



HALF YEAR REPORT 2024

Steen & Strøm's shopping center portfolio is showing a moderate improvement of its financial performance compared to the same period last year, driven by indexation and increasing retailer across the portfolio. The group is showing a solid financial position, with a net loan to value ratio of 23.9% (24.0% on 31 December 2023), emphasized by our BBB+ rating with a "positive outlook" (S&P).

Operating Performance

Year to date retailer sales in our shopping centers are up +1.3% on a comparable portfolio basis, of which Norway +0.8%, Denmark +1.3% and Sweden +1.6%. The increase mainly derives from two prime assets, Emporia +3.0% and Oslo City +2.8%, but also supported by Bryggen in Vejle +8.7%. With regards to segments, the most significant contributor to growth was "Health & Beauty" with 10.6%, followed by "Others" (mainly supermarkets and cinemas) with +2.0%.

Gross rental income (GRI) increased by +2.7% on a like-for-like basis, despite the positive effect of indexation of 3,8%. On a non like for like basis, including the FX effect and disposal in Sweden (Galleria Boulevard), total GRI increased by +2.5% and amounted to MNOK 770.8 (MNOK 751.8 as of June 2023).

Like-for-like increase in net rental income (NRI) was +0.4%, positively influenced by indexation, increased variable revenues and lower rent discounts, offset by an intermediate increase in net vacancy and higher legal costs due to Field's department store case. Total NRI increased by +0.9% and landed at MNOK 675.2 (MNOK 669.3 as of June 2023), influenced by a strengthened DKK compared to NOK.

The group generated operating income of MNOK 582.1 (MNOK -372.7 as of June 2023) and pre-tax profits of MNOK 508.2 (MNOK -290.7) in the first half of 2023.

The strengthening in operating income and pre-tax profits from last year is deriving from a general, limited decline in fair value of our investment properties. Share of earnings in equity investment has been reduced, from MNOK 44.6 in H1 2023 to MNOK -36,1 in H1 2024.

Portfolio Value

Investment properties and projects were valued at MNOK 26 415 on 30 June 2024 (MNOK 27 549 on 30 June 2023). Reduction in values is mainly driven by increasing discount rates as a result of the current market uncertainties and increased interest rates, leading to the total negative adjustment in our results of MNOK 37.6 in H1 2024.

The property portfolio valuation is performed by an independent external appraiser and corresponds to an average net initial yield of 5.1% (4.7%).

Debt and Financing

Net debt amounted to NOK 6.6 billion on 30 June 2024 (NOK 7.6 billion on 30 June 2023), resulting in a net debt to EBITDA (excl. fair value adjustments) ratio of 5.3x. Average maturity of the Group's debt was 12.1 years, and the hedging ratio 92% per 30 June 24. Average cost of debt was approximately 1.85% in H1 2024, and interest coverage ratio landed at 6.6x.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of NOK	YTD Q2 2024	YTD Q2 2023
Gross rental income	770 802	751 789
Non-recovered rental expenses	-74 146	-67 765
Building expenses (owner)	-21 470	-14 774
Net rental income	675 187	669 250
Management, administrative and related income	36 422	31 712
Other operating revenue	6 435	3 518
Change in the fair value of investment properties	-37 606	-973 280
Payroll expenses	-61 739	-51 539
Other general expenses	-30 636	-45 406
Depreciation and impairment on investment properties	-140	-134
Depreciation and impairment on intangible assets and furniture and equipment	-4 967	-5 589
<i>Proceeds from disposal of investment properties and equity investments</i>	<i>473 309</i>	<i>61 999</i>
<i>Net book value of investment properties and equity investments sold</i>	<i>-474 187</i>	<i>-63 215</i>
Gain on disposal of investment properties and equity investments	-878	-1 217
Operating income	582 078	-372 683
Net dividends and provisions on non-consolidated investments	62	-
<i>Financial income</i>	<i>437 389</i>	<i>453 271</i>
<i>Financial expenses</i>	<i>-499 844</i>	<i>-500 994</i>
Net cost of debt	-62 456	-47 723
Change in the fair value of financial instruments	24 617	85 144
Share of earnings in equity investment entities	-36 080	44 570
Profit before tax	508 221	-290 692
Corporate income tax	-157 672	170 981
Net income of consolidated entity	350 550	-119 711
Average number of shares (in thousands)	29 303	29 303
Earnings per share	12	-4
In thousands of NOK	YTD Q2 2024	YTD Q2 2023
Net income of consolidated entity	350 550	-119 711
Other comprehensive income items recognized directly as equity		
Items that may be reclassified subsequently to profit or loss		
Gain/loss on cash flow hedges	-9 046	-84 068
Income tax related to cash flow hedges	859	16 117
Exchange differences on translation of foreign operations	-28 416	978 660
Items that will not be reclassified subsequently to profit or loss		
Other comprehensive income	-36 604	910 709
Total comprehensive income	313 946	790 998
Comprehensive earnings per share	11	27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of NOK	30/06/2024	30/06/2023
Goodwill	348 425	348 425
Intangible assets	18 462	23 448
Furniture and equipment	25 271	29 266
Investment properties and properties under construction	26 415 445	27 549 260
Equity method securities	1 754 420	1 885 080
Other non-current assets	6 503	206 569
Non-current derivatives	285 456	490 461
Deferred tax assets	137 895	81 053
NON-CURRENT ASSETS	28 991 876	30 613 561
Investment properties held for sale	-	-
Trade accounts receivables	107 847	169 796
Other receivables	1 138 965	385 744
Current derivatives	-	5 201
Cash and cash equivalents	656 532	735 225
CURRENT ASSETS	1 903 344	1 295 965
TOTAL ASSETS	30 895 220	31 909 527
Share capital	73 259	73 259
Additional paid-in capital	4 028 584	4 028 584
Consolidated reserves	13 836 360	14 304 715
<i>Hedging reserves</i>	175 253	302 856
<i>Other consolidated reserves</i>	13 661 106	14 001 859
Consolidated earnings	350 549	-119 711
SHAREHOLDERS' EQUITY	18 288 752	18 286 847
Non-current financial liabilities	7 010 835	7 735 471
Non-current derivatives	5 127	-
Security deposits and guarantees	138 829	143 319
Deferred tax liabilities	4 083 497	3 955 326
NON-CURRENT LIABILITIES	11 238 288	11 834 116
Current financial liabilities	709 423	773 340
Bank facilities	0	229 880
Trade payables	140 228	161 333
Other liabilities	163 268	208 009
Current derivatives	-	-
Social and tax liabilities	355 261	416 002
CURRENT LIABILITIES	1 368 180	1 788 564
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	30 895 220	31 909 527

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of NOK	YTD Q2 2024	YTD Q2 2023
Net income of consolidated entity	350 550	-119 711
<i>Depreciation and impairment investment properties, intangible assets, furniture and equipment</i>	5 107	5 723
<i>Change in the fair value of investment properties</i>	37 606	973 280
<i>Capital gains and losses on asset disposals net of taxes and deferred taxes</i>	1 613	1 157
<i>Corporate income tax</i>	157 672	-170 981
<i>Share of earnings in equity method investees</i>	36 080	-44 570
<i>Reclassification of financial interests and other items</i>	308 858	65 920
Paid taxes	-19 218	-5 411
Change in operating working capital	-814 126	-198 260
Net cash flow from operating activities	64 141	507 147
Proceeds from sale of investment properties	474 176	60 379
Proceeds from sale of other fixed assets	-	1 620
Proceeds from disposal of subsidiaries (net of cash disposed)	-867	-
Acquisitions of investment properties	-	-18 363
Payments in respect of construction work in progress	-56 775	-51 213
Acquisitions of other fixed assets	-123	-8 778
Proceeds of loans and advance payments granted and other investments	27	9 505
Net cash flow from investing activities	416 438	-6 850
Dividends and group contributions paid to the parent company's shareholders	-	-
New loans, borrowings and hedging instruments	605 470	908 209
Repayment of loans, borrowings and hedging instruments	-705 207	-1 136 024
Interest paid	-329 031	-98 472
Other cash flows related to financing activities	-449	-582
Net cash flow from financing activities	-429 218	-326 869
Net changes in cash	51 362	173 428
Cash at the start of the period	598 256	313 824
Effect of foreign exchange differences	6 914	18 093
Cash at the end of the period	656 532	505 345

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31/12/2023							
In thousands of NOK	Share capital	Additional paid-in capital	Hedging reserves	FX conversion reserves	Consolidated reserves	Consolidated earnings	Total Equity
Opening statement	73 259	4 028 584	370 807	1 513 223	11 187 815	579 753	17 753 441
Reclassification of last year's net income	-	-	-	-	579 754	-579 754	-
Net income for the period	-	-	-	-	-	-325 446	-325 446
Net income of consolidated entity	-	-	-	-	579 754	-905 199	-325 446
Income from cash-flow hedging net after tax	-	-	-187 366	-	-	-	-187 366
Exchange differences on translation of foreign operations	-	-0	0	963 458	24 979	0	988 437
Other comprehensive income	-	-0	-187 366	963 458	24 979	0	801 071
Group contribution	-	-	-	-	-257 593	-	-257 593
Dividends paid	-	-	-	-	-	-	-
Other Movements	-	-	1	-	-2 316	-	-2 314
Closing statement	73 259	4 028 584	183 441	2 476 681	11 532 638	-325 446	17 969 158
30/06/2024							
In thousands of NOK	Share capital	Additional paid-in capital	Hedging reserves	FX conversion reserves	Consolidated reserves	Consolidated earnings	Total Equity
Opening statement	73 259	4 028 584	183 441	2 476 681	11 532 639	-325 446	17 969 158
Reclassification of last year's net income	-	-	-	-	-325 446	325 446	-
Net income for the period	-	-	-	-	-	350 549	350 549
Net income of consolidated entity	-	-	-	-	-325 446	675 995	350 549
Income from cash-flow hedging net after tax	-	-	-8 188	-	-	-	-8 188
Exchange differences on translation of foreign operations	-	-	-	-28 315	-101	-	-28 416
Other comprehensive income	-	-	-8 188	-28 315	-101	-	-36 604
Group contribution	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Other Movements	-	-	-	-	5 648	-	5 648
Closing statement	73 259	4 028 584	175 253	2 448 366	11 212 741	350 549	18 288 752

Segment information

Steen & Strøm is a Scandinavian shopping center company, with 9 leading centers located in the most attractive marketplaces in Denmark, Norway, and Sweden.

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

- Denmark
- Norway
- Sweden

The management team monitors the operating results of each business segment independently as a basis for segment decision-making and performance evaluation. Group financial policy (including the impact of financial income and expenses), corporate activities and tax result calculation are handled at

YTD Q2 2024	Segment income statement				
	In thousands of NOK	Denmark	Norway	Sweden	Total
Gross rental income		334 979	118 554	317 269	770 802
Non-recovered rental expenses		-36 151	-5 231	-32 764	-74 146
Building expenses (owner)		-34 097	38 745	-26 118	-21 470
Net rental income		264 731	152 068	258 388	675 187
Management, administrative and related income		10 821	13 060	12 541	36 422
Other operating revenue		227	5 712	496	6 435
Change in the fair value of investment properties		4 668	-15 900	-26 373	-37 606
Payroll expenses		-6 964	-46 132	-8 643	-61 739
Other general expenses		-8 648	-15 139	-6 849	-30 636
Depreciation and impairment allowance on investment properties		-	-140	-	-140
Depreciation and impairment allowance on intangible assets and furniture and equipment		-447	-4 520	-	-4 967
Proceeds from disposal of investment properties and equity investments		-	-867	474 176	473 309
Net book value of investment properties and equity investments sold		-	-	-474 187	-474 187
Income from disposal of investment properties and equity investments		-	-867	-11	-878
Operating income		264 387	88 142	229 549	582 078
Net dividends and provisions on non-consolidated investments					62
Financial income					437 389
Financial expenses					-499 844
Net cost of debt					-62 456
Change in the fair value of financial instruments					24 617
Share of earnings in equity investment entities					-36 080
Profit before tax					508 221
Corporate income tax					-157 672
Net income of consolidated group					350 549

YTD Q2 2023	Segment income statement				
	In thousands of NOK	Denmark	Norway	Sweden	Total
Gross Rental Income		326 790	120 001	304 998	751 789
Gross rental income		326 790	120 001	304 998	751 789
Non-recovered rental expenses		-38 340	-4 027	-25 398	-67 765
Building expenses (owner)		-18 747	27 763	-23 790	-14 774
Net rental income		269 703	143 737	255 810	669 250
Management, administrative and related income		11 766	10 108	9 838	31 712
Other operating revenue		272	2 982	264	3 518
Change in the fair value of investment properties		-557 972	-119 588	-295 720	-973 280
Payroll expenses		-6 523	-35 266	-9 749	-51 539
Other general expenses		-10 839	-13 541	-21 026	-45 406
Depreciation and impairment allowance on investment properties		-	-134	0	-134
Depreciation and impairment allowance on intangible assets and furniture and equipment		-496	-5 092	-1	-5 589
Proceeds from disposal of investment properties and equity investments		-	1 620	60 379	61 999
Net book value of investment properties and equity investments sold		-	-26	-63 189	-63 215
Income from disposal of investment properties and equity investments		-	1 594	-2 811	-1 217
Operating income		-294 088	-15 200	-63 395	-372 683
Net dividends and provisions on non-consolidated investments					-
Financial income					453 271
Financial expenses					-500 994
Net cost of debt					-47 723
Change in the fair value of financial instruments					85 144
Share of earnings in equity investment entities					44 570
Profit before tax					-290 692
Corporate income tax					170 981
Net income of consolidated group					-119 711