NOK	1,99 %	(7 677)
30.09.2014	30.09.2019	400 000	NOK	2,00 %	(15 225)
31.10.2011	31.10.2017	300 000	SEK	3,13 %	(19 405)
30.10.2011	30.10.2017	200 000	SEK	3,10 %	(14 450)
29.09.2012	29.09.2018	200 000	SEK	2,80 %	(16 079)
30.10.2012	30.10.2020	300 000	SEK	2,79 %	(32 814)
30.09.2011	30.09.2021	300 000	SEK	2,64 %	(31 931)
30.09.2011	30.09.2021	300 000	SEK	2,70 %	(32 928)
29.06.2012	30.06.2022	300 000	SEK	2,15 %	(22 378)
11.02.2013	09.11.2020	300 000	SEK	2,75 %	(32 280)
Total excess value					**(419 007)**

Average rate on interest-bearing loans in 2015 was 2.56% (3.37%). Based on the financial instruments and interest rate swaps as of 31.12.2015, a general increase of 1% in interest rate levels will reduce profits by KNOK 86 923 (KNOK 72 019).

The Group has in 2015 expensed KNOK 167 951 (KNOK 147 850) 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, cash equivalents 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 Company. 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 liabilities in each country.

Long term debt in foreign currency	31/12/2015	31/12/2014
KSEK	4 239 410	4 790 699
KDKK	2 973 614	4 805 406

Exchange rate on the balance sheet date	31/12/2015	31/12/2014
SEK	95,71	94,05
DKK	120,04	116,95

Figures in KNOK	31/12/2015	31/12/2014
Long-term receivables	-	-
Long-term debt	11 457 777	9 463 559

Recognized gains on realized foreign currency items amount to KNOK 14 498 (KNOK -27 068).

The Group's future expansions are planned to be financed with a combination of cash flow from operations and new loans. The Group's future expansions plans therefore depend on a well-functioning financing market.

The Group has at the end of the year a net interest bearing debt of MNOK 16 139 (MNOK 13 916) The Group depends on a well-functioning financing market in order to maintain its operations. The financing of the Group is primarily based on long term debt agreements.

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 derivate transactions counterparties. The Group only conducts marketable securities and hedging instruments with leading Scandinavian financial institutions recognized as financially sound.

Equity risk
The shares of Steen & Strøm AS are not listed on the Stock Exchange. All shares are owned indirectly through Nordica Holdco AB and Storm Holding Norway AS by Klépierre and AGP. Klépierre is listed on the CAC 40 index, the leading index of the French Stock market, while APG is the largest pension investment fund in the Netherlands.

Debt ratio
The Group's objective is to secure continued operation by ensuring sustainable returns for shareholders and other stakeholders 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 per 31.12.2015:

(in KNOK)	31/12/2015	31/12/2014
Total loans	16 984 137	15 143 139
Cash and interest-bearing receivables	845 593	1 226 587
Net interest bearing debt	**16 138 544**	**13 916 552**
Total fixed assets	**37 925 737**	**30 128 589**
Debt ratio	**42,6 %**	**46,2 %**

Distribution of dividends

(in KNOK)	31/12/2015	31/12/2014
Dividend	-	-

Note 9 - Leases

The Group as lessee - operating leases

The Group has entered into several operating leases for machinery, offices and other facilities. Several of these leases have an extension option. The agreements do not contain restrictions on the company's dividend policy or financing opportunities.

Rent expense consisted of the following:

(in KNOK)	31/12/2015	31/12/2014
Vehicles and machinery	2 156	1 460
Facilities	26 945	29 571
Total	**29 102**	**31 031**

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

(in KNOK)	31/12/2015	31/12/2014
Within 1 year	29 102	31 031
1 to 5 years	97 137	83 849
After 5 years	616 634	292 486
Total	**713 771**	**407 366**

The rent expense is calculated based on agreements as of 31.12.2015.

The amounts are nominal, and the amounts relate to the period after 2015 will be adjusted along with changes in the consumer price index (CPI). The retail space leased out by the company is rented out to the tenants of our shopping centers.

Group as lessor - operating leases

The carrying value of assets leased under operating leases is as follows:

(in KNOK)	31/12/2015	31/12/2014
Buildings	32 033 289	27 492 542
Total	**32 033 289**	**27 492 542**

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

(in KNOK)	31/12/2015	31/12/2014
Within 1 year	1 483 284	1 235 582
1 to 5 years	2 541 314	2 045 378
After 5 years	443 284	375 228
Total	**4 467 881**	**3 656 187**

The amounts are nominal, and the amounts relate to the period after 2015 will be adjusted along with changes in the consumer price index (CPI).

The group's rental contacts can be divided into the following categories:

1) Fixed rent
2) Minimum rent + percentage of tenants turnover
3) Percentage of tenants turnover

	Norway	Sweden	Denmark	Average
Percentage of rental rates that are fixed as of 31.12.2015 is:	95,1 %	98,3 %	98,6 %	97,3 %

Finance leases

The Group has no finance leases.

Note 10.1 - Payroll expenses, headcount and remuneration of senior executives

Payroll expenses

(in KNOK)	31/12/2015	31/12/2014
Wages, bonuses and indemnities	(158 203)	(159 009)
Social security taxes	(26 110)	(29 989)
Pension costs	16 246	(18 514)
Other benefits	(9 762)	(12 092)
Total payroll expenses	**(177 828)**	**(219 605)**

Bonuses

Bonus is decided based on the Company's achieved results and an individual assessment of each employee.
As of 31.12.2015, KNOK 19 717 (KNOK 15 211) has been accrued to cover the group's bonus scheme.
The bonus provision includes public and social taxes.

Pensions

Please see note 10.2.

Headcount

The average number of employees in the Group was 226 (302) in 2015. As of 31.12.2015, the Group had 188 employees.

Remuneration of senior executives 2015

2015 (in KNOK)	Directors' fees	Salary	Bonus	Payment in kind	Pension	Total
Group Management						
Philippe Grenet - *Chief Executive Officer*	-	(1 362)	-	(3)	(178)	**(1 544)**
Bjørn Tjaum - *Chief Financial Officer*	-	(2 178)	(1 516)	(131)	(680)	**(4 505)**
Terje Daaland - *Chief Accounting Officer*	-	(4 797)	(851)	(75)	(1 424)	**(7 148)**
Board of Directors						
Laurent J J Morel - *Chairman of the Board*	-	-	-	-	-	-
Jean-Michel R Gault - *Board Member*	-	-	-	-	-	-
Patrick M Kanters - *Board Member*	-	-	-	-	-	-
Jean Marc Jestin - *Board Member*	-	-	-	-	-	-
Rafael Torres Villalba - *Board Member*	-	-	-	-	-	-
Total compensation	**-**	**(8 338)**	**(2 367)**	**(210)**	**(2 281)**	**(13 196)**

Philippe Grenet joined the Company as the new CEO of Scandinavia 1.6.2015.

Terje Daaland left the Company 30.6.2015. The remuneration cost of Terje Daaland includes an indemnity cost of KNOK 3 996.

Remuneration of senior executives 2014

2014 (in KNOK)	Directors' fees	Salary	Bonus	Payment in kind	Pension	Total
Group Management						
Bjørn Tjaum - *Chief Financial Officer*	-	(2 155)	(1 103)	(156)	(137)	**(3 551)**
Terje Daaland - *Chief Accounting Officer*	-	(2 178)	(895)	(153)	(191)	**(3 417)**
Board of Directors						
Laurent J J Morel - *Chairman of the Board*	-	-	-	-	-	-
Jean-Michel R Gault - *Board Member*	-	-	-	-	-	-
Patrick M Kanters - *Board Member*	-	-	-	-	-	-
Jean Marc Jestin - *Board Member*	-	-	-	-	-	-
Rafael Torres Villalba - *Board Member*	-	-	-	-	-	-
Total compensation	**-**	**(4 333)**	**(1 998)**	**(310)**	**(328)**	**(6 968)**

Note 10.2 – Pensions

The Group after discussions with the employees, decided to terminate all benefit plans given to certain groups of employees with effect from 1.1.2015. The benefit scheme carried rights to defined benefit contributions conditioned on 30 years of saving. The scheme provided 60% pension of the pensionable salary on 1. January of the year of the recipient's 67th birthday, as well as benefits for spouse and children. All pension benefits were coordinated with expected contributions from the national insurance. Upon termination 1.1.2015, the scheme had 56 members.

In assessing the value of the benefit pension assets and measuring accrued liabilities, estimated values were used. These estimates were adjusted annually in accordance with the statement of the fair value and the actuarial calculation of the obligation.

Financial assumptions	31/12/2015	31/12/2014
Discount rate	0,00 %	3,00 %
Expected wage adjustment	0,00 %	3,25 %
Expected return on plan assets	0,00 %	3,00 %
Expected pension increase	0,00 %	0,10 %
Expected adjustment of pension benefits	0,00 %	3,00 %
Expected turnover	0,00 %	2,50 %

The actuarial assumptions are based on common assumptions in the insurance industry with respect to demographic factors.

Calculations of annual benefit pension costs

(in KNOK)	31/12/2015	31/12/2014
Service cost:		
Current service cost	-	(8 403)
Net intereset expense	-	(677)
Writeback due to termination of benefit pension plans	28 382	-
Components of pension costs recognized in profit or loss	**28 382**	**(9 079)**
Remeasurement of net defined benefit liability:		
Return on plan assets (exl. amounts included in net interest expense)	-	(1 091)
Actuarial gains and losses arisining from changes in financial assumptions	-	(10 004)
Actuarial gains and losses arising from experience adjustments	-	4 746
Other	-	(134)
Components of pension costs recogonised in other comprehensive income	**-**	**(6 483)**
Total	**28 382**	**(15 562)**

Specification of net benefit pension liability

(in KNOK)	31/12/2015	31/12/2014
Present value of funded defined benefit obligation	-	75 104
Fair value of plan assets	-	(51 073)
Social security taxes	-	4 351
Net pension liability	**-**	**28 382**

Reconciliation of benefit pension obligation

(in KNOK)	31/12/2015	31/12/2014
Opening pension liability	**28 382**	**18 426**
Pension costs recognised in profit or loss	-	9 079
Remeasurement gains and losses	-	6 483
Premium Payments etc	-	(5 607)
Writebacks due to termination of benefit pension plans	(28 382)	-
Net recognised pension liability as of 31/12	**-**	**28 382**

Cost of defined contribution plans

As of 1.1.2015 all employees in the Group are on defined contribution plans. All contribution plans are in compliance with the legal requirements in each country.

(in KNOK)	31/12/2015	31/12/2014
Parant company and subsidiaries in Norway	(6 688)	(416)
Subsidiaries abroad	(5 448)	(9 438)
Net pension liability	**(12 136)**	**(9 854)**

Note 10.3 – Shares and stock options held 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.

Note 11.1 - Fair Value Measurements

This note provides information about how the Group determines Fair Values of various assets and liabilities.

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

Investment Property
The Group has appointed DTZ 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 determined using implicit yield curves and obtained by 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. 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

Fair value of financial assets classified as "available for sale" are determined as the estimated sales value at the balance sheet date.
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 is close 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.

The fair value of "held-to-maturity" investments is determined using available market prices.

(in KNOK)	Level 1		Level 2		Level 3		Total	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Total investment property	-	-	-	-	32 033 289	27 492 542	32 033 289	27 492 542
Total financial derivates	-	-	(419 007)	(484 286)	-	-	(419 007)	(484 286)
Cash and bank equivalents	-	-	172 268	581 610	-	-	172 268	581 610
Other financial assets	-	-	439 403	311 966	673 325	647 893	1 112 728	959 859
Other financial liabilites	-	-	(594 278)	(387 693)	(17 658 874)	(15 856 651)	(18 253 152)	(16 244 344)
Total other financial assets and liabilites	-	-	17 393	505 883	(16 985 549)	(15 208 758)	(16 968 156)	(14 702 875)
Total	-	-	(401 614)	21 597	15 047 740	12 283 784	14 646 126	12 305 381

Determining Fair Value of Investment Properties includes a material level of assumptions, estimates and judgments and hence has been allocated to Level 3.

Note 11.2 – Litigations and claims

At the end of the year, the Steen & Strøm Group was involved in the following material legal disputes:

Emporia – claim for bonus from Advansia

Advansia acted as construction manager for the Emporia development. The agreement with Advansia contained a bonus clause, under which Advansia claim that they are entitled to the full bonus of MSEK 17. Steen & Strøm accepts a bonus of MSEK 2.3, but has rejected the remainder of the claim of MSEK 14.6, which is based on (1) successful delivery of Emporia on time, and (2) delivery within the budgeted cost.
Steen & Strøm has also presented a counterclaim against Advansia.

Advansia has referred the bonus discussion to arbitration. However the arbitration court ruled in favor of Steen & Strøm, and dismissed the case. Advansia are now preparing a case for the ordinary Swedish courts.

Metro Senter – tax issue

In connection with the extension of Metro from 2005 to 2012, the local municipality imposed on Metro Senter ANS ("Metro") an obligation to construct public infrastructure, most notably a public road with four roundabouts. The total infrastructure contributions amount to in excess of MNOK 100.

After a tax audit, the authorities concluded that Metro was not entitled to tax deduction for the expenses. Consequently, the tax authorities have stated that the deductions made in 2008 and 2009 cannot be upheld.

The case was suspended pending a similar case in Oslo, and has now been reassumed, oral hearings to take place in April 2016.

Field´s – "Naturklagenævnet"

On 17.2.2011 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. The first hearing will take place in May 2015.

Note 11.3 – Transactions with related parties

Related parties

Steen & Strøm AS is owned 100% by Storm Holding Norway AS. Storm Holding Norway AS is owned by Nordica Holdco AB, which in turn is owned by subsidiaries of Klépierre and APG.

All transactions with the related parties are carried out at arm's length principle.

Other general expenses

The Steen & Strøm Group has adopted the standard IT-platform of Klépierre. For these services the Group is charged the following IT operational fees from Klépierre:

(in KNOK)	31/12/2015	31/12/2014
Standard IT fee	(11 590)	-
Digital communication platforms	(2 845)	-
Total	**(14 435)**	**-**

Financial expenses

Steen & Strøm AS has receivables on both Nordica Holdco AB and Storm Holding Norway AS. The receivables are interest bearing at NIBOR + 1.0%.

(in KNOK)	31/12/2015	31/12/2014
Nordica Holdco AB	15 912	-
Storm Holding Norway AS	9 366	-
Total	**25 278**	**-**

Intangible assets

The Group capitalizes the following IT development fee from Klépierre covering development of the operational IT software platform:

(in KNOK)	**31/12/2015**	**31/12/2014**
IT development fee	(4 310)	(36 592)
Total	**(4 310)**	**(36 592)**

Other non-current financial assets

Steen & Strøm AS has receivables on both Nordica Holdco AB and Storm Holding Norway AS.

(in KNOK)	**31/12/2015**	**31/12/2014**
Nordica Holdco AB	464 316	448 404
Storm Holding Norway AS	205 906	196 540
Total	**670 222**	**644 944**

Note 11.4 – Post-balance sheet date events

The Group has not identified any material subsequent events that will affect the accounts.

Note 11.5 – Auditing fees

2015 (in KNOK)	Statutory Audit	Other Certification	Other Services	Total
Parent company	(1 215)	-	(102)	**(1 317)**
Subsidiaries in Norway	(384)	-	(34)	**(418)**
Subsidiaries abroad	(939)	(75)	(300)	**(1 314)**
Total	**(2 539)**	**(75)**	**(435)**	**(3 049)**

The Group's auditor is Deloitte except for some joint venture companies which are audited by EY, PWC and KPMG.

EY is auditor of Oslo City Kjøpesenter AS which was acquired 31.12.2015.

Annual report Steen & Strøm AS
for the period January 1 to December 31 **Figures in NOK 1000**

Operating income and expenses	Note	2015	2014
Other operating income		53 834	50 201
Gain from sales of assets	6	239	0
Total operating income		**54 073**	**50 201**
Salaries	1,14	23 276	26 118
Depreciation	6	24 668	24 964
Other operating expenses	12	28 713	37 815
Total operating expenses		**76 657**	**88 897**
Operating profit		**-22 585**	**-38 696**
Financial income and expenses			
Income from investments in subsidiaries		90 932	163 635
Interest received from group companies		50 042	62 415
Other interest income		107 179	94 988
Other financial income	15	260 683	126 239
Write down on shares in subsidiaries		-17 400	0
Interest paid to group companies		-168	-95 186
Interest on borrowings	10	-337 999	-275 369
Reversal of write down of shares	8	17 400	21 900
Gain from sales of shares		147 308	0
Other financial expenses	15	-121 109	-53 032
Net financial income and expenses		**196 867**	**45 590**
Net profit before tax		**174 282**	**6 894**
Tax cost			
Tax cost on ordinary result	13	-47 361	48 192
Tax cost		**-47 361**	**48 192**
Profit for the year		**126 922**	**55 086**
Profit per share - basic and diluted	*2*	4,18	1,81
Comprehensive income			
Profit of the year		126 922	55 086
Statement of other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Hedging		49 212	-35 829
Item that will not be reclassified subsequently to profit and loss			
Pension		0	-1 193
Total comprehensive income for the period, net of tax		**176 134**	**18 063**

Annual report Steen & Strøm AS
Year ended December 31

ASSETS	Note	2 015	2 014
Fixed assets			
Intangible assets			
Deferred tax assets	13	297 783	366 790
Total intangible assets		**297 783**	**366 790**
Property, plant & equipment			
Company cabin	6	3 824	4 092
Cars, machinery and equipment	6	113 385	128 397
Total property, plant & equipment		**117 210**	**132 489**
Financial assets			
Investment in subsidiaries	8	6 549 593	6 520 982
Loans to subsidiaries	9, 15	2 554 598	2 566 943
Investments in joint ventures	7	4 610 567	1 480 876
Investments in shares	8	0	0
Other receivables	9, 15	636 576	636 635
Total financial assets		14 351 334	11 205 436
Total non current assets		**14 766 327**	**11 704 715**
Current Assets			
Receivables			
Trade receivables		529	528
Loans to group companies	9	93 244	180 352
Other receivables	9	8 324	13 295
Total receivables		**102 097**	**194 175**
Shares and other financial instruments			
Shares		855	855
Cash and cash equivalents			
Cash and cash equivalents	1	2 856 510	3 041 590
Total current assets		**2 959 461**	**3 236 620**
Total assets		17 725 788	14 941 335

Annual report Steen & Strøm AS
Year ended December 31

EQUITY AND LIABILITIES	Note	2015	2014
Equity			
Contributed equity:			
Ordinary shares (30.402.116 shares à NOK kr.1,91)	2	58 134	58 134
Not registered equity		17 872	0
Treasury shares	3	-2 199	-2 199
Equity premium		4 028 584	2 746 456
Total contributed equity		4 102 391	2 802 391
Retained earnings:			
Other equity		1 473 217	1 297 084
Total earned equity		1 473 218	1 297 084
Total equity		**5 575 609**	**4 099 476**
Liabilities			
Non-current liabilities			
Bonds	10	4 163 750	3 723 981
Borrowings to financial institutions	10	2 905 976	2 082 058
Liabilities to group companies	9	103 128	0
Pension liabilities	14	0	12 296
Total non-current liabilities		7 172 854	5 818 335
Current liabilities			
Accounts payable		2 762	42 807
Other taxes & withholdings		7 358	1 879
Borrowings to financial institutions	10	3 502 773	3 259 031
Liabilities to group companies	9	0	870
Certificates and bonds and other debt	10	1 240 000	1 450 000
Other current liabilities	15	224 433	268 939
Total current-liabilities		4 977 326	5 023 525
Total liabilities		**12 150 180**	**10 841 860**
TOTAL EQUITY AND LIABILITIES		**17 725 788**	**14 941 335**

Oslo, 24.5.2016

Laurent J. J. Morel
Chairman of the Board

Jean-Michel Gault
Member of the Board

Patrick M. Kanters
Member of the Board

Jean-Marc Jestin
Member of the Board

Rafael Torres Villalba
Member of the Board

Philippe Grenet
Chief Executive Officer

Statement of changes in equity

	Ordinary Shares	Not regsitered Equity	Treasury shares	Equity premium	Other equity	Total
Balance 01.01.2014	**58 134**	**-**	**-2 199**	**2 746 456**	**1 279 021**	**4 081 412**
Profit of the year					55 086	**55 086**
Group contributions for 2012					-	**-**
Cashflow hedging effects and fx.					-35 829	**-35 829**
Pension					-1 193	**-1 193**
Balance 31.12.2015	**58 134**	**-**	**-2 199**	**2 746 456**	**1 297 084**	**4 099 475**
Balance 01.01.2015	**58 134**	**-**	**-2 199**	**2 746 456**	**1 297 084**	**4 099 475**
Demergers						-
Pensions					-	-
Capitial increase		17 872		1 282 128		1 300 000
Profit of the year					126 922	126 922
Group contributions for 2014					-	-
Cashflow hedging effects and fx.					49 212	49 212
Balance 31.12.2015	**58 134**	**17 872**	**-2 199**	**4 028 584**	**1 473 218**	**5 575 609**

Steen & Strøm AS	2015	2014
Cash flow statement		
Profit for the year	126 922	55 086
Tax expenses for the year	47 361	-48 192
Paid tax for the period	0	0
Gain/Loss on sale of non-current assets	239	0
Income on shares in partnerships	200	0
Depreciation on fixed assets	24 668	24 964
Write-down/reversal of write-down on financial assets	0	-21 900
Changes in accounts receivables	-1	182
Changes in accounts payable	-40 045	42 807
Changes in other taxes & witholding	5 479	-447
Changes in other current assets & other liabilities	-40 346	-504 714
Change in pension	-12 296	1 054
Net cash flow from operating activities	**112 181**	**-451 160**
Proceeds from sale of non-current assets	389	150
Payments on acquisitions of non-current assets	-9 538	-128 474
Payments on acquisitions of other assets	0	-27 909
Payments on convertion of intercompany debt	147 308	-136 744
Payments on acquisitions of joint venture	-3 187 591	0
Payments/proceeds from borrowings	99 454	941 080
Change in other investments	-35 443	67 365
Net cash flow from investment activities	**-2 985 422**	**715 468**
Proceeds from borrowings - non current	439 769	1 683 981
Payments on borrowings - non current	823 918	-1 966 037
Proceeds from current borrowings	-210 000	-70 000
Changes in bank overdraft	243 742	193 162
Proceeds from dividends	90 732	98 250
Proceeds from capital increases	1 300 000	0
Net cash flow from financial activities	**2 688 161**	**-60 645**
Net changes in cash	**-185 080**	**203 663**
Cash at the start of the period	**3 041 590**	**2 837 926**
Net changes in cash	**-185 080**	**203 663**
Cash at the end of the period	**2 856 510**	**3 041 590**

NOTES TO FINANCIAL STATEMENTS 2015 - Steen & Strøm AS

All amounts in NOK 1.000, unless otherwise specified.

Accounting Principles

See note 2 on the group's principles in the consolidated financial statements.

Shares in subsidiaries and group

Shares in subsidiaries and joint ventures are stated using the cost method in the company accounts.
Group contributions from subsidiaries are recognized in the year the group contribution has been approved.
Group contribution given in current year is added to the cost price related to investment in subsidiaries decision to be made by the General Assembly.

Note 1

Payroll expenses, number of employees, remuneration etc..

Salaries	**2015**	**2014**
Salaries and wages	24 657	15 642
Social security tax	4 203	3 916
Pension costs	-9 786	2 537
Other benefits	4 202	4 023
Total	**23 276**	**26 118**

Number of employees

The average number of employees in Steen & Strøm AS in 2015 was 15 (16).

Remuneration of senior executives

See note 10.1 of the consolidated financial statements.

Auditing fees

See note 11.5 of the consolidated financial statements.

Restricted funds

Of the company's cash and cash equivalents TNOK 4.644 (562) amount to restricted funds.

Note 2

Earnings per. share and dividend

Earnings per. Share

Average number of outstanding shares in 2015 was 30.402.116 (30.402.116).

Earnings per. share amounts to 4,18 (1,81) calculated for a profit of TNOK 126.922 (55.086).
Earnings per. share is calculated on the basis of net shares outstanding. Outstanding shares are 29.303

Capital changes

No dividend was paid to the shareholders in 2014.
It is proposed a dividend payment of TNOK 0 (0) for 2015.

Note 3

Number of shares, shareholders ETC

See note 5.9 of the consolidated financial statements.

Note 4

Shares owned by the CEO or members of the Board

See note 10.3 of the consolidated financial statements.

Note 5

Treasury shares

See note 5.9 of the consolidated financial statements.

Note 6
Fixed assets and investment properties

Vehicles, furniture and office equipment, software and machinery.

	2015	2014
Acquisition cost as of 01.01	165 716	88 349
Acquisition	9 539	128 474
Disposal	790	51 107
Acquisition cost as of 31.12	174 466	165 716
Acc. depreciation as of 31.12	61 081	37 320
Book value as of 31.12	**113 385**	**128 397**
Depreciation for the year	24 400	24 679
Depreciation for the year	3- 8 years	3- 8 years

Company Cabin

	2015	2014
Acquisition cost as of 01.01	6 698	6 698
Acquisition cost as of 31.12	6 698	6 698
Acc. depreciation as of 01.01	2 606	2 321
Acc. depreciation as of 31.12	2 874	2 606
Book value as of 31.12	**3 824**	**4 092**
Depreciation for the year	268	285
Depreciation of property	4 %	4 %

For more information on valuation of investment properties and principles used, see notes 5.3 and 5.4 of the consolidated financial statements.

Note 7

Shares in associated companies/joint ventures

Associated companies/joint ventures in the statutory accounts, recorded at cost method.

Company	Ownership 31.12	Value 01.01	Acquisiton/Disposal 2015	Value 31.12
Metro Senter ANS	50,0 %	540 750	-50 000	490 750
Nordbyen Senter DA	50,0 %	244 750	44 100	288 850
Åsane Storsenter DA	49,9 %	392 125	-75 000	317 125
Økern Sentrum ANS	50,0 %	303 250	23 000	326 250
Oslo City Kjøpesenter AS	66,7 %	-	3 187 591	3 187 591
Total		**1 480 876**	**3 129 692**	**4 610 567**

Note 8

Other investments

Company	Ownership	Value 31.12
Fresch Approach AS	28,0 %	-
Gumøy Golf AS	7,8 %	-
Total		-

	2015	2014
Book value of investments in subsidiaries	6 549 593	6 520 982

All subsidiaries are valued at cost.
For a list of all subsidiaries of Steen & Strøm AS, see note 4 of the consolidated financial statements.
I 2015 theres has been a write down of investments in subsidaries of TNOK 18.400 and a reversal of write down of investments in subsidaries of TNOK 18.400 due to impairment tests.

Note 9
Intercompany receivables and payables

Current assets and current liabilities	**2015**	**2014**
Current receivables from group companies	52 789	180 352
Current receivables from parent company	-	-
Total current	52 789	180 352
Long-term receivables from group companies	3 191 174	3 203 578
Other receivables	40 455	8 537
Total receivables	3 284 418	3 392 467
Current liabilities to group companies	-	870
Long-term liabilities to group companies	103 128	-
Total liabilities	103 128	870

Receivables due after one year	**2015**	**2014**
Other long term assets	3 191 174	3 203 578
Other receivables	0	0
Total long-term assets	**3 191 174**	**6 294 633**

Long-term receivables/liabilities to group companies have a maturity of 3 years.

Other receivables

	2015	**2014**
Receivables from parent	0	0
Other	8 324	13 295
Total other receivables	8 324	13 295

Note 10

Liabilities

Long term interest bearing borrowin	**Effective interest rate**	**2015**	**2014**
Bonds	3,16 %	4 163 750	3 723 981
Borrowings to financial institutions	3,44 %	2 905 976	2 082 058
Total		**7 069 726**	**5 806 039**

Current borrowings

1. year repayment term of credit	3,44 %	925 000	390 000
Certificates	2,22 %	1 240 000	1 450 000
Borrowing to financial institutions	3,44 %	2 577 773	2 869 031
Total		**4 742 773**	**4 709 031**

Repayment plans, and renegotiation of long-term debt:

Between 1 and 5 years	6 069 726	4 815 400
More than 5 years	1 000 000	990 639
Total	**7 069 726**	**5 806 039**

The table excludes intercompany loans. Secured debt includes also collatoral of other Group companies' assets. See note 4 of the consolidated financial statements for a complete listing of subsidiaries in the group.

Note 11
Guarantees

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

	Total debt	SST Share	Ownership
Gulskogen Senter ANS	8 268	8 185	99,0 %
Økern Senter ANS	18 238	9 119	50,0 %
Åsane Storsenter DA	4 217	2 104	49,9 %
Nordbyen Senter DA	1 094	547	50,0 %
Metro Senter ANS	11 663	5 831	50,0 %
Total	43 480		

Steen & Strøm AS have given bail declarations for all of the subsidiaries.

Note 12
Breakdown of other operating expenses

	2 015	2 014
Rental space	4 638	7 605
Management and other fees	3 727	7 145
Other operating expenses	18 147	19 143
Other administrative costs	2 201	3 922
Total	**28 713**	**37 815**

Note 13

Taxes

	2015	2014
Temporary differences		
Fixed assets	-1 636	-2 602
Long-term liabilities	-89 112	-8 369
Long-term receivables	445 658	315 717
Accruals	-5 897	-4 381
Pension assets / liabilities	0	-12 296
Shares in partnerships	-1 082 068	-882 937
Shares in partnerships adjustments in 2014	0	-140 745
Taxable profit and loss account	22 806	28 507
Accrual of interest rate swap	8 437	8 343
Other differences	-126 064	-196 937
Net temporary differences	-827 876	-895 699
Losses carried forward	-158 782	-372 050
Group Contribution 2015	-189 328	-90 732
Basis for deferred tax / tax assets	**-1 175 986**	**-1 358 482**
27% deferred tax / deferred tax assets	-317 516	-366 790
Change in tax rate (from 27% to 25 %)	23 520	0
Change in tax rate - effect on group contribution 2015	-3 787	0
Total deferred tax assets (-)/ liabilities	**-297 783**	**-366 790**

Explanation of the tax charge		
27% tax on profit before tax	47 056	1 861
Effect of group contribution 2015 change in tax rate	-3 787	0
Effect on change in tax rate 2015	23 520	0
Change in tax papers 2014	6 222	0
Permanent differences on shares	-1 167	-6 180
Change in valuation allowance for MF shares	-24 498	-5 913
Permanent differences - Other differences (27%)	14	43
Income tax expense	***47 361***	***-10 189***

Tax expense on ordinary profit for the year:

	2015	2014
Analysis of tax charge:		
Taxes payable	0	-10 189
Change in deferred tax	41 837	-51 695
Change in tax rate (from 27% to 25 %)	27 170	0
Change in deferred taxes due to demerger	0	0
Income tax expense, income	**47 361**	**-48 190**

Basis for tax payable	**2015**	**2014**
Profit before tax	174 282	6 895
Write-downs on shares	0	-21 900
Group contribution 2014	0	0
Income from partnerships	139 204	140 745
Difference from the sale of shares	0	0
Revenue from the company within the exemption method	-143 527	-163 635
Unrealized foregin exchange gains	0	0
Other permanent differences	50	161
Basis for this year's tax	170 009	-37 734
Change in temporary differences	-79 181	-103 790
Received group adopted this year	-90 732	0
Taxable income	**96**	**-141 524**
Use of tax loss carryforwards	-96	0
Basis for tax payable	**0**	**-141 524**

Note 14

Pensions

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of that law. The Group has phased the defined benefit plan in 2015. The scheme had 13 members as of 31.12.2014.

From 2015 the company only has a scheme which is funded from operations. The scheme is managed by Storebrand.

Financial assumptions

	2015	2014
Discount rate		3,00 %
Expected wage adjustment		3,25 %
Expected return on plan assets		3,00 %
Expected pension increase		0,10 %
Expected adjustment of pension benefits		3,00 %
Expected turnover		2,50 %

The actuarial assumptions are based on common assumptions in the insurance industry with respect to demographic factors.

Amounts recognised in comphrehensive income in respect of these defined benifit plans are as follows:

	2015	2014
Service cost:		
Current service cost	-	2 125
Past service cost and gain (loss) from settlements	-	-
Net intereset expense	-	412
Components of pension costs recognised in profit or loss	-	**2 537**
Remeasurement of net defined benefit liability:		
Return on plan assets (exl. amounts included in net interest expense)	-	208
Actuarial gains and losses arisining from changes in demographic assumptions	-	-
Actuarial gains and losses arisining from changes in financial assumptions	-	3 100
Actuarial gains and losses arising from experience adjustments	-	(1 867)
Other	-	194
Components of pension costs regonised in other comprehensive income	-	**1 633**
Total	-	**4 170**

	2015	2014
Net pension liability		
Present value of funded defined benefit obligation	-	26 561
Fair value of plan assets	-	(15 260)
Social security taxes	-	995
Net pension liability	-	**12 296**

Reconciliaiton of pension obligation		
Opening pension liability	12 297	10 049
Effect of transition to IAS 19R to be booked 1.1.2013		
Pension costs recognised in profit or loss	(12 297)	2 537
Remeasurement gains and losses	-	1 633
Premium Payments etc		(1 922)
Net recognised pension liability as of 31/12	**(0)**	**12 297**

Note 15
Financial instruments - financial market risk

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

The company has, as of 31.12.2015 recorded a debt of NOK 153.116 (224.106) related to financial instruments.

Summary of receivables and debts in foreign currency:

	2015	**2014**
Long-term receivables		
TSEK	2 415 001	3 463 985
TDKK	-	-
Long-term debt		
TSEK	877 280	500 000
TDKK	80 000	-
Exchange rate on the balance sheet date		
SEK	1,05	0,96
DKK	1,29	-
Figures in Norwegian Kroner		
Long-term receivables	**2 529 713**	**3 334 432**
Long-term debt	**1 022 079**	**481 300**

Assets and liabilities are recorded at exchange rates per. 31.12.2015. This means that changes in exchange rates compared with last year's exchange rates. 31.12.2014 appear in the accounts as a loss / gain.

Steen & Strøm AS has in 2015 had a net gain on foreign currency of TNOK 142.603 (91.027). Of this amount 10.453 (-7.388) is realized.

Remaining lines of credit are TNOK 850.000.

Note 16
Related parties

See note 11.3 of the consolidated financial statements.

Note 17
Litigation and claims

See note 11.2 of the consolidated financial statements.

Note 18
Post-balance sheet date events

See note 11.4 of the consolidated financial statements.

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To the Annual Shareholders' Meeting of Steen & Strøm AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Steen & Strøm AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the statement of financial position as at 31 December 2015, and the statement of profit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Steen & Strøm AS and of the group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

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 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, 24 May 2016
Deloitte AS

Bjørn Prestegard

Bjørn Prestegard
State Authorised Public Accountant (Norway)