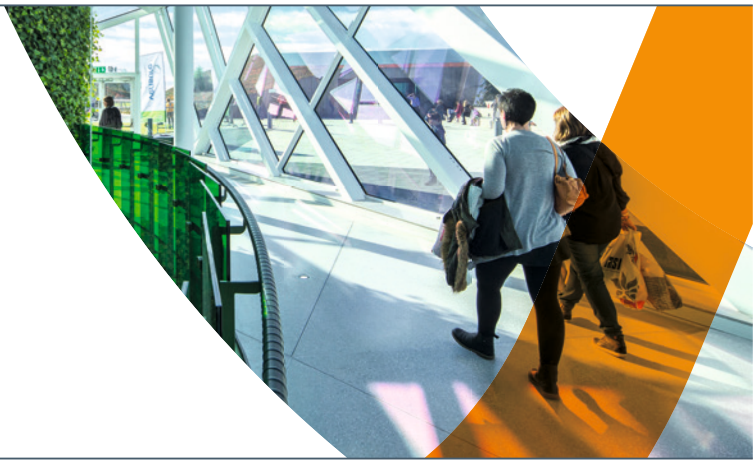
ANNUAL REPORT 2016

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE

CONTENT

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE

BOARD OF DIRECTORS' REPORT 2016



Steen & Strøm's shopping center portfolio has seen a positive development throughout 2016.

Total retail sales for Steen & Strøm's shopping centers increased by 2,7% in 2016 on a like-for-like basis. Per country, the sales evolution was an increase of 2,3% in Norway, 3,4% in Sweden and 2,5% in Denmark.

Impacted by the addition of Oslo City in December 2015, gross rental income increased 15,9% in 2016, while net rental income increased 20,6% to NOK 1 691,3 million (NOK 1 402,2 million), implying a net to gross rent ratio of 92,1% (88,5%). On a like-for-like basis, net rental income increased by 5,5% in 2016, whereof 2,7% in Norway, 6,4% in Sweden and 7,6% in Denmark.

The group generated pre-tax profits of NOK 3 900,2 million in 2016 (NOK 3 084,5 million) which was positively impacted mainly by value adjustments of investment properties of NOK 2 476,3 million (NOK 2 010,9 million), higher income from disposals and a decrease in payroll expenses.

Steen & Strøm has, as part of its asset rotation strategy, divested three shopping centers during 2016. Following the NOK 3,2 billion acquisition of Oslo City in December 2015, Åsane Storsenter (49.9% Steen & Strøm share) and Torp Köpcentrum (100% Steen & Strøm share) were sold to the Olav Thon Group in November 2016. The two assets had a total property value of NOK 2,25 billion (Steen & Strøm share).

Lillestrøm Torv (100% Steen & Strøm share) was divested to DNB Scandinavian Property Fund based on a property value of NOK 800 million. The closing of the transaction for Lillestrøm Torv took place in January 2017.

In addition, Steen & Strøm signed an agreement with Kungsleden in December 2016 for the divestment a non-core office property tied to the Emporia shopping center in Malmö. The transaction, based on a property value of SEK 470 million, was finalized during Q1 2017 following the partition of the office property from the shopping center.

The proceeds from the disposals have mainly been used for debt redemption. As a result, Steen & Strøm has significantly improved its financial position during the year. As of 31.12.2016, the group's net loan-to-value (LTV) ratio was 33,8%, while the book equity ratio was 51.4%. EBITDA net interest coverage, adjusted for valuation changes and one-time charges, was 4.8x for the year.

These figures reflect a long-time trend in which Steen & Strøm has improved its financial position through an active asset rotation strategy that targets high-quality, large shopping centers in high-density areas.

The group's loan-to-value ratio has been lowered by approximately 25% since 2010. Steen & Strøm is now well positioned for selected acquisition opportunities or development projects that fall within the group's portfolio strategy.

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KEY FIGURES

Steen & Strøm leases premises at its shopping centers to tenants. The rent that retail tenants are able to pay depends, over time, 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 2016 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 areas. The outlook for continued growth in consumer spending remains positive in Scandinavia, supported by rising real incomes and a low interest rate environment.

Net rental income

Net rental income from shopping center operations amounted to NOK 1 691,3 million (NOK 1 402,2 million), of which gross rental income made up NOK 1 836,3 million (NOK 1 584,5 million). These figures exclude rental income from partly owned centers consolidated under the equity method (Metro, Nordbyen, Økern and Åsane). Total NRI, including equity investments, amounted to NOK 1 959,5 million (1 717,4 million) in 2016.

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 approximately 97% of the total rent in 2016. The average duration of remaining contracts is approximately 3 years.

Operating expenses

Operating expenses directly tied to shopping center operations amounted to NOK 145,0 million (NOK 182,4 million). In addition, head office and other general expenses, including depreciation, made up NOK 174,0 million (NOK 178,7 million).

Fair value adjustments

Fair value adjustment of investment properties was NOK 2 476,3 million (NOK 2 010,9 million), including equity method investments. The valuation of the shopping centers is based on an average yield of 4,83% (5,13%). The shopping centers and projects have a book value of NOK 36,6 billion (NOK 37,9 billion) as of 31.12.2016, including equity method investments and assets held for sale.

The majority of the Groups' assets consist of investment properties and valuation of investment properties is assessed as a critical accounting estimate. The Group has established routines where the investment properties are valued semi-annually by an external appraiser. The valuation of investment properties are based upon assumptions and estimates that require significant judgment and may vary significantly dependent on the assumptions applied.

Operating profit/loss

The group's operating income was NOK 4 037,5 million (NOK 3 312,1 million) after fair value adjustments.

Gain on sale of assets made up NOK 166,5 million in 2016 (NOK 41,0 million), while other operating revenue made up NOK 10,4 million (NOK 20,0 million).

Financial expenses

Net financial expenses amounted to NOK -391,4 million (NOK -287,9 million), but is impacted by NOK 45,7 million of currency translation losses. Interest cost on external loans and hedges was approximately NOK 345 million in 2016.

In addition, NOK 253,6 million (NOK 60,1 million) was received in income from other investments (equity method shares).

Mainly due to disposals and debt redemptions in 2016, net interest bearing debt decreased by NOK 3,7 billion during the year to NOK 12,4 billion (NOK 16,1 billion) at 31.12.2016. The average interest rate was 2,4% in 2016 and 2,6% in 2015.

Pre-tax profit

Pre-tax profits amounted to NOK 3 900,1 million (NOK 3 084,5 million). Before fair value adjustments and one-time effects the pre-tax profit amounted to NOK 1 390,3 million, which is NOK 375,5 million higher than 2015.

Cash flow

Net cash flow from operational activities was NOK 1 698,8 million (NOK 1 672,6 million), while net cash flow from investment activities was NOK 1 308,2 million (NOK -3 588,0 million). Net cash flow from financial activities was NOK -3 006,4 million (NOK 1 497,1 million). Cash and cash equivalents decreased by NOK 26,6 million in 2016 and amounted to NOK 145,7 million at 31.12.2016.

The group has liquidity reserves through unused drawing rights of approximately NOK 600 million and unmortgaged properties of approximately NOK 6,5 billion.

Balance sheet

Group assets as of 31.12.2016 were booked at NOK 38,7 billion (NOK 39,4 billion), of which investment properties amounted to NOK 36,6 billion (NOK 37,9 billion).

Book equity amounted to NOK 19,9 billion as of 31.12.2016, corresponding to an equity ratio of 51,4% (44,7%).

SHOPPING CENTER OPERATIONS

Steen & Strøm is responsible for operations of 18 shopping centers in Scandinavia. Of these, Steen & Strøm owns all or part of 10 centers in Norway, 5 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 8, and partly owns 2 shopping centers in Norway after the divestment of Åsane Storsenter in November 2016 and Lillestrøm Torv in January 2017. Økern Senter is classified as a development project and not included in these figures.

The shopping centers saw an increase in retail sales of 2,3% on a constant portfolio basis in 2016. This good performance is partly attributed to the success of Black Friday events in late November (retailer's sales up 6,3%). Centers in the Oslo area outperformed with a turnover increase of 6,3% at Vinterbro, 4,4% at Metro, 5,4% at Gulskogen and 6,9% at Oslo City.

The shopping centers had total gross rental income of NOK 697,6 million (NOK 517,5 million) in 2016. Operating income, adjusted for fair values changes and income from disposals, amounted to NOK 566,0 million (NOK 401,8 million). Like-for-like increase in net rental income was 2,7% in 2016, outperforming index-linked adjustments (2,5%).

Shopping centers in Denmark

Steen & Strøm owns and operates 3 shopping centers in Denmark.

The three fully-owned shopping centers in Denmark increased retail sales by 2,5% in 2016. Gross rental income for the Danish centers amounted to NOK 507,7

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million (NOK 458,9 million). Operating income, adjusted for valuation changes and income from disposals, amounted to NOK 449,8 million (NOK 370,9 million). Like-for-like increase in net rental income was 7,6% in 2016, outperforming index-linked adjustments by 5,7%. Major leasing and re-letting initiatives carried out in 2015 and throughout 2016 at Bruun's Galleri, Bryggen and Field's contributed to this upside.

Shopping centers in Sweden

Steen & Strøm owns and operates 5 shopping centers in Sweden after the divestment of Torp Köpcentrum in November 2016.

The shopping centers saw an increase in retail sales of 3,4% on a constant portfolio basis in 2016, supported by strong performance posted by retailers at Emporia (+5,9%).

Gross rental income for the Swedish centers amounted to NOK 630,9 million (NOK 608,1 million). Operating income, adjusted for valuation changes and income from disposals, amounted to NOK 511,9 million (NOK 470,7 million). Like-for-like increase in net rental income was 6,4% in 2016, outperforming index-linked adjustments by 6,4%. The performance is attributable to higher variable rents as a result of solid retailers' sales growth and the positive impact of re-tenanting actions.

Research and Development

The Group do not have any Research and Development activities.

SHARES AND SHAREHOLDER ISSUES

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 Norway AS is indirectly owned by the French shopping center group Klépierre (56.1%) and Stichting Depositary APG Strategic Real Estate Pool (43.9%). Klépierre is one of Europe's leading shopping center companies and is represented in 16 countries, including Scandinavia. APG is one of the world's largest pension fund managers, based in the Netherlands.

ORGANIZATION AND ENVIRONMENTAL ASPECTS

Employees

Steen & Strøm had 159 (188) employees at the end of 2016 and 14 (12) of these were employed in the parent company. Employees working for the group are by gender 63 percent women and 37 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. Due to outsourcing of technical personnel in Denmark, the percentage changed for women from 54% in 2015 to 63% in 2016, for men; 46 % in 2015 to 37% in 2016.

Women are overrepresented in positions and departments like accounting, rental, marketing and as shopping center assistants, while men are overrepresented in corporate 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 men 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 1,4% for the group (3,0% in 2015). 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. Steen & Steen started the recertification process in November 2016, and expects to receive the new ISO-14001 certificates in May 2017 for the next 3 year period.

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 2016, 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 55 actors within the pier: "Unlisted Retail real estate companies". "Green Star" is the highest level of rating in the GRESB quadrant benchmark methodology.

Steen & Strøm has also in 2016 been nominated for the BREEAM-GRESB Award "Corporate Investment in Responsible Real Estate". The judging criteria for this award is based on the proportion of total existing portfolio formally assessed and certified through generally accepted building certifications and the level of commitment to drive the achievement of higher levels through corporate policies.

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.

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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.

The CSR 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.

Key target areas

Steen & Strøm will still continue the project for harmonization of 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 2017. In 2016, approximately 64% 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 2020. In Norway, an important goal is to install water meters in tenant's areas with consumption equal to/or exceeding 10 m^3 per year.

Within transport, one of the goals is to increase the number of charging stations/points for electric cars by the end of 2017. Approx. 158 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 3rd party suppliers are available in the marked.

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.

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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 2017, 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 un-mortgaged 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 5 in 2016, 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 94,0% 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. Cushman & Wakefield has appraised the portfolio in 2016.

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.

BOARD OF DIRECTORS' REPORT 2016

Steen & Strøm AS

Steen & Strøm AS had a profit in 2016 of NOK 403,7 million compared to NOK 126,9 million in 2015. Increased profit in 2016 compared to 2015 is mainly related to gain from sale of shares.

The Board proposes that the net profit for 2016 of NOK 403 700 thousand is transferred to other equity

Total balance at 31 December 2016 and 2015 were NOK 13 906,5 million and NOK 17 725,8 million, respectively. The decrease in total balance at 31 December 2016 compared to 31 December 2015 is mainly related to repayment of loans with corresponding reduction of cash and cash equivalents.

Cash flow from operating activities for 2016 and 2015 were NOK -19,4 million and NOK 112,2 million, respectively.

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 shopping center companies. 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.

OSLO, 28.4.2017

THE BOARD OF DIRECTORS WOULD LIKE TO THANK ALL EMPLOYEES AND CUSTOMERS FOR GREAT EFFORTS AND POSITIVE CONTRIBUTIONS IN 2016.

Jean-Marc Jestin
Chairman of the Board

Jean-Michel Gault
Member of the Board

Patrick M. Kanters
Member of the Board

Benat Ortega
Member of the Board

Rafael Torres Villalba
Member of the Board

Philippe Grenet
Chief Executive Officer

STEEN & STRØM GROUP

FINANCIAL STATEMENTS

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of NOK	**Note**	**2016**	**2015**
Gross Rental Income	3.1	1 836 272	1 584 527
Land expenses (real estate)		-7 748	-7 331
Non-recovered rental expenses		-128 556	-118 368
Building expenses (owner)		-8 649	-56 673
Net rental income		**1 691 320**	**1 402 156**
Management, administrative and related income		87 500	127 533
Other operating revenue		10 412	19 983
Survey and research costs		-50	-103
Change in the fair value of investment property	5.3	2 343 349	2 027 639
Payroll expenses	10	-154 661	-177 828
Other general expenses		-77 577	-94 092
Depreciation and impairment allowance on investment properties	5.3	-280	-898
Depreciation and impairment allowance on intangible assets and property, plant and equipment	5.1/5.2	-29 268	-33 453
Provisions		276	139
Proceeds from disposal of investment properties and equity investments		*1 967 628*	*203 587*
Net book value of investment properties and equity investments sold		*-1 801 106*	*-162 553*
Income from disposal of investment properties and equity investments	6.1	166 522	41 033
Operating income		**4 037 542**	**3 312 109**
Net dividends and provisions on non-consolidated investments		416	201
Financial income		*544 166*	*347 404*
Financial expenses		*-935 521*	*-635 261*
Net cost of debt	6.2	-391 355	-287 857
Share of earnings in equity investment entites	5.4	253 579	60 060
Profit before tax		**3 900 183**	**3 084 512**
Corporate income tax	7	-814 859	-649 071
Net income of consolidated entity		**3 085 324**	**2 435 442**
Of which			
Group share		*3 085 333*	*2 435 387*
Non-controlling interests		*-9*	*55*
Average number of shares (in thousands)		**29 303**	**29 303**
Earnings per share - Group share		**105**	**83**

In thousands of NOK	**Note**	**2016**	**2015**
Net income of consolidated entity		**3 085 324**	**2 435 442**
Other comprehensive income items recognized directly as equity			
Items that may be reclassified subsequently to profit or loss			
Effective portion of profits and losses on cash-flow hedging instruments (IAS 39)		70 412	92 854
Tax on cash-flow hedging instruments		-19 395	-24 166
Translation profits and losses		-760 035	941 194
Items that will not be reclassified subsequently to profit or loss			
Total comprehensive income		**2 376 306**	**3 445 324**
Of which			
Group share		*2 376 328*	*3 447 459*
Non-controlling interests		*-22*	*-2 136*
Comprehensive earnings per share - Group share		**81**	**118**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of NOK	Note	31/12/2016	31/12/2015
Goodwill	4.2	348 425	-
Intangible assets	5.1	97 385	112 955
Property, plant and equipment and work in progress	5.2	30 051	20 390
Investment properties	5.3	32 206 048	30 424 478
Investment properties under construction	5.3	1 356 519	1 608 811
Equity method securities	5.4	1 676 240	5 739 006
Other non-current assets	5.5	1 148 328	673 325
Deferred tax assets	7	107 017	175 361
NON-CURRENT ASSETS		**36 970 013**	**38 754 326**
Investment properties held for sale	5.3	1 247 203	-
Trade accounts and notes receivables	5.6	238 955	167 031
Other receivables	5.7	147 994	272 371
Tax receivables		*98 073*	*79 617*
Other debtors		*49 922*	*192 754*
Cash and cash equivalents	5.8	145 704	172 268
CURRENT ASSETS		**1 779 857**	**611 671**
TOTAL ASSETS		**38 749 870**	**39 365 997**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of NOK	Note	31/12/2016	31/12/2015
Share capital		76 005	76 005
Additional paid-in capital		4 028 585	4 028 585
Consolidated reserves		12 703 372	11 053 574
Treasury shares		*-2 747*	*-2 199*
Hedging reserves		*-227 378*	*-278 395*
Other consolidated reserves		*12 933 497*	*11 334 167*
Consolidated earnings		3 085 333	2 435 386
Shareholders' equity, group share		**19 893 295**	**17 593 550**
Non-controlling interests		120	1 643
Non-controlling interest		**120**	**1 643**
SHAREHOLDERS' EQUITY	**5.9**	**19 893 415**	**17 595 193**
Non-current financial liabilities	5.10	9 426 403	15 641 220
Non-current derivatives	8	314 943	419 007
Security deposits and guarantees		109 503	111 301
Deferred tax liabilities	7	4 293 693	3 517 651
NON-CURRENT LIABILITIES		**14 144 543**	**19 689 180**
Current financial liabilities	5.10	4 248 725	1 342 917
Trade payables		190 005	299 196
Payables to fixed assets suppliers		20 493	25 799
Other liabilities	5.11	108 987	269 283
Social and tax liabilities	5.11	143 702	144 153
Short-term provisions		-	276
CURRENT LIABILITIES		**4 711 913**	**2 081 624**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**38 749 870**	**39 365 997**

OSLO, 28.4.2017

Jean-Marc Jestin
Chairman of the Board

Jean-Michel Gault
Member of the Board

Patrick M. Kanters
Member of the Board

Rafael Torres Villalba
Member of the Board

Benat Ortega
Member of the Board

Philippe Grenet
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of NOK	2016	2015
Net income from consolidated companies	3 085 324	2 435 442
Elimination of expenditures and income with no cash effect or not related to operating activities		
Depreciation, amortization and provisions	*29 548*	*34 351*
Change in the fair value of investment properties	*-2 343 349*	*-2 027 639*
Capital gains and losses on asset disposals net of taxes and deferred taxes	*-166 522*	*-41 033*
Income taxes	*814 859*	*649 071*
Share of earnings in equity method investees	*-253 579*	*-60 060*
Reclassification of financial interests and other items	*500 264*	*500 462*
Gross cash flow from consolidated companies	**1 666 545**	**1 490 594**
Paid taxes	-6 974	-
Change in operating working capital	39 256	182 052
Net cash flow from operating activities	**1 698 827**	**1 672 646**
Proceeds from sale of investment properties	605	-
Proceeds from sale of other fixed assets	1 275	2 246
Proceeds from disposal of subsidiaries (net of cash disposed)	1 967 023	77 244
Acquisitions of investment properties	-12 814	-9 126
Payments in respect of construction work in progress	-102 775	-411 377
Acquisitions of other fixed assets	-25 554	-11 851
Acquisitions of subsidiaries and deduction of acquired cash	-44 972	-3 179 203
Movement of loans and advance payments granted and other investments	-474 623	-55 924
Net cash flow from investment activities	**1 308 165**	**-3 587 991**
Dividends paid to non-controlling interests	-1 501	-
Capital increase of parent company	-	1 300 000
Change in capital from equity-method securities	167 290	-
New loans, borrowings and hedging instruments	2 911 000	1 762 584
Repayment of loans, borrowings and hedging instruments	-5 530 858	-946 468
Interest paid	-447 580	-509 176
Other cash flows related to financing activities	-104 786	-109 825
Net cash flow from financial activities	**-3 006 435**	**1 497 115**
Net changes in cash	**557**	**-418 230**
Cash at the start of the period	**172 268**	**581 610**
Effect of foreign exchange differences	**-27 120**	**8 887**
Cash at the end of the period	**145 705**	**172 268**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31/12/2015 In thousands of NOK	Share capital	Additional paid-in capital	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**
Reclassification of last years net income	-	-	-	-	1 091 127	-1 091 127	**-**	-	**-**
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**
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	-	**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**

31/12/2016 In thousands of NOK	Share capital	Additional paid-in capital	Treasury shares	Hedging reserves	Consolidated reserves	Consolidated earnings	Equity, group share	Equity, non-controlling interest	Total Equity
Opening statement	**76 005**	**4 028 585**	**-2 199**	**-278 395**	**11 334 167**	**2 435 386**	**17 593 550**	**1 643**	**17 595 193**
Share capital transactions	-	-	-	-	-	-	**-**	-	**-**
Reclassification of last years net income	-	-	-	-	2 435 386	-2 435 386	**-**	-	**-**
Net income for the period	-	-	-	-	-	3 085 333	**3 085 333**	-9	**3 085 324**
Net income for the period	-	-	-	-	2 435 386	649 947	**3 085 333**	-9	**3 085 324**
Income from cash-flow hedging	-	-	-	51 017	-	-	**51 017**	-	**51 017**
Translation profits and losses	-	-	-	-	- 760 022	-	**-760 022**	-13	**-760 035**
Gains and losses recognized directly in equity	-	-	-	51 017	760 022	-	**-709 005**	-13	**-709 018**
Group contribution					-76 494		**-76 494**		**-76 494**
Other Movements	-	-	-548	-	459	-	**-89**	-1 501	**-1 591**
Closing statement	**76 005**	**4 028 585**	**-2 747**	**-227 378**	**12 933 497**	**3 085 333**	**19 893 295**	**120**	**19 893 415**

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT EVENTS

Steen & Strøm has, as part of its asset rotation strategy, divested three shopping centers during 2016. Following the NOK 3.2 billion acquisition of Oslo City in December 2015, Åsane Storsenter (49.9% Steen & Strøm share) and Torp Köpcentrum (100% Steen & Strøm share) were sold to the Olav Thon Group in November 2016. The two assets had a total property value of NOK 2.25 billion (Steen & Strøm share).

Lillestrøm Torv (100% Steen & Strøm share) was divested to DNB Scandinavian Property Fund based on a property value of NOK 800m. The closing of the transaction for Lillestrøm Torv took place in January 2017.

In addition, Steen & Strøm signed an agreement with Kungsleden in December 2016 for the divestment a non-core office property tied to the Emporia shopping center in Malmö. The transaction, based on a property value of SEK 470 million, was finalized in Q1 2017 following the partition of the office property from the shopping center.

2 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. January 2016 to 31. December 2016 were authorized for issue in accordance with a resolution of the Board of Directors on April 2016.

2.1 Basis of preparation
The consolidated financial statements for the year 2016 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).

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.

From 2015, the Steen & Strøm Group adopted the EPRA-model for reporting of consolidated statements of comprehensive income and consolidated statement of financial position.

EPRA is an abbreviation for the European Public Real Estate Association. EPRA's mission is to promote, develop and represent the European public real estate sector. The EPRA reporting model makes the financial statements of public real estate companies clearer and more comparable across Europe which in turn enhances the transparency and coherence of the sector.
The EPRA reporting model is used by more than 80% of Europe's real estate companies, including Klépierre. Please visit the Association using

the following link www.EPRA.com.

2.2 Application of new and revised IFRS' in 2016
There are no new or announced IFRS or IFRIC interpretations that came into effect for the 2016 Financial Statement that have material effect on the Consolidated Financial Statements.

New IFRS standards, amendments and interpretations issued but not effective for the financial year beginning 1.1.2016 and not early adopted.

The Group have reviewed new IFRS standards, amendments and interpretations issued, and assessed that these do not have significant impact other than described below:

- *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.

- *IFRS 15 – Revenue from Contracts with Customers*

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 2018.

- *IFRS 16 – Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases.

IFRS 16 distinguish leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and corresponding liability have to be recognized for all leases by lessee except for short-term leases and leases of low value assets. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 no later than the accounting period beginning on or after 1 January 2019.

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 sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Other investments are recognized in the consolidated financial statements in accordance with IAS 39 – Financial instruments.

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 Classification of income and expenses in the Consolidated statement of comprehensive income

The company applies certain classifications of income and expenses as specified below:

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

Steeped rents, rent-free periods and entry fees are recognized over the fixed term of the lease contracts.

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).

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

Building expenses (owner)
Building expenses (owner) comprise of owners rental expenses related to construction work, legal costs, expenses on bad debts and costs related to real estate management.

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

2.5 Cash and cash equivalents
In the consolidated statement of cash flows, cash and cash equivalents 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.

2.6 Trade accounts and notes receivable
Trade receivables are recognized and carried at original invoice amount less provision for impairment.

2.7 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.

2.8 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.

2.9 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.

2.10 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 gross sales 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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. 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

2.16 Employee benefits

(I) Pension obligations
All employees of the Group are on defined contribution plans as of 1 January 2015. The Group pays contributions to these plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when due.

(II) Incentive agreements with employees of the management team
For the Group's incentive agreements for employees of the management team, see note 10.

2.17 Borrowing costs
Borrowing costs 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.

2.18 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.

2.19 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.

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

2.21 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.

2.22 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.

2.23 Goodwill
Goodwill in the Group Financial Statements arise from acquisition of investment properties recognized as business combinations and, is mainly related to discount on deferred tax liabilities attached to the acquisition.

Goodwill is assessed for impairment each year-end.

2.24 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.

2.25 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 31.12.2016 were obtained from Cushman & Wakefield. The valuations are based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. The discount rate is based on interest on investments without risk and a mark-up based on an assessment of the risks related to the cash flows. Inflation is estimated using the consensus of a selection of banks and official statistics.

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

The appraiser 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.

3.1 **SEGMENT INFORMATION**

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

· Denmark
· Norway
· Sweden

The management team monitors the operating results of each 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.

2016 Segment income statement

In thousands of NOK	Denmark	Norway	Sweden	Total
Gross Rental Income	507 677	697 647	630 947	1 836 272
Land expenses (real estate)	-7 661	-87	-	-7 748
Non-recovered rental expenses	-38 698	-43 286	-46 572	-128 556
Building expenses (owner)	12 143	7 624	-28 416	-8 649
Net rental income	**473 462**	**661 898**	**555 959**	**1 691 320**
Management, administrative and related income	15 709	47 186	24 605	87 500
Other operating revenue	1 564	8 160	689	10 412
Survey and research costs	-47	-3	-	-50
Change in the fair value of investment property	290 613	861 432	1 191 304	2 343 349
Payroll expenses	-29 634	-70 700	-54 326	-154 661
Other general expenses	-10 457	-53 899	-13 221	-77 577
Depreciation and impairment allowance on investment properties	-	-268	-12	-280
Depreciation and impairment allowance on intangible assets and property, plant and equipment	-846	-26 602	-1 820	-29 268
Provisions	-	276	-	276
Proceeds from disposal of investment properties and equity investments	-	*934 223*	*1 033 405*	*1 967 628*
Net book value of investment properties and equity investments sold	-	*-961 545*	*-839 561*	*-1 801 106*
Income from disposal of investment properties and equity investments	-	-27 322	193 844	166 522
Operating income	**740 363**	**1 400 158**	**1 897 022**	**4 037 542**
Net dividends and provisions on non-consolidated investments				416
Financial income				*544 166*
Financial expenses				*-935 521*
Net cost of debt				-391 355
Change in the fair value of financial instruments				-
Share of earnings in equity investment entities				253 579
Profit before tax				**3 900 183**
Corporate income tax				-814 859
Net income of consolidated entity				**3 085 324**

2015 Segment income statement

In thousands of NOK	Denmark	Norway	Sweden	Total
Gross Rental Income	458 909	517 543	608 075	1 584 527
Land expenses (real estate)	-7 331	-	-	-7 331
Non-recovered rental expenses	-32 242	-38 450	-47 676	-118 368
Building expenses (owner)	-32 752	6 251	-30 173	-56 673
Net rental income	**386 585**	**485 344**	**530 227**	**1 402 156**
Management, administrative and related income	51 946	51 048	24 539	127 533
Other operating revenue	481	18 820	681	19 983
Survey and research costs	-103	-	-	-103
Change in the fair value of investment property	180 753	775 920	1 070 966	2 027 639
Payroll expenses	-52 133	-67 048	-58 646	-177 828
Other general expenses	-14 950	-57 438	-21 704	-94 092
Depreciation and impairment allowance on investment properties	-	-268	-630	-898
Depreciation and impairment allowance on intangible assets and property, plant and equipment	-935	-28 765	-3 753	-33 453
Provisions	-	139	-	139
Proceeds from disposal of investment properties and equity investments	-	*129 708*	*73 879*	*203 587*
Net book value of investment properties and equity investments sold	-	*-126 868*	*-35 685*	*-162 553*
Income from disposal of investment properties and equity investments	-	2 840	38 193	41 033
Operating income	**551 644**	**1 180 592**	**1 579 873**	**3 312 109**
Net dividends and provisions on non-consolidated investments				201
Financial income				*347 404*
Financial expenses				*-635 261*
Net cost of debt				-287 857
Change in the fair value of financial instruments				-
Share of earnings in equity investment entities				60 060
Profit before tax				**3 084 512**
Corporate income tax				-649 071
Net income of consolidated entity				**2 435 442**

NET BOOK VALUE OF INVESTMENT PROPERTY BY OPERATING SEGMENT

In thousands of NOK	31/12/2016	31/12/2015
Denmark	9 023 141	8 979 679
Norway	12 060 391	8 661 471
Sweden	11 122 516	12 783 329
Investment property	**32 206 048**	**30 424 478**

In thousands of NOK	31/12/2016	31/12/2015
Denmark	946 756	1 187 355
Norway	42 235	21 566
Sweden	367 528	399 889
Investment property under construction	**1 356 519**	**1 608 811**

INVESTMENTS BY OPERATING SEGMENT

2016 In thousands of NOK	Intangible assets	Property, plant and equipment and work in progress	Investment property	Investment property under construction	Total investments
Denmark	-	492	-	46 855	47 346
Norway	9 266	15 655	3 315 769	42 809	3 383 499
Sweden	-	141	1 056	36 392	37 589
Total	**9 266**	**16 288**	**3 316 825**	**126 055**	**3 468 434**

2016 investments in Investment property in operating segment Norway include recognition of the companies which comprise of the shoppingcenter Oslo City as fully consolidated subsidiaries. Refer to note 4.2 for further information.

2015 In thousands of NOK	Intangible assets	Property, plant and equipment and work in progress	Investment property	Investment property under construction	Total investments
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**

4.1 SCOPE OF CONSOLIDATION

Full consolidated companies	Country	Headquarter	% of interest 31/12/2016	31/12/2015	Change
Head of the Group					
Steen & Strom AS	Norway	Oslo	100,0%	100,0%	0,0%
Bruun's Galleri ApS	Denmark	Copenhagen	100,0%	100,0%	0,0%
Bryggen, Vejle A/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Field's Copenhagen I/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Field's Eier I ApS	Denmark	Copenhagen	100,0%	100,0%	0,0%
Field's Ejer II A/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Steen & Strøm Centerdrift A/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Steen & Strøm CenterService A/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Steen & Strøm CenterUdvikling VI A/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Steen & Strøm Danmark A/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Steen & Strøm Holding AS	Denmark	Copenhagen	100,0%	100,0%	0,0%
Viva, Odense A/S	Denmark	Copenhagen	100,0%	100,0%	0,0%
Amanda Storsenter AS	Norway	Oslo	100,0%	100,0%	0,0%
Farmanstredet ANS [1)]	Norway	Oslo	0,0%	100,0%	-100,0%
Farmandstredet Eiendom AS	Norway	Oslo	100,0%	100,0%	0,0%
Gulskogen Prosjekt & Eiendom AS [1)]	Norway	Oslo	0,0%	100,0%	-100,0%
Gulskogen Senter AS	Norway	Oslo	100,0%	100,0%	0,0%
Hamar Storsenter AS	Norway	Oslo	100,0%	100,0%	0,0%
Hovlandbanen AS [1)]	Norway	Oslo	0,0%	100,0%	-100,0%
Lille Eiendom AS	Norway	Oslo	0,0%	66,0%	-66,0%
Nerstranda AS	Norway	Oslo	100,0%	100,0%	0,0%
Slagenveien 2 AS	Norway	Oslo	100,0%	100,0%	0,0%
SSI Lillestrøm Torv AS	Norway	Oslo	100,0%	100,0%	0,0%
Stavanger Storsenter AS	Norway	Oslo	100,0%	100,0%	0,0%
Vinterbro Senter DA	Norway	Oslo	100,0%	100,0%	0,0%
Oslo City Kjøpesenter AS [2)]	Norway	Oslo	100,0%	0,0%	100,0%
Oslo City Parkering AS [2)]	Norway	Oslo	100,0%	0,0%	100,0%
Steen & Strøm Mediapartner AS	Norway	Oslo	100,0%	100,0%	0,0%
Steen & Strom Norge AS	Norway	Oslo	100,0%	100,0%	0,0%
Steen & Strøm Senterservice AS	Norway	Oslo	100,0%	100,0%	0,0%
Phasmatidae Holding AB	Sweden	Stockholm	100,0%	0,0%	100,0%
FAB Allum	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB Borlange Köpcentrum	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB Centrum Västerort	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB CentrumInvest	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB Emporia	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB Lackeraren Borlänge	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB Marieberg Galleria	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB P Åkanten	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB P Brodalen	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB P Porthälla	Sweden	Stockholm	100,0%	100,0%	0,0%
FAB Uddevallatorpet	Sweden	Stockholm	0,0%	100,0%	-100,0%
FAB Viskaholm	Sweden	Stockholm	0,0%	100,0%	-100,0%
Fastighets AB Västra Götaland	Sweden	Stockholm	100,0%	100,0%	0,0%
Grytingen Nya AB	Sweden	Stockholm	64,8%	64,8%	0,0%
Mässcenter Torp AB	Sweden	Stockholm	0,0%	100,0%	-100,0%
NorthMan Suède AB	Sweden	Stockholm	0,0%	100,0%	-100,0%
Partille Lexby AB	Sweden	Stockholm	100,0%	100,0%	0,0%
Steen & Strøm Holding AB	Sweden	Stockholm	100,0%	100,0%	0,0%
Steen & Strøm Sverige AB - Developement	Sweden	Stockholm	100,0%	100,0%	0,0%
Västra Torp Mark AB	Sweden	Stockholm	0,0%	100,0%	-100,0%

4.1 SCOPE OF CONSOLIDATION

Equity Method Companies: jointly controlled	Country	Headquarter	% of interest 31/12/2016	31/12/2015	Change
Nordbyen Senter DA	Norway	Oslo	50,0%	50,0%	0,0%
Nordbyen Senter 2 AS	Norway	Oslo	50,0%	50,0%	0,0%
Nordal ANS	Norway	Oslo	50,0%	50,0%	0,0%
Økern Sentrum AS	Norway	Oslo	50,0%	50,0%	0,0%
Økern Eiendom ANS	Norway	Oslo	50,0%	50,0%	0,0%
Økern Sentrum ANS	Norway	Oslo	50,0%	50,0%	0,0%
Metro Shopping AS	Norway	Oslo	50,0%	50,0%	0,0%
Metro Senter ANS	Norway	Oslo	50,0%	50,0%	0,0%
Åsane Storsenter DA	Norway	Bergen	0,0%	49,9%	-49,9%
Åsane Senter AS	Norway	Bergen	0,0%	49,9%	-49,9%
Åsane Kontorutvikling AS	Norway	Bergen	0,0%	49,9%	-49,9%
Oslo City Kjøpesenter AS [2)]	Norway	Oslo	0,0%	66,7%	-66,7%
Åsane Storsenter Drift AS	Norway	Oslo	0,0%	49,9%	-49,9%

[1)] The company was merged during 2016 with another fully owned subsidiary of Steen & Strøm AS.

[2)] During 2016, Oslo City Kjøpesenter AS demerged it's office premises into Oslo City Kontor AS and its parking premises into Oslo City Parkering AS and Oslo City Parkering 2 AS. As part of the demerger Steen & Strøm AS took control of 100% of the shares in Oslo City Kjøpesenter AS and 100% of the shares in the demerged company Oslo City Parkering AS.

4.2 BUSINESS COMBINATIONS

At 31 December 2015 the Group acquired, jointly with Entra ASA, the company Oslo City Kjøpesenter AS. At time of acquisition the main assets of the company Oslo City Kjøpesenter AS comprised of the shopping center Oslo City and certain related office and parking premises. As the Oslo City Kjøpesenter AS was under joint control with Entra ASA at time of acquisition, the company was recognized as jointly controlled company under the equity method at 31 December 2015.

With effect from 1 January 2016, Oslo City Kjøpesenter AS demerged the office premises into Oslo City Kontor AS and the parking premises into Oslo City Parkering AS and Oslo City Parkering 2 AS. Upon demerger, Steen & Strøm took ownership of 100% of the shares in Oslo City Kjøpesenter AS and Oslo City Parkering AS, while Entra ASA took ownership of 100% of the shares in Oslo City Kontor AS and Oslo City Parkering 2 AS.

As a result of the change in ownership the companies was derecognized as jointly controlled companies under the equity method, and recognized as fully consolidated subsidiaries of Steen & Strøm AS. The transaction is recognized as a business combination in accordance with IFRS 3.

The purchase price allocation was performed with assistance from third party valuation experts, and is based upon acquisition price at 31 December 2015. The fair values of the identifiable assets and liabilities of the companies at the date of acquisition were as follows:

In thousands of NOK	Fair values at acquisition date
Investment properties	3 310 629
Investment properties under construction	23 352
Other current assets	7 153
Cash and cash equivalents	7 397
Total assets	**3 348 531**
Deferred tax liability	452 375
Other current liabilities	52 308
Total liabilities	**504 683**
Net identifiable assets	2 843 848
Goodwill	348 425
Total consideration for the shares, satisfied by cash	**3 192 273**

The goodwill of NOK 348,4 million comprise mainly of the discounted value of deferred tax liabilities in the purchase price. The Group have made impairment assessment of the goodwill at 31 December 2016, and concluded that no impairment of the goodwill was required as of 31 December 2016.

For the full year 2016, Oslo City generated Net Rental Income of NOK 160,9 million and Net Income of NOK 259.2 million including fair value adjustments.

5.1 INTANGIBLE ASSETS

In thousands of NOK	31/12/2015	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Other movements	31/12/2016
Software	171 047	9 266	-	-	-	-	180 313
Total gross value	**171 047**	**9 266**	**-**	**-**	**-**	**-**	**180 313**
Software	-58 092	-	-	-24 836	-	-	-82 928
Total depreciation and amortization	**-58 092**	**-**	**-**	**-24 836**	**-**	**-**	**-82 928**
Intangible assets - Net value	**112 955**	**9 266**	**-**	**-24 836**	**-**	**-**	**97 385**

5.2 PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS

In thousands of NOK	31/12/2015	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Other movements	31/12/2016
Furniture and equipment	95 815	16 288	-8 149	-	-6 305	153	97 801
Total gross value	**95 815**	**16 288**	**-8 149**	**-**	**-6 305**	**153**	**97 801**
Furniture and equipment	-75 425	-	7 113	-4 432	4 993	1	-67 750
Total depreciation and amortization	**-75 425**	**-**	**7 113**	**-4 432**	**4 993**	**1**	**-67 750**
Property, plant and equipment	**20 390**	**16 288**	**-1 036**	**-4 432**	**-1 312**	**154**	**30 051**

5.3 INVESTMENT PROPERTIES

In thousands of NOK	31/12/2015	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair Value adjustment	Other movements	31/12/2016
Shopping centers								
Land	1 461 780	1 133 447	-9 323	-	-81 547	-	-31 678	2 472 680
Structures	13 433 080	2 135 811	-372 023	-12	-864 526	-	-261 774	14 070 557
Facades, cladding and roofing	954 427	14 640	-9 890	-	-24 221	-	-58 289	876 667
General and Technical Installations	2 658 534	27 878	-13 161	-	-97 308	-	-96 328	2 479 615
Fixtures	1 033 647	5 048	-13 832	-	-42 051	-	-28 340	954 472
Cost value	**19 541 469**	**3 316 825**	**-418 228**	**-12**	**-1 109 653**	**-**	**-476 410**	**20 853 991**
Fair value adjustment	**10 879 186**	**-**	**-801 815**	**-**	**-579 465**	**2 547 138**	**-696 544**	**11 348 501**
Fair value shopping centers	**30 420 654**	**3 316 825**	**-1 220 043**	**-12**	**-1 689 117**	**2 547 138**	**-1 172 954**	**32 202 492**
Other property								
Cost value	6 698	-	-	-	-	-	-	6 698
Depreciation	-2 874	-	-	-268	-	-	-	-3 142
Net book other property	**3 824**	**-**	**-**	**-268**	**-**	**-**	**-**	**3 556**
Investment property	**30 424 478**	**3 316 825**	**-1 220 043**	**-280**	**-1 689 117**	**2 547 138**	**-1 172 954**	**32 206 048**

In December 2016 the Group entered into binding sales agreements for the shopping center Lillestrøm Torv in Norway, and the office premises related to the shopping center Emporia in Sweden. For accounting purposes the sales transactions were recognized in the first quarter of 2017 when transfer of shares and settlements were done.

Premises related to the sales transactions where valued at fair value, equal to sales value, and reclassed to investment property held for sale as of 31 December 2016. For further information refer to Note 11.4 Post-balance sheet date events.

In thousands of NOK	31/12/2014	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair Value adjustment	Other movements	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 adjustment	**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**	**-630**	**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**	**2 136 107**	**1 987 730**	**429 875**	**30 424 478**

INVESTMENT PROPERTY UNDER CONSTRUCTION

In thousands of NOK	31/12/2015	Acquisitions	Disposals and retirement of assets	Deprecia-tions and impairment allowances	Currency fluctuations	Fair Value adjustment	Other movements	31/12/2016
Investment property under construction	**1 608 811**	**126 055**	**-5 365**	**0**	**-94 790**	**-203 790**	**-74 402**	**1 356 519**

In thousands of NOK	31/12/2014	Acquisitions	Disposals and retirement of assets	Deprecia-tions and impairment allowances	Currency fluctuations	Fair Value adjustment	Other movements	31/12/2015
Investment property under construction	**1 445 287**	**365 140**	**-32 447**	**0**	**152 719**	**39 908**	**-361 796**	**1 608 811**

SENSITIVITY

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

Average yields (%)	31/12/2016	31/12/2015
Norwegian investment property	4,86%	5,10%
Swedish investment property	4,64%	4,95%
Danish investment property	5,08%	5,43%
Weighted average	4,83%	5,13%

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

Sensitivities	Yield	Value	Change
Reduced yield by -0,5%	4,33%	37 438 152	3 875 585
Value 31/12/2016	4,83%	33 562 567	-
Increased yield by 0,5%	5,33%	30 414 109	-3 148 458

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

Sensitivities	Cash flow	Value	Change
Increased cash-flow by 1%	16 211	33 898 193	335 626
Value 31/12/2016	-	33 562 567	-
Reduced cash-flow by 1%	-16 211	33 226 941	-335 626

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

Interest on building loans

Initial cost of Investment property include building loan interests in connection with the construction of certain assets. Capitalized interest on building loans in 2016 and 2015 amonts to NOK 3,3 million and NOK 1,5 million, respectively.

Ongoing construction contracts

The Group has no ongoing construction contracts as of 31 December 2016 and 2015.

5.4 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED COMPANIES

In thousands of NOK	31/12/2015	Share of net income	Dividends received	Capital increases and reductions	Currency fluctuations	Changes in the scope of consolidation and other movements	31/12/2016
Investments in jointly controlled companies	5 739 006	253 579	0	-167 290	0	-4 149 056	1 676 240
Equity method securities	**5 739 006**	**253 579**	**0**	**-167 290**	**0**	**-4 149 056**	**1 676 240**

During 2016 Oslo City Kjøpesenter AS demerged it's office premises into Oslo City Kontor AS and its parking premises into Oslo City Parkering AS and Oslo City Parkering 2 A. Upon demerger, the Company took ownership of 100% of the shares in the remaining parts of Oslo City Kjøpesenter AS and the demerged company Oslo City Parkering AS. As a result of the change in ownership the companies was derecognized as a jointly controlled companies under the equity method, and recognized as fully consolidated subsidiaries of Steen & Strøm AS.

On 1 November 2016 the Company sold it's shares in Åsane Storsenter DA to an external party.

Derecognition of Oslo City Kjøpesenter AS as jointly controlled company under the equity method and the sale of shares in Åsane Storsenter DA is presented as Change in the scope of consolidation and other movements in the table above.

For further information refer to Note 1 Significant events, and Note 4.2 Business combinations.

EQUITY METHOD - P&L

	31/12/2016		31/12/2015	
In thousands of NOK	**100%**	**Group share**	**100%**	**Group share**
Gross Rental Income	246 605	123 207	265 527	132 581
Non-recovered rental expenses	-23 094	-11 538	-20 892	-10 439
Building expenses (owner)	-14 714	-7 351	-15 216	-7 600
Net rental income	**208 797**	**104 318**	**229 519**	**114 543**
Management, administrative and related income	-	-	422	211
Other operating revenue	1 825	911	634	316
Change in the fair value of investment property	265 923	132 925	-33 918	-16 725
Other general expenses	-495	-247	-771	-385
Depreciation and impairment allowance on intangible assets and property, plant and equipment	-	-	-422	-211
Proceeds from disposal of investment properties and equity investments	*23*	*11*	*17 342*	*8 671*
Net book value of investment properties and equity investments sold	*-1 577*	*-787*	*-17 324*	*-8 662*
Income from disposal of investment properties and equity investments	-1 554	-775	18	9
Operating income	**474 496**	**237 131**	**195 482**	**97 758**
Financial income	*402*	*201*	*645*	*322*
Financial expenses	*-92*	*-46*	*-153*	*-76*
Net cost of debt	310	155	492	246
Profit before tax	**474 806**	**237 286**	**196 466**	**98 250**
Corporate income tax	32 562	16 294	-76 246	-38 190
Net income of consolidated entity	**507 368**	**253 579**	**120 220**	**60 060**

EQUITY METHOD - BALANCE

	31/12/2016		31/12/2015	
In thousands of NOK	**100%**	**Group share**	**100%**	**Group share**
Intangible assets	-	-	647 386	431 806
Property, plant and equipment and work in progress	19 000	9 500	11 100	5 550
Investment property	2 421 565	1 210 783	8 961 161	5 285 259
Investment property under construction	1 081 179	540 590	1 163 408	581 574
Deferred tax assets	135	68	-147 104	-73 405
NON-CURRENT ASSETS	**3 521 879**	**1 760 940**	**10 635 951**	**6 230 786**
Trade accounts and notes receivable	3 114	1 557	11 301	6 035
Other receivables	11 941	5 971	24 976	13 908
Tax receivable	*1 449*	*725*	*5 240*	*2 618*
Other debtors	*10 492*	*5 246*	*19 736*	*11 290*
Cash and cash equivalents	37 859	18 930	199 818	99 958
CURRENT ASSETS	**52 914**	**26 457**	**236 095**	**119 900**
TOTAL ASSETS	**3 574 793**	**1 787 397**	**10 872 046**	**6 350 686**
Share capital	2 211 902	1 105 951	3 566 112	1 799 131
Additional paid-in capital	1 857	929	767 667	511 677
Consolidated reserves	736 009	368 005	5 432 370	3 368 267
Other consolidated reserves	*736 009*	*368 005*	*5 432 370*	*3 368 267*
Consolidated earnings	402 711	201 356	119 726	59 931
Shareholders' equity, group share	**3 352 479**	**1 676 240**	**9 885 875**	**5 739 006**
SHAREHOLDERS' EQUITY	**3 352 479**	**1 676 240**	**9 885 875**	**5 739 006**
Security deposits and guarantees	-	-	413	206
Deferred tax liabilities	186 541	93 271	902 785	563 454
NON-CURRENT LIABILITIES	**186 541**	**93 271**	**903 198**	**563 660**
Trade payables	9 385	4 693	16 855	8 423
Other liabilities	21 399	10 700	14 328	7 539
Social and tax liabilities	4 989	2 495	51 790	32 058
CURRENT LIABILITIES	**35 773**	**17 887**	**82 973**	**48 020**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3 574 793**	**1 787 397**	**10 872 046**	**6 350 686**

5.5 OTHER NON-CURRENT ASSETS

In thousands of NOK	**31/12/2016**	**31/12/2015**
Other long term investments	855	855
Loan and advances to non-consolidated companies	1 145 261	670 222
Deposits	2 212	2 248
Total	**1 148 328**	**673 325**

Loan and advances to non-consolidated companies are entirely loans to Storm Holding Norway AS and Nordica HoldCo AB.

The Groups parent company Steen & Strøm AS is owned 100% by Storm Holding Norway AS, while Storm Holding Norway AS is owned 100% by Nordica HoldCo AB.

5.6 TRADE ACCOUNTS AND NOTES RECEIVABLES

In thousands of NOK	31/12/2016	31/12/2015
Trade receivables	192 357	138 742
Stepped rents and rent-free periods of leases	66 473	55 022
Gross Value	**258 829**	**193 764**
Provisions on bad debts	(19 874)	(26 733)
Net value	**238 955**	**167 031**

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

SPECIFICATION OF PROVISION FOR BAD DEBT

In thousands of NOK	2016	2015
Opening balance	-26 733	-22 106
Provisions for bad debts for the year	-8 754	-13 149
Confirmed losses for the year	9 753	7 982
Reversed provisions for bad debts previous years	3 488	2 449
Foreign exchange effects	1 915	-2 489
Reclassifications and other movements	457	579
Closing balance	**-19 874**	**-26 733**

In thousands of NOK	Total	Not due	< 30 days	30-60 days	60-90 days	>90 days
2016	258 829	207 503	21 688	6 996	-984	23 626
2015	193 764	123 410	20 754	1 326	9 584	38 690

5.7 OTHER RECEIVABLES

In thousands of NOK	31/12/2016	31/12/2015
Tax receivables	**98 073**	**79 617**
Corporate income tax	81 638	68 656
VAT	16 435	10 961
Other receivables	**49 922**	**192 754**
Service charges due	4 098	11 654
Down payments to suppliers	701	-
Prepaid expenses	11 670	10 485
Other	33 453	170 615
Total	**147 994**	**272 371**

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

5.8 CASH AND CASH EQUIVALENTS

In thousands of NOK	31/12/2016	31/12/2015
Banks	145 704	172 262
Cash	-	6
Gross cash and cash equivalents	**145 704**	**172 268**
- Bank facilities	**-**	**-**
Net cash and cash equivalents	**145 704**	**172 268**

The Group maintain a Group accounts scheme for bank accounts in Norway and Sweden which are linked to the Groups overdraft accounts. The outstanding balance of these bank and bank overdraft accounts are presented net, while the interest income and interest expenses arising from these accounts are presented gross. At 31 December 2016 and 2015, the Group held a total bank credit facility of NOK 597,5 million and NOK 902,0 million, respectively.

Restricted bank deposits

As of 31 December 2016 and 2015, restricted funds amounted to NOK 3 549 thousand and NOK 7 877 thousand, respectively.

5.9 SHAREHOLDERS' EQUITY

Share capital

At 31 December 2016 and 2015, the share capital of the Company was NOK 76 005 290, divided into 30 402 116 shares at par value NOK 2,5.

At 31 December 2016 and 2015, the Company held 1 098 655 treasury shares.

Shareholders

At 31 December 2016 and 2015, 100% of the shares in the Company are held by Storm Holding AS. Storm Holding AS is 100% owned by Nordica HoldCo AB, which in turn is owned by Klèpierre Nordica BV and Stichting Pensionen-fonds ABP.

5.10 NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

In thousands of NOK	31/12/2016	31/12/2015
Non-current financial liabilities		
Bond net costs/premium	2 000 000	4 183 443
Loans and borrowings from credit institutions - more than one year	7 426 403	11 457 777
Total non-current financial liabilities	**9 426 403**	**15 641 220**
Current financial liabilities		
Bond net costs/premium	2 089 671	(1)
Loans and borrowings from credit institutions - less than one year	934 941	62 315
Accrued interest	24 114	40 603
Commercial paper	1 200 000	1 240 000
Other loans and borrowings	-	-
Total current financial liabilities	**4 248 725**	**1 342 917**
Non-current and current financial liabilities	**13 675 128**	**16 984 137**

Recognized value of the Groups non-current and current financial liabilities are denominated in currencies as follows:

In thousands of NOK	31/12/2016	31/12/2015
NOK	6 248 708	7 390 750
SEK	3 451 448	5 298 204
DKK	3 974 972	4 295 183
Total non-current financial liabilities	**13 675 128**	**16 984 137**

Contractual repayment of long-term debt

In thousands of NOK	31/12/2016	31/12/2015
0 - 1 years	4 248 725	10 461 553
2 - 5 years	2 342 840	4 652 669
More than 5 years	7 083 563	1 869 914
Total non-current and current financial liabilities	**13 675 128**	**16 984 137**

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

In thousands of NOK	31/12/2016	31/12/2015
Investment property	26 953 251	30 424 478
Investment property under construction	1 356 519	1 608 811
Other assets	-	20 390
Total non-current financial liabilities	**28 309 770**	**32 053 679**

5.11 SOCIAL AND TAX LIABILITIES AND OTHER LIABILITIES

In thousands of NOK	31/12/2016	31/12/2015
Social and tax liabilities		
Staff and related accounts	33 446	41 848
Social security and other bodies	8 548	9 456
Tax payables		
Corporate income tax	-	40
VAT	10 904	9 109
Other taxes and duties	90 804	83 700
Total social and tax liabilities	**143 702**	**144 153**

Other liabilities		
Prepaid income	12 811	712
Creditor customers	18 250	444
Prepaid gift cards	34 467	36 443
Other loans and borrowings	43 459	231 685
Total other liabilities	**108 987**	**269 283**

6.1 INCOME FROM DISPOSAL OF INVESTMENT PROPERTIES AND EQUITY INSTRUMENTS

On 1 november 2016 the company sold all shares in companies related to the fully owned shopping center Torp in Sweden and the jointly controlled shopping center Åsane Storsenter in Norway. Income from disposal of investment properties and equity instruments arise entirely from the disposal of Torp and Åsane Storsenter.

6.2 NET COST OF DEBT

In thousands of NOK	31/12/2016	31/12/2015
Financial income		
Interest income on swaps	34 220	50 103
Interest on associates' advances	26 298	25 279
Other interests received	123 722	107 811
Other revenue and financial income	9 547	8 558
Foreign exchange gains	350 379	155 654
Financial income	**544 166**	**347 404**
Financial expenses		
Interest on bonds	-92 687	-96 663
Interest on loans from credit institutions	-252 453	-244 496
Interest expense on swaps	-182 337	-204 698
Interest on associates' advances	-2 287	-2 237
Other financial expenses	-9 677	-14 278
Foreign exchange losses	-396 080	-72 889
Financial expenses	**-935 521**	**-635 261**
Net cost of debt	**-391 355**	**-287 857**

Net cost of debt include net foreign exchange losses of NOK 45.7 million and gains of NOK 82.8 million in 2016 and 2015, respectively.

Financial expenses include both interest on external bonds, certificates and bank loans, and interest on loans to related parties Storm Holding Norway AS and Nordica HoldCo AB. Storm Holding Norway AS is the parent company of Steen & Strøm AS, while Nordica HoldCo AB is the parent company of Storm Holding Norway AS.

7 TAX

In thousands of NOK	2016	2015
Tax expenses:		
Current Tax	-12 755	-3 615
Change in deferred tax	-802 104	-645 456
Tax expenses	**-814 859**	**-649 071**
Profit before tax (including discontinued operations)	3 900 183	3 084 512
Tax calculated on profit before tax	-900 555	-742 588
Taxes without bases in taxable income current period	20 878	4 452
Effect of changes in tax rates	62 842	98 936
Non taxable elements	30 971	-2 000
Other	-28 995	-7 871
Tax expenses	**-814.859**	**-649.071**

Non taxable elements in mainly related to sale of shares.

Effective tax rate	**-20,9%**	**-21,0%**

Deferred taxes are composed of:		
Deferred tax assets		
In thousands of NOK	31/12/2016	31/12/2015
Tangible fixed assets and investment property	-16 937	-20 331
Losses carried forward	122 253	192 452
Derivatives	-	-
Long-term liabilities and receivables	-	-
Capital losses carried forward/capital gain pending taxation	1 701	2 252
Other	-	989
Total for entities in a net asset position	**107 017**	**175 361**
Deferred tax liabilities		
Tangible fixed assets and investment property	4 341 668	3 586 959
Losses carried forward	-9 630	-60 751
Derivatives	-52 184	-75 657
Long-term liabilities and receivables	3 358	38 986
Capital losses carried forward/capital gain pending taxation	5 635	28 728
Other	4 845	-614
Total for entities in a net liability position	**4 293 693**	**3 517 651**
NET POSTITIONS	**4 186 676**	**3 342 290**

Summary of losses carried forward		
No due date	823 478	1 429 673
By the end of 2020	-	-
Total losses carried forward	**823 478**	**1 429 673**

Change in deferred tax recognized directly against equity		
Cash flow hedges ex translation profits and losses	19 395	24 166
Translation profits and losses cash flow hedges	4 078	-5 215
Total deferred tax recognized directly against equity	**23 473**	**18 951**

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 fluctations due to changes in interest rate levels. As of 31 December 2016 and 2015, the Group had interest rate swaps valued at NOK 5 137,3 million and NOK 6 967,0 million, respectively, where the Group receives a variable interest rate and pays a fixed interest rate.

The interest rate swaps are used to hedge against fluctations due to changes in the level of interest rates. The secured loans and the swap agreements have the same terms and conditions. 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
29/06/12	30/12/21	466 071	DKK	2,3250 %	-58 056
10/01/11	10/01/17	400 000	NOK	3,6925 %	-13 836
10/01/12	10/01/17	175 000	NOK	3,8725 %	-6 373
05/11/12	05/11/17	300 000	NOK	3,9500 %	-8 651
28/04/14	28/01/19	300 000	NOK	2,3950 %	-8 819
12/06/14	12/03/19	300 000	NOK	2,3975 %	-8 710
12/06/14	12/03/19	400 000	NOK	2,3875 %	-11 523
05/08/14	05/08/19	200 000	NOK	1,9850 %	-4 683
30/09/14	30/09/19	400 000	NOK	1,9950 %	-9 272
31/10/11	31/10/17	300 000	SEK	3,1300 %	-8 776
30/10/11	30/10/17	200 000	SEK	3,1000 %	-7 287
29/09/12	29/09/18	200 000	SEK	2,8000 %	-10 787
30/10/12	30/10/20	300 000	SEK	2,7900 %	-30 960
30/09/11	30/09/21	300 000	SEK	2,6400 %	-33 628
30/09/11	30/09/21	300 000	SEK	2,6950 %	-34 386
29/06/12	30/06/22	300 000	SEK	2,1450 %	-28 600
11/02/13	09/11/20	300 000	SEK	2,7500 %	-30 599
Total excess value					**-314 944**

Average rate on interest-bearing loans in 2016 and 2015 was 2.4% and 2.6%, respectively. Based on the financial instruments and interest rate swaps as of 31 December 2016, a general increase of 1% in interest rate levels will reduce profits by NOK 68.4 million.

The Group expensed in 2016 and 2015 NOK 148.1 million and NOK 154.6 million, respectively, for interest rate hedging. Other movements in interest rate hedging that are not recognized through the income statement are itemized in the statement of equity.

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

Currency risk
Changes in exchange rates involve both direct and indirect financial risk for the 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 liabilitites in each country.

Short-term and long-term Interest bearing debt in foreign currency (in thousand)	31/12/2016	31/12/2015
SEK	3 628 095	4 239 410
DKK	3 283 511	2 973 614

Exchange rate on the balance sheet date	31/12/2016	31/12/2015
SEK	95,12	95,71
DKK	122,22	120,04

Counterparty risk
Counterparty risk is limited by the fact that Steen & Strøm AS 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.

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

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

Debt ratio as of 31 December 2016 and 2015 were as follows:

In thousands of NOK	31/12/2016	31/12/2015
Total loans	13 675 128	16 984 137
Cash and interest-bearing receivables	1 294 033	845 593
Net interest bearing debt	**12 381 096**	**16 138 544**
Total fixed assets	**36 613 466**	**37 925 737**
Debt ratio	**33,8 %**	**42,6 %**

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 didivdend policy or financing opportunities.

Lease expense consist of the following:

In thousands of NOK	31/12/2016	31/12/2015
Vehicles and machinery	2 663	2 156
Facilities	16 428	26 945
Total	**19 091**	**29 102**

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

In thousands of NOK	31/12/2016	31/12/2015
Within 1 year	16 278	29 102
1 to 5 years	60 008	97 137
After 5 years	641 015	616 634
Total	**701 022**	**713 771**

Group as lessor - operating leases
The Group's main activity is that of being a lessor of the Group's investment properties. Leases as described in the tables below are based on agreements as of 31 December 2016, and in nominal amounts. The Group's lease agreements are adjusted with changes in consumer price index on an annual basis.

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

In thousands of NOK	31/12/2016	31/12/2015
Buildings	33 562 567	32 033 289
Total	**33 562 567**	**32 033 289**

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

In thousands of NOK	31/12/2016	31/12/2015
Within 1 year	1 325 567	1 483 284
1 to 5 years	2 676 396	2 541 314
After 5 years	2 310 545	443 284
Total	**6 312 507**	**4 467 881**

The Group's rental contracts can be divided into
1) Fixed rent,
2) Minimum rent + percentage of tenants turnover, and
3) Percentage of tenants turnover.

Percentage of rental rates that are fixed are as follows:	31/12/2016	31/12/2015
Norway	92,2 %	95,1 %
Sweden	95,5 %	98,3 %
Denmark	96,8 %	98,6 %
Average	94,8 %	97,3 %

Finance leases

The Group has no finance leases

10. PAYROLL EXPENSES

In thousands of NOK	2016	2015
Wages, bonuses and indemnities	-114 276	-158 203
Social security tax	-22 585	-26 110
Pension costs	-10 762	16 246
Other costs	-7 037	-9 762
Payroll expenses	**-154 661**	**-177 828**

Employees
The average number of employees in the Group in 2016 and 2015 were 177 and 226, respectively. At 31 December 2016 the Group had 159 employees.

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

Bonus scheme
Bonus is decided based on the Company's achieved results and an individual assessment of each employee. As of 31 December 2016 and 2015 NOK 19,1 million and NOK 19,7 million, respectively, have been accrued to cover the Group's bonus scheme. The bonus provision includes public and social taxes.

REMUNERATION OF SENIOR EXECUTIVES

2016 In thousands of NOK	Directors' fees	Salary	Bonus	Payment in kind	Pension	Total
Group Management						
Philippe Grenet - *Chief Executive Officer*		2398	472	1 208	207	**4 285**
Bjørn Tjaum - *Chief Financial Officer*		2397	1 273	267	209	**4 146**
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		**4 795**	**1 745**	**1 476**	**416**	**8 431**

2015 In thousands of NOK	Directors' fees	Salary	Bonus	Payment in kind	Pension	Total
Group Management						
Philippe Grenet - *Chief Executive Officer*[1)]		1 362		3	178	**1 544**
Bjørn Tjaum - *Chief Financial Officer*		2 178	1 516	131	680	**4 505**
Terje Daaland - *Chief Accounting Officer*[2)]		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**

1) Philippe Grenet joined the Company 1 June 2015 as CEO of Scandinavia.
2)Terje Daaland left the Company 30 June 2015. Remuneration to Mr. Daaland includes an indemnity cost of NOK 3 996 thousand.

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

11.1 FAIR VALUE MEASUREMENT

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 Wakefield & Cushman 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 are determined using available market prices.

	31/12/2016			
In thousands of NOK	**Level 1**	**Level 2**	**Level 3**	**Total**
Total investment property	**-**	**-**	**34 809 770**	**34 809 770**
Total financial derivates	**-**	**-314 943**	**-**	**-314 943**
Cash and bank equivalents	-	145 704	-	145 704
Other financial assets	-	386 949	1 148 328	1 535 277
Other financial liabilites	-	-319 485	-13 928 333	-14 247 818
Total other financial assets and liabilites	**-**	**213 168**	**-12 780 005**	**-12 566 837**
Total	**-**	**-101 775**	**22 029 765**	**21 927 990**

	31/12/2015			
In thousands of NOK	**Level 1**	**Level 2**	**Level 3**	**Total**
Total investment property	**-**	**-**	**32 033 289**	**32 033 289**
Total financial derivates	**-**	**-419 007**	**-**	**-419 007**
Cash and bank equivalents	-	172 268	-	172 268
Other financial assets	-	439 403	673 325	1 112 728
Other financial liabilites	-	-594 278	-17 658 874	-18 253 152
Total other financial assets and liabilites	**-**	**17 393**	**-16 985 549**	**-16 968 156**
Total	**-**	**-401 614**	**15 047 740**	**14 646 126**

11.2 **LITIGATIONS AND CLAIMS**

At the end of the year, Steen & Strøm 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 SEK 17 million. Steen & Strøm accepts a bonus of SEK 2,3 million, but has rejected the remainder of the claim of SEK 14,6 million, 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 favour of Steen & Strøm, and dismissed the case. Advansia have now issued a writ, taking the matter to the ordinary Swedish courts. No date has been set yet for the court hearing.

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 NOK 100 million.

After a tax audit, the authorities concluded that Metro were 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. Metro Senter ANS lost the hearing for Oslo City Court in April 2016, but has appealed the case. The appeal hearing is scheduled for August, 2017.

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

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

In 2016, a specific issue was separated from the case and heard for Copenhagen City Court. Steen & Strøm stated that the case should be dismissed, as the organization making the initial protest, did not have sufficient legal interest. However, Steen & Strøm was not successful with this argument. The case now continues on its merits, and Steen & Strøm has requested the case to be referred to the ECJ (European Courts of Justice). This matter is now being considered ny the Danish courts, and a decision is expected during 2017.

11.3 **RELATED PARTIES**

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

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

Other general expenses

In thousands of NOK	**2016**	**2015**
Standard IT fee	-13 631	-11 590
Digital communication platform	-	-2 845
Total	**-13 631**	**-14 435**

Net cost of debt

Interest income on receivables towards related parties where as follows:

In thousands of NOK	**2016**	**2015**
Storm Holding Norway AS	9 812	9 366
Nordica HoldCo AB	16 477	15 912
Total	**26 289**	**25 278**

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

Other non-current financial assets

Balance of receivables towards related parties where as follows:

In thousands of NOK	**31/12/2016**	**31/12/2015**
Storm Holding Norway AS	664 467	205 906
Nordica HoldCo AB	480 794	464 316
Total	**1 145 261**	**670 222**

11.4 **POST BALANCE SHEET DATE**

Post-balance sheet date events
Lillestrøm Torv (100% S&S share) was divested to DNB Scandinavian Property Fund based on a property value of NOK 800m. The closing of the transaction for Lillestrøm Torv took place in January 2017.

In addition, Steen & Strøm signed an agreement with Kungsleden in December 2016 for the divestment a non-core office property tied to the Emporia shopping center in Malmö. The transaction, based on a property value of SEK 470m, was finalized in Q1 2017 following the partition of the office property from the shopping center.

11.5 **AUDIT FEES**

In thousands of NOK	**2016**	**2015**
Statutory audit	-3 917	-2 539
Other certification services	-596	-75
Other services	-408	-435
Total	**-4 921**	**-3 049**

STEEN & STRØM AS

FINANCIAL STATEMENTS

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE

STATEMENT OF COMPREHENSIVE INCOME

OPERATING INCOME AND EXPENSES **For the period 1 January to 31 December,**	**Note**	**2016**	**2015**
Other operating income		57 292	53 834
Gain from sales of assets	6	319	239
Total operating income		**57 611**	**54 073**
Salaries	1	28 544	23 276
Depreciation	6	25 296	24 668
Other operating expenses	12	35 734	28 713
Total operating expenses		**89 574**	**76 657**
Operating profit		**-31 963**	**-22 585**
Financial income and expenses			
Income from investments in subsidiaries		307 354	90 932
Interest received from group companies		38 975	50 042
Other interest income		1 598	2 416
Gain/Loss from sales of shares	7	628 807	147 308
Other financial income	14	93 354	227 740
Write down on shares in subsidiaries	8	-15 000	-17 400
Interest paid to group companies		-1 671	-168
Interest on borrowings	10	-226 922	-233 236
Reversal of write down of shares	8	18 700	17 400
Other financial expenses	14	-275 151	-88 166
Net financial income and expenses		**570 045**	**196 867**
Net profit before tax		**538 083**	**174 282**
Tax cost			
Tax cost on ordinary result	13	-134 383	-47 361
Tax cost		**-134 383**	**-47 361**
Profit for the year		**403 700**	**126 922**
Profit per share - basic and diluted	*2*	*13,78*	*4,33*
Comprehensive income			
Profit of the year		*403 700*	*126 922*
Statement of other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Hedging		57 136	49 212
Total comprehensive income for the period, net of tax		**460 835**	**176 134**

STATEMENT OF FINANCIAL POSITION

Year ended December 31			
ASSETS	**Note**	**2016**	**2015**
Intangible assets			
Deferred tax assets	13	143 699	297 783
Total intangible assets		**143 699**	**297 783**
Property, plant & equipment			
Company cabin	6	3 557	3 824
Cars, machinery, equipment and software	6	97 528	113 385
Total property, plant & equipment		**101 084**	**117 210**
Financial assets			
Investment in subsidiaries	8	9 675 071	6 549 593
Loans to subsidiaries	9, 14	1 588 818	2 554 598
Investments in joint ventures	7	1 105 850	4 610 567
Investments in shares	8	855	855
Loans to group companies	9, 14	1 128 784	636 576
Total financial assets		**13 499 377**	**14 352 189**
Total non current assets		**13 744 161**	**14 767 181**
Current Assets			
Receivables			
Trade receivables		380	529
Loans to group companies	9	31 609	93 244
Other receivables	9	5 851	8 324
Total receivables		**37 840**	**102 097**
Cash and cash equivalents			
Cash and cash equivalents	1	124 520	2 856 510
Total current assets		**162 360**	**2 958 607**
Total assets		**13 906 520**	**17 725 788**

STATEMENT OF FINANCIAL POSITION

Year ended December 31			
EQUITY AND LIABILITIES	**Note**	**2016**	**2015**
Equity			
Paid-in equity:			
Ordinary shares (30.402.116 shares à NOK 2,5)	2/3	76 006	58 134
Not registered equity		-	17 872
Treasury shares	3	-2 747	-2 199
Equity premium		4 028 584	4 028 584
Total paid-in equity		**4 101 843**	**4 102 391**
Retained earnings:			
Other equity		1 934 601	1 473 217
Total Retained earnings		**1 934 601**	**1 473 218**
Total equity		**6 036 444**	**5 575 609**
Liabilities			
Non-current liabilities			
Bonds	10/14	2 000 000	4 163 750
Borrowings to financial institutions	10/14	600 000	2 905 976
Liabilities to group companies	9	342 215	103 128
Total non-current liabilities		**2 942 215**	**7 172 854**
Current liabilities			
Accounts payable		816	2 762
Other taxes & withholdings		2 380	7 358
Borrowings to financial institutions	10	-	3 502 773
Liabilities to group companies	9	722 035	-
Certificates and bonds and other debt	10	4 098 681	1 240 000
Other current liabilities	14	103 949	224 433
Total current liabilities		**4 927 861**	**4 977 326**
Total liabilities		**7 870 077**	**12 150 180**
TOTAL EQUITY AND LIABILITIES		**13 906 520**	**17 725 788**

Oslo, 28.4.2017

Jean-Marc Jestin Chairman of the Board	Jean-Michel Gault Member of the Board	Patrick M. Kanters Member of the Board
Rafael Torres Villalba Member of the Board	Benat Ortega Member of the Board	Philippe Grenet Chief Executive Officer

STATEMENT OF CASH FLOWS

For the period 1 January to 31 December	2016	2015
Cash flow statement		
Profit for the year	403 700	126 922
Tax expenses for the year	134 383	47 361
Gain/Loss on sale of non-current assets	-319	239
Income on shares in partnerships	-	200
Gain/Loss on sale of shares	-514 808	
Depreciation on fixed assets	25 296	24 668
Write-down/reversal of write-down on financial assets	-19 700	-
Changes in accounts receivables	149	-1
Changes in accounts payable	-1 946	-40 045
Changes in other taxes & witholding	-4 978	5 479
Changes in other current assets & other liabilities	-41 174	-40 346
Change in pension	-	-12 296
Net cash flow from operating activities	**-19 397**	**112 181**
Proceeds from sale of non-current assets	937 493	389
Payments on acquisitions of non-current assets	-23 746	-9 538
Proceeds from sale of non-current assets	567	-
Payments on acquisitions of other assets	-9 418	-
Payments on convertion of intercompany debt	-	147 308
Payments on acquisitions of joint venture	-	-3 187 591
Payments/proceeds from borrowings	1 496 330	99 454
Change in other investments	0	-35 443
Net cash flow from investment activities	**2 401 224**	**-2 985 422**
Proceeds from borrowings - non current	-75 819	439 769
Payments on borrowings - non current	-1 495 226	823 918
Proceeds from current borrowings	-40 000	-210 000
Changes in bank overdraft	-3 502 773	243 742
Proceeds from dividends	-	90 732
Proceeds from capital increases	-	1 300 000
Net cash flow from financial activities	**-5 113 818**	**2 688 161**
Net changes in cash	**-2 731 990**	**-185 080**
Cash at the start of the period	**2 856 510**	**3 041 590**
Effect of foreign exchange differences	**-**	**-**
Net changes in cash	**-2 731 990**	**-185 080**
Cash at the end of the period	**124 520**	**2 856 510**

STATEMENT OF CHANGES IN EQUITY

	Ordinary Shares	Not registered Equity	Treasury shares	Equity premium	Other equity	Total
Balance 01.01.2015	**58 134**	**-**	**-2 199**	**2 746 456**	**1 297 084**	**4 099 475**
Capital increase		17 872		1 282 128		1 300 000
Profit of the year					126 922	126 922
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**
Balance 01.01.2016	**58 134**	**17 872**	**-2 199**	**4 028 584**	**1 473 218**	**5 575 609**
Capital increase	17 872	-17 872	-548	-	548	-
Profit of the year					403 700	403 700
Cashflow hedging effects and fx.					57 136	57 136
Balance 31.12.2016	**76 006**	**-**	**-2 747**	**4 028 584**	**1 934 601**	**6 036 444**

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

All amounts in thousands of NOK , unless otherwise specified.

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

Shares in subsidiaries
• 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. The Company recognize group contributions as income from investments in subsidiaries, to the extent that the group contribution is covered by retained earnings in the subisidiary during the period of ownership.

1 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION ETC.

Salaries	2016	2015
Salaries and wages	20 500	24 657
Social security tax	3 279	4 203
Pension costs	1 139	-9 786
Other benefits	3 625	4 202
Total	**28 544**	**23 276**

Number of employees
The average number of employees in Steen & Strøm AS in 2016 was 12 (15).

Remuneration of senior executives
See note 10 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 664 (4.644) amount to restricted funds.

2 EARNINGS PER. SHARE AND DIVIDEND

Earnings per. Share
Average number of outstanding shares in 2016 was 30 402 116 (30 402 116).

Earnings per. share amounts to 13,78 (4,33) calculated for a profit of NOK 403 700 thousand (126.922). Earnings per. share is calculated on the basis of net shares outstanding. Outstanding shares are 29 303 461

Capital changes
No dividend was paid to the shareholders in 2015. No dividend is proposed for 2016.

3 NUMBER OF SHARES AND SHAREHOLDERS

See note 5.9 of the consolidated financial statements.

4 SHARES OWNED BY THE CEO OR MEMBERS OF THE BOARD

See note 10 of the consolidated financial statements.

5 TREASURY SHARES

See note 5.9 of the consolidated financial statements.

6 FIXED ASSETS AND INTANGIBLE ASSETS

Vehicles, furniture and office equipment, software and machinery.	**2016**	**2015**
Acquisition cost as of 01.01	174 465	165 716
Acquisition	9 418	9 539
Disposal	1 123	790
Acquisition cost as of 31.12	182 760	174 465
Acc. depreciation as of 31.12	85 233	61 081
Book value as of 31.12	**97 528**	**113 385**
Depreciation for the year	25 028	24 440
Depreciation for the year	3-8 years	3-8 years

Company Cabin	**2016**	**2015**
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	2 874	2 606
Acc. depreciation as of 31.12	3 142	2 874
Book value as of 31.12	**3 557**	**3 824**
Depreciation for the year	**268**	**268**
Depreciation of property	4%	4%

7 SHARES IN ASSOCIATED COMPANIES/JOINT VENTURES

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

Company	Ownership	Value	Acquisition/ Disposal	Value
	31/12/16	01/01/16	2016	31/12/16
Metro Senter ANS	50,0 %	490 750	-	490 750
Nordbyen Senter DA	50,0 %	288 850	-	288 850
Åsane Storsenter DA	0,0 %	317 126	-317 126	-
Økern Sentrum ANS	50,0 %	326 250	-	326 250
Oslo City Kjøpesenter AS 1)	100,0 %	3 187 591	-3 187 591	-
Total		**4 610 567**	**-3 504 716**	**1 105 850**

1) See note 4.1 to the Consolidated Financial Statements

8 OTHER INVESTMENTS

Company	Ownership	Value 31/12/16
AS Kristiania Byggeselskap for smaaleiligheter	1,5 %	226
Others		628
Total		**855**

	2016	2015
Book value of investments in subsidiaries	**9 675 071**	**6 549 593**

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 2016 theres has been a write down of investments in subsidaries of TNOK 15.000 and a reversal of write down of investments in subsidaries of TNOK 18.700 due to impairment tests.

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE

9 INTERCOMPANY RECEIVABLES AND PAYABLES

Current assets and current liabilities	2016	2015
Loans to group companies	31 609	93 244
Other current receivables	5 851	8 324
Total current	**37 460**	**101 568**
Long-term receivables from group companies	2 717 601	3 191 174
Total receivables	**2 755 061**	**3 292 742**
Current liabilities to group companies	722 035	-
Long-term liabilities to group companies	342 215	103 128
Total liabilities	**1 064 250**	**103 128**

Receivables due after one year	2016	2015
Other long term assets	2 717 601	3 191 174
Total long-term assets	**2 717 601**	**3 191 174**

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

10 LIABILITIES

Long term interest bearing borrowings	2016	2015
Bonds	2 000 000	4 163 750
Borrowings to financial institutions	600 000	2 905 976
Total	**2 600 000**	**7 069 726**
Current borrowings		
1. year repayment term of credit	2 087 931	925 000
Certificates	1 200 000	1 240 000
Borrowing to financial institutions	810 750	2 577 773
Total	**4 098 681**	**4 742 773**
Repayment plans, and renegotiation of long-term debt:		
Between 1 and 5 years	700 000	6 069 726
More than 5 years	1 900 000	1 000 000
Total	**2 600 000**	**7 069 726**

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.

11 GUARANTEES

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

	Total debt	SST Share	Ownership
Økern Senter ANS	22 850	11 425	50,0 %
Nordbyen Senter DA	3 666	1 833	50,0 %
Metro Senter ANS	13 015	6 507	50,0 %
Total	**39 530**		

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

12 BREAKDOWN OF OTHER OPERATING EXPENSES

	2016	2015
Rental space	4 707	4 638
Management and other fees	3 410	3 727
Other operating expenses	24 204	18 147
Other administrative costs	3 412	2 201
Total	**35 734**	**28 713**

13 TAX

In thousands of NOK	2016	2015
Temporary differences		
Fixed assets	-2 117	-1 636
Long-term liabilities	-9 386	-89 112
Long-term receivables	130 665	445 658
Accruals	-	-5 897
Shares in partnerships	-459 633	-1 082 068
Taxable profit and loss account	18 245	22 806
Accrual of interest rate swap	-959	8 437
Other differences	-49 228	-126 064
Net temporary differences	**-372 414**	**-827 876**
Losses carried forward	-114 927	-158 782
Group Contribution	-106 948	-189 328
Basis for deferred tax / tax assets	**-594 289**	**-1 175 986**
24 % / 25 % deferred tax / deferred tax assets	-148 572	-317 516
Change in tax rate	5 943	23 520
Change in tax rate - effect on group contribution	-1 069	-3 787
Total deferred tax assets (-) / liabilities (+)	**-143 699**	**-297 783**
Explanation of the tax charge		
25 % / 27 % tax on profit before tax	134 521	47 056
Effect of group contribution - change in tax rate	-1 069	-3 787
Effect on change in tax rate	5 943	23 520
Change in tax papers 2014	-	6 222
Change of shares in partnerships	155 609	-
Permanent differences	-160 129	-25 665
Other differences	-490	14
Income tax expense	**134 383**	**47 361**

Tax expense on ordinary profit for the year:	2016	2015
Analysis of tax charge:		
Taxes payable	-	-
Change in deferred tax	149 211	41 837
Change in tax rate (from 25% to 24% /27% to 25%)	4 873	27 170
The tax effects recognized in equity	-19 701	-21 647
Income tax expense, income	**134 383**	**47 361**
Basis for tax payable	**2016**	**2015**
Profit before tax	538 083	174 282
Write-downs on shares	-3 700	-
Income from partnerships	94 868	139 204
Difference from the sale of shares	-530 808	-
Revenue from the company within the exemption method	-216 025	-143 527
Other permanent differences	8	50
Basis for this year's tax	**-117 574**	**170 009**
Change in temporary differences	243 809	-79 181
Received group contribution adopted this year	-189 328	-90 732
Taxable income	**-63 093**	**96**
Use of tax loss carryforwards	-	-96
Basis for tax payable	**-63 093**	**-**

14 FINANCIAL INSTRUMENTS - FINANCIAL MARKET RISK

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

Summary of receivables and debts in foreign currency:	2016	2015
Long-term receivables		
TSEK	1 673 675	2 415 001
TDKK	-	-
Long-term debt		
TSEK	500 000	877 280
TDKK	280 000	80 000
Exchange rate on the balance sheet date		
SEK	0,95	1,05
DKK	1,22	1,29
Figures in Norwegian Kroner		
Long-term receivables	**1 591 993**	**2 529 713**
Long-term debt	**817 813**	**1 022 079**

Assets and liabilities are recorded at exchange rates as of 31.12.2016.

Steen & Strøm AS has in 2016 had a net loss on foreign currency of NOK 181 645 thousand (gain 142 603). Of this amount +2 615 (gain 2015: 10 453) is realized.

Remaining lines of credit are thousand NOK 550 000 thousand.

15 RELATED PARTIES

See note 11.3 of the consolidated financial statements.

16 LITIGATION AND CLAIMS

See note 11.2 of the consolidated financial statements.

17 POST-BALANCE SHEET DATE EVENTS

See note 11.4 of the consolidated financial statements.

AUDITORS' REPORT

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE

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To the General Meeting of Steen & Strøm AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Steen & Strøm AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the statement of financial position as at 31 December 2016, and statement of comprehensive income, statement of changes in equity, statement of cash flows the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the statement of financial position as at 31 December 2016, and statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Key Audit Matters

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

Deloitte.

Key audit matter	How the matter was addressed in the audit
The majority of the Group's assets consist of Investment property. Investment properties are recognized based on fair values identified by an external, independent appraiser. Each half-year all properties are valued by the external appraiser. We refer to note 2.25 "Critical accounting estimates and subjective judgements" for further information. The fair value is based on assumptions and estimates as well as property specific information. These assumptions and estimates require significant judgment, and the outcome of the fair value assessment may vary significantly, dependent on the assumptions applied.	The Group has established internal controls to ensure that all relevant property information is included in the external valuations. We evaluated the design and implementation of the control activities that management has established. For a sample of the investment properties, we tested if the information from the leasing contracts was accurate and correctly applied in the external valuers' reports. We assessed the external valuers' qualifications and expertise as well as the valuation methods used against generally accepted valuation standards and practices. We obtained the external valuers' valuation reports and reconciled the values used in the financial statements to the valuation reports. For a sample of investment properties, we assessed the changes in fair value from half-year to year-end. We used Deloitte valuation specialists in our audit of the valuation of investment property. We also assessed the adequacy of the related disclosures in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Deloitte.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit 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, 28 April 2017
Deloitte AS

Sylvi Bjørnslett

Sylvi Bjørnslett
State Authorised Public Accountant

DEFINITIONS

The Group apply the following alternative performance measures as defined below:

EBITDA net interest coverage

- EBITDA: Operating income adjusted for income from disposals, provisions, depreciation and change in fair value of investment property. Includes EBITDA from equity investment entities
- Net interest: Financial income + financial expenses after adjustment for other financial income / expenses and foreign exchange gains / losses

Loan-to-value

- Loan: Non-current + current financial liabilities
- Value: Investment properties + Investment properties under construction + Investment properties held for sale. Includes property value of equity investment entities
- For net loan-to-value, the loan balance is adjusted for cash and cash equivalents

STEEN & STRØM
A SUBSIDIARY OF KLÉPIERRE