

STEEN  STROM
ANNUAL REPORT 2020

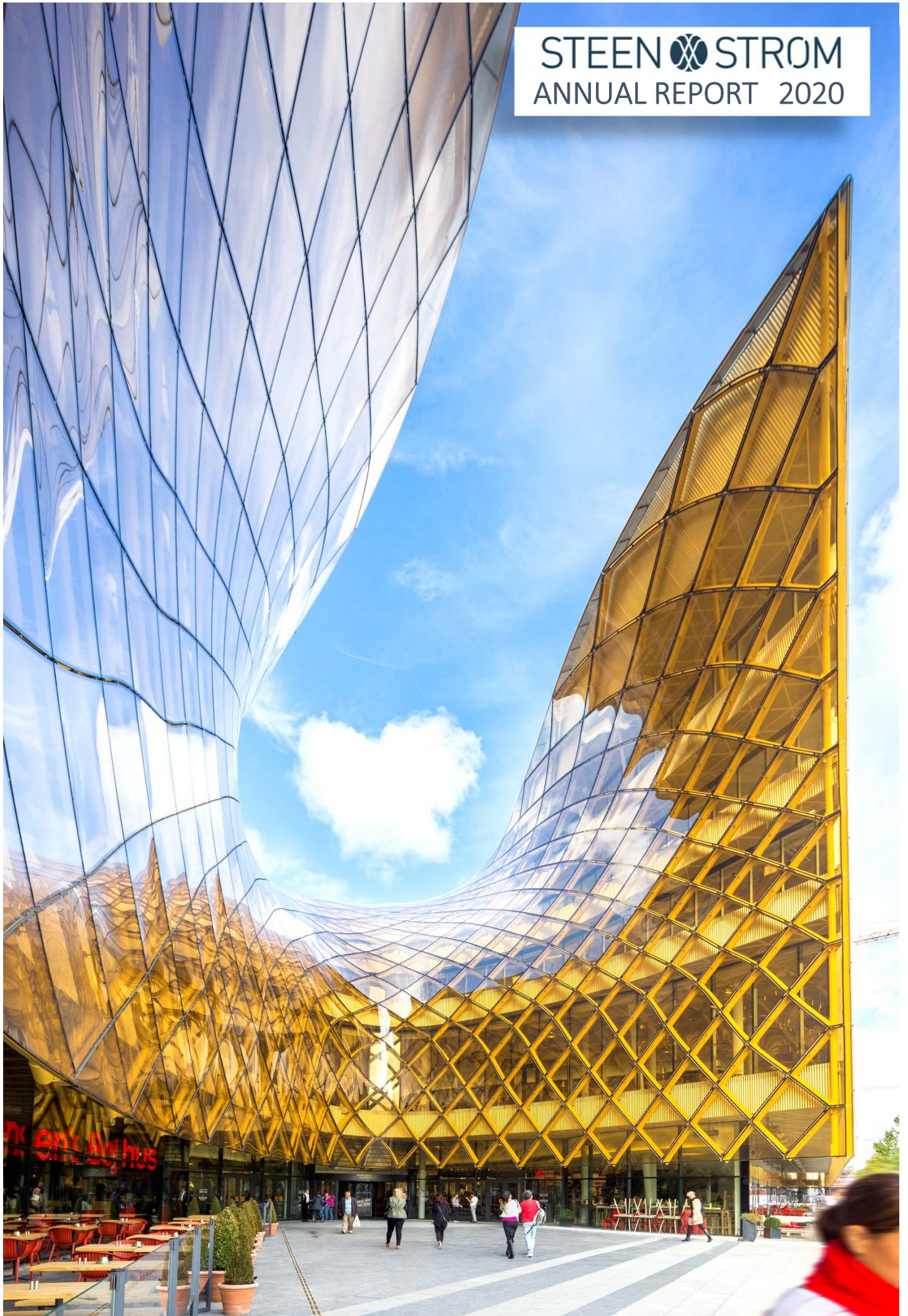


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BOARD OF DIRECTORS' REPORT 2020

The positive development in the rental income of Steen & Strøm's shopping center portfolio was disrupted in 2020 by the ongoing Covid-19 pandemic, causing a negative impact on the overall financial performance of Steen & Strøm. Nevertheless, Steen & Strøm has managed to mitigate the financial impacts to some extent and thus maintain a solid financial position during 2020. Consequently, our credit rating (A- rating from Standard & Poor's) is unchanged from previous years, however adjusted to "negative outlook" due to current uncertainties.

Steen & Strøm holds 18 shopping centers, located in major regional cities' catchment areas. The portfolio comprises resilient, large and modern assets, adapted to consumer needs and expectations. This has to some extent been confirmed during 2020, despite the ongoing pandemic, with a relatively moderate impact on vacancy levels, and an overall satisfying collection rate.

Net rental income on a like-for-like basis decreased -10.1% in 2020 (Norway -1.8%, Sweden -13.0% and Denmark -14.8%), driven by impacts on our leasing activity, variable income and collection rates due to the Covid-19 pandemic. For the Group as a whole the indexed linked effect on net rental income was 1.3% and the reversion rate is almost flat, -1.1% in 2020.

Net interest-bearing debt (not including lease liabilities) increased by NOK 964.2 million to NOK 12 794.1 million by year-end and is reflected in the Group's Loan-to-Value of 33.2% (30.9%). The average cost of debt was approximately 1.8% in 2020.

Total change in fair value of investment properties amounted to NOK -2 084.1 million in 2020 (NOK - 420.6 million in Norway, NOK -963.2 million in Sweden and NOK -700.3 million in Denmark). Yields on non-core assets increased over the past year, and the valuation is based on an average net initial yield of 4.5% (4.7% in Norway, 4.8% in Sweden and 4.0% in Denmark). In Norway, the value adjustments are negatively impacted by weaker operational performance at Oslo City. All assets in Sweden decreased in value due to increasing yields, whereas in Denmark the values have been reduced due to reduced expected cash flow for 2021 in the valuations.

KEY FIGURES

COVID-19 IMPACTS

The Covid-19 Pandemic reached Scandinavia in February/March 2020, and restrictions were implemented early March by local governments to limit spreading, including restrictions on gatherings, certain sectors plus recommendation of home working where possible. Danish malls were closed during 2020, at the peaks of the pandemic, except necessary activities. Norway have restricted certain activities, whereas Sweden have not implemented restrictions, but issued strong recommendations to avoid public places incl. shopping centers. Regardless of the country specific strategy, the pandemic has significantly influenced social behavior and the activity in our malls during the outbreak, affecting retailers' (sales), and thus the base of our business. Consequently, our financial performance in 2020 has been influenced by increasing loss on debts due to bankruptcies; lower sales based income, and increasing rent discounts. As the situation is expected to continue well into 2021, we do expect continued, short-term negative implications on the financial performance. Except as mentioned above, Steen & Strøm does not have any other information about consequences of the Covid-19 pandemic with impact on the consolidated financial statements for 2020. The Company is still expecting a long-term positive development for the real estate property business.

RETAILER SALES

Steen & Strøm's operational business model is to lease premises at its shopping centers to retailers. Retailer sales in Steen & Strøm's shopping center portfolio was negatively impacted by Covid-19 in 2020, however with very different trends by country, due to differences in outbreaks, national health strategies and restrictive measures. Total retailer sales for Steen & Strøm's shopping centers decreased by 12.4% in 2020 compared to 2019 on a like-for-like basis. Per country, sales decreased by 2.4% in Norway, 23.8% in Denmark and 16.0% in Sweden.

In the following, please notice that numbers in brackets are 2019 comparisons.

ECONOMIC ENVIRONMENT

The Scandinavian economy entered a slowdown already before Covid-19, which was accelerated by the pandemic, and the short-term outlook is unclear at the current stage of the pandemic. GDP has been declining in Denmark (-3.7%) and Sweden (-2.5%), whereas Norway has been somewhat flat (-0.2%) in the first 3 quarters of 2020. The unemployment rates are increasing in all three countries, with minor, periodic fluctuations, and the consumer confidence is historically low.

NET RENTAL INCOME

Net rental income from shopping center operations was NOK 1 590.4 million (NOK 1 656.5 million), of which gross rental income equals NOK 1 794.1 million (NOK 1 833.2 million). Direct operating expenses at the shopping centers, included in net rental income, amounted to NOK 203.7 million (NOK 176.7 million). Figures exclude rental income from joint venture operated shopping centers consolidated under the equity method (Metro, Hovlandparken and Økern). Total net rental income, including equity investments, was NOK 1 651.6 million in 2020 (NOK 1 718.4 million).

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

OPERATING EXPENSES

In addition to direct operating expenses as defined above, other operating expenses include salaries, other general expenses and depreciation, amounting to NOK 228.2 million in 2020 (NOK 230.7 million).

CHANGE IN THE FAIR VALUE OF INVESTMENT PROPERTIES

Total fair value change of investment properties was NOK -2 084.1 million (NOK -546.3 million). The valuation of the shopping centers is based on an average yield of 4.51%, which is slightly higher than for 2019. The shopping centers and projects have a book value of NOK 38.6 billion (NOK 38.3 billion) as of 31.12.2020, including equity method investments. The majority of the Group's assets consist of investment properties. The Group has established routines whereby investment properties are valued twice a year by an external appraiser. The valuation of investment properties is calculated using assumptions and estimates that require significant judgment and may vary significantly dependent on the assumptions applied.

OPERATING INCOME

Steen & Strøm's operating income was NOK -596.5 million (NOK 970.9 million) after fair value adjustments. Income from disposal of investment properties and equity investments was NOK 27.2 million in 2020 (NOK 8.0 million), while other operating revenue amounted to NOK 5.8 million (NOK 6.1 million).

COST OF NET DEBT

Net cost of debt amounts to NOK 330.6 million (NOK 213.3 million), including a NOK 74.7 million currency translation loss (gain of NOK 24.1 million). Net interest expense from swaps was NOK 60.9 million in 2020 (NOK 57.6 million). In addition, share of net income of NOK -13.6 million (NOK 50.0 million) has been recognized other investments (equity method shares).

PROFIT BEFORE TAX

Profit before tax amounted to NOK -941.9 million (NOK 803.6 million). Adjusted for fair value changes related to the investment property portfolio and income from disposals, the pre-tax profit equals NOK 1 114.9 million, which is a decrease of NOK 227 million from 2019.

CASH FLOW

Net cash flow from operating activities was NOK 1 491.2 million (NOK 1 500.1 million), while net cash flow from investing activities was NOK -386.5 million (NOK -254.6 million). Net cash flow from financing activities was NOK -1 401.0 million (NOK -1 311.6 million). Cash and cash equivalents decreased by NOK 296.4 million in 2020 and amounted to NOK 111.1 million at 31.12.2020. The Group has liquidity reserves through unused credit facilities of NOK 2 475 million and un-mortgaged investment properties of NOK 26.6 billion. Un-mortgaged investment properties is the carrying amount of investment properties and investment properties under construction deducted with the total mortgage amount.

FINANCIAL POSITION

Total assets for the Group as at 31 December 2020 are almost unchanged from 2019 and amounted to NOK 39.8 billion, of which investment properties amounted to NOK 36.8 billion (NOK 36.5 billion). Change in fair value of Investment properties amounted to NOK -2 084.1 million in 2020 (NOK -546.3 million in 2019), driven by the current impacts of the pandemic on operations in general. This is however compensated by forex impacts from strengthened currencies in Denmark and Sweden. Yields on non-core assets increased over the past year, and the valuation results in an average net initial yield of 4.5% (4.7% in Norway, 4.8% in Sweden and 4.0% in Denmark).

Booked equity amounted to NOK 20.6 billion at year-end 2020, corresponding to a book equity ratio of 51.7% (53.6%). Net interest-bearing debt amounted to NOK 12.8 billion (NOK 11.8 billion) at 31.12.2020.

SHOPPING CENTER OPERATIONS

Steen & Strøm operates 18 shopping centers in Scandinavia, ten centers in Norway, five centers in Sweden and three centers in Denmark.

SHOPPING CENTERS IN NORWAY

Steen & Strøm has eight fully owned shopping centers and two partly owned shopping centers in Norway. Økern Senter is classified as a part of the Økern Sentrum development project and is not included in the figures. The shopping centers saw a decrease in retail sales of 2.4% on a constant portfolio basis in 2020. The shopping centers had a total gross rental income of NOK 665.9 million (NOK 681.2 million) in 2020. Operating income, adjusted for fair value changes and income from disposals, amounted to NOK 560.0 million (NOK 557.9 million). Decrease in net rental income like-for-like was 1.8% in 2020. Some sectors were closed in Norway between March and April. City centers were hit hardest due to restrictions, while local centers have seen an increase in sales.

SHOPPING CENTERS IN DENMARK

Steen & Strøm owns and operates three shopping centers in Denmark. The three fully owned shopping centers decreased retail sales by 23.8% in 2020, as Danish shopping centers were closed between 18 March to 11 May and from 17 December until year-end 2020. Gross rental income for the Danish centers amounted to NOK 553.9 million (NOK 579.3 million). Operating income, adjusted for fair value changes and income from disposals, amounted to NOK 458.7 million (NOK 483.1 million). Like-for-like decrease in net rental income was 14.8% in 2020.

SHOPPING CENTERS IN SWEDEN

Steen & Strøm owns and operates five shopping centers in Sweden. The shopping centers saw a decrease in retailer sales of 16.0% on a constant portfolio basis in 2020. The shopping centers in Sweden have been open, but people have generally avoided crowded spaces, thus affecting our retailer sales. Gross rental income for the Swedish centers amounted to NOK 574.3 million (NOK 572.7 million). Operating income, adjusted for fair value changes and income from disposals, amounted to NOK 441.6 million (NOK 468.2 million). Like-for-like decrease in net rental income was 13.0% in 2020.

SHAREHOLDERS

OWNERSHIP STRUCTURE

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

GENERAL MEETINGS

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

BOARD OF DIRECTORS

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

SHAREHOLDER POLICY

Steen & Strøm's long-term goal is to ensure a competitive return on invested capital and equity. Assets are managed to give optimal long-term return. In 2020, the Group provided NOK 383.6 million in Group contribution and NOK 875.5 million in dividends to Storm Holding Norway AS.

ORGANISATION AND ENVIRONMENTAL ASPECTS

EMPLOYEES

Steen & Strøm is a Scandinavian organization with employees in Norway, Denmark and in Sweden. The Group had 139 (including fix term) employees by end of 2020. These employees are based at our offices in Oslo, Copenhagen and Stockholm and at our 18 shopping centers across Scandinavia. Steen & Strøm has a gender spilt of approximately 60 % women and 40% men. Women constitute the majority in positions and departments like accounting, rental, marketing, HR and shopping centers (including seven female shopping center managers), while men constitute the larger part in corporate management, development and technical operations. Normal working hours are the same for all employees.

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

The Group has working environment committees both at local and Group level, working closely together with employee representatives to maintain a good and positive work environment. Absence due to illness was 3.58% in 2020. No injuries or accidents of any significance occurred in Steen & Strøm the last year.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

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

Environmental and social responsibility is also a strategic, key element for Klépierre, our French majority owner. This includes all subsidiaries of the Klépierre Group.

ACT FOR GOOD

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

- **Act for the Planet**, which sums up the Group's ambition to make a positive contribution to the environment. This pillar consists of four initiatives; act for a low-carbon future, contribute to circular economy, innovate for a sustainable mobility and develop a 100% certified portfolio.
- **Act for Territories**, which illustrates the importance of the Group's local involvement in the regions in which it operates. Four initiatives underpin this pillar; promote local employment around our centers, participate in the local community, pursue our responsible citizenship and involve local actors in development projects.
- **Act for People**, which is about the women and men involved with our shopping centers. It is devoted to the well-being of our visitors, our employees and our rental tenants' employees through five initiatives; increase the satisfaction of visitors, promote health and well-being in our centers, offer Group employees a positive experience, champion ethics in the local communities and be social conscious.

ACT FOR THE PLANET - ENVIRONMENTAL FOCUS

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

Steen & Strøm has implemented ISO-14001 since 2014. In January 2020, the Group went through a recertification audit carried out by RISE Technical research institute.

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

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

GRESB

In the annual Global Real Estate Sustainability Benchmark ("GRESB") of 2020, Steen & Strøm was recognized as a Global Sector Leader Retail, with a score of 96 points (one point behind Klépierre), an increase of five points vs. 2019. Steen & Strøm is also shortlisted for the 2021 GRESB-BREEAM Award for responsible investment for large portfolios.

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

ORGANIZATION

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

KEY TARGET AREAS

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

Within energy management, Steen & Strøm is working proactively to reduce energy consumption and increase its share of renewable energy. We reduced the year-on-year energy intensity in kWh per square meter by 19 percent in 2020. 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 a recovered material waste proportion of 50% for the shopping centers by end of 2020, same as in 2019.

Within water management, the consumption was reduced by 22% in 2020 compared with 2019, driven by the reduced footfall due to COVID19. Within transport, one of the main goals is to increase the number of charging stations/points for electric cars. By the end of 2020, Steen & Strøm offers 123 parking spaces for electric or hybrid cars equipped with a standard charging station.

CORPORATE GOVERNANCE

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

RISK MANAGEMENT AND CONTROL

Steen & Strøm is following a framework of risk management and internal control developed with its majority owner, Klepierre. The purpose of this framework is to ensure a strong link between the overall strategy and goals of the Group, incl. daily operations in the various companies owned by the Group. During 2020, Steen & Strøm has continued to ensure harmonization of procedures for risk and control in accordance to Klépierre's framework. This includes coordination of methodology for first and second level of controls, as well as internal audits on selected areas. Steen & Strøm has established a five-year strategy, which is the basis for yearly plans and budgets.

The Group activities involve different kinds of risk; operational risk, market risk, credit risk, liquidity risk and risks related to floating/fixed interest rates. The Board of Directors set the goals and frameworks for operational and financial risks. The main driver in the operational business of the Group is the development in retail spending. Based on available public forecasts we have reason to believe that the growth will stabilize upon Covid-19 in the Scandinavian markets and the shopping center business will have its reasonable share of the retail spending. The Group's credit risk is primarily related to the ability of the tenants to pay rent. Steen & Strøm has more than 1 600 leasing contracts. Prominent, stable retail chains form the major Group of our tenants. Clear routines have been established on credit check of tenants before contract signing and follow-up of due invoices. The Group loss on receivables is limited, however increasing in 2020 due to the pandemic. The liquidity risk is managed by always having reserves in the form of liquid, current assets, unused credit facilities and un-mortgaged properties. We aim to limit liquidity risk that arises from the refinancing of Group debts by scheduling maturity dates for loans at different times of the year and by having sufficient reserves to cover short-term refinancing needs. To reduce the exposure to interest-rate changes in the short-term interest market, the Group has signed fixed interest swaps for approximately 70% of its loan portfolio.

EMPLOYEES AND WORKING ENVIRONMENT

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

ACTIONS AGAINST CORRUPTION

Steen & Strøm has an employee manual and ethical guidelines where regulations are incorporated to highlight the Group's attitude to prevent corruption, and in line with the Working Environment Act, established procedures for whistleblowing and notification. Steen & Strøm has also established actions to reveal eventual corruption; this implies actions of control that are organized through internal control processes, ordinary audit and internal/external audits. In 2020, all Scandinavian employees attended a virtual anti-corruption training developed by Klepierre.

CUSTOMER-CENTRIC MALL MANAGEMENT

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

- **Retail First** means that Steen & Strøm regularly interacts with national and international retailers in order to facilitate their growth efficiently, whether this means optimizing their presence and their store format or offering new points of sale.
- **Let's Play** launched together with the majority owner Klépierre, sums up the positioning of the Steen & Strøm centers. It conveys the idea of promoting shopping as a game and infusing a "retailtainment" spirit combining retail and entertainment into all Steen & Strøm shopping centers.
- **Clubstore** launched together with majority owner Klépierre, is Steen & Strøm's comprehensive approach to the customer experience. The approach contains a holistic set of detailed standards with respect to 15 touch points with customers, from digital access to welcome desks, from parking to storefronts, from lightening to sound & smell, from break zones to kids' entertainment, etc.

FINANCIAL REPORTING PROCESS

Steen & Strøm AS has bonds listed on Oslo Stock Exchange. Hence, the external financial reporting is compliant with the regulations of Oslo Stock Exchange and Norwegian laws and regulations in general. Internal financial reporting is produced on a quarterly basis and results are assessed and analyzed against budgets and last year figures. Number of board meetings was four in 2020 and the financial performance was on the agenda in all meetings.

The Group financial statements are prepared by the financial department and are audited by an independent auditor on a yearly basis. In addition, external companies perform audits and controls on specific issues. Routines for reporting and benchmarking contribute to make irregular costs visible. Investment properties are stated in the balance sheet at fair value, according to IAS 40. Value of investment properties makes up 97% of all Group assets, and is Steen & Strøm's only Key Account Matter (KAM). An independent external appraiser, Cushman & Wakefield, makes the valuation of the investment properties. The valuations are carried out according to the Red Book issued by the Royal Institution of Chartered Surveyors (RICS). The valuation methods used are the discounted cash flow method (DCF) and 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 processes. External controls actions comprise ordinary audit, extended audit, risk analyses and insurance analyses.

GOING CONCERN

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

STEEN & STRØM AS

Steen & Strøm AS had a profit for the year of NOK 4 185.7 million (NOK 1 940.4 million).

FUTURE PROSPECTS

THE MARKET IN GENERAL

In historical terms, consumer spending has been stable in Scandinavia compared to other regions. However, the outlook for 2021 is uncertain due to the current impacts on our retailer sales from current restrictions. It is still uncertain how long the pandemic will last, and the long-term implications are depending on economic recovery. In general, we observe a polarization of shopping malls where larger and well-located shopping centers continue to perform well, while smaller shopping centers suffer from increasing vacancies and declining sales.

STEEN & STRØM'S MARKET POSITION

Steen & Strøm's shopping centers are located in major regional cities' catchment areas. For most of the shopping centers, between 100 000 and 1 800 000 people live less than 30 minutes away by car. Our portfolio comprises large and modern assets, which is viewed as attractive by the tenants. This is confirmed by the Group's ability to deliver positive NRI growth on a stable and a relatively high occupancy rate of 92.9%.

LEGAL DISPUTES

See note 11.2 to the financial statements.

The board of directors would like to thank all employees and customers for great efforts and positive contributions in 2020.

Oslo, 24 March 2021



Jean-Marc Jestin
Chairman of the Board



Jean-Michel Gault
Member of the Board



Roland Mangelmann
Member of the Board



Benat Ortega
Member of the Board



Rafael Torres Villalba
Member of the Board



Louis Bonelli
Chief Executive Officer

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Consolidated statement of comprehensive income

In thousands of NOK	Note	2020	2019
Gross rental income		1 794 110	1 833 183
Non-recovered rental expenses		-138 365	-147 504
Building expenses (owner)		-65 343	-29 209
Net rental income	3.1	1 590 403	1 656 470
Management, administrative and related income		92 393	77 273
Other operating revenue		5 782	6 137
Change in the fair value of investment properties	5,3	-2 084 076	-546 307
Payroll expenses	10	-138 822	-136 693
Other general expenses	11,3	-47 942	-61 960
Depreciation and impairment on investment properties	5,3	-9 085	-268
Depreciation and impairment on intangible assets and furniture and equipment	5.1,5.2	-32 400	-31 739
<i>Proceeds from disposal of investment properties and equity investments</i>		30 681	100 413
<i>Net book value of investment properties and equity investments sold</i>		-3 413	-92 384
Gain on disposal of investment properties and equity investments	6.1	27 268	8 029
Operating income		-596 478	970 942
Net dividends and provisions on non-consolidated investments		-	96
<i>Financial income</i>		190 539	215 654
<i>Financial expenses</i>		-521 113	-429 002
Net cost of debt	6,2	-330 574	-213 347
Change in the fair value of financial instruments		-1 220	-4 115
Share of earnings in equity investment entities	5.4	-13 597	50 027
Profit before tax		-941 869	803 603
Corporate income tax	7	277 728	-71 555
Net income of consolidated entity		-664 141	732 048
Average number of shares (in thousands)		29 303	29 303
Earnings per share		-23	25
In thousands of NOK		2020	2019
Net income of consolidated entity		-664 141	732 048
Other comprehensive income items recognized directly as equity			
Items that may be reclassified subsequently to profit or loss			
Gain/loss on cash flow hedges		-21 537	55 797
Income tax related to cash flow hedges		5 206	-11 842
Exchange differences on translation of foreign operations		1 235 951	-238 475
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive income		1 219 620	-194 520
Total comprehensive income		555 479	537 529
Comprehensive earnings per share		19	18

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

Consolidated statement of financial position

In thousands of NOK	Note	31/12/2020	31/12/2019
Goodwill	4.2	348 425	348 425
Intangible assets	5.1	30 529	44 551
Furniture and equipment and work in progress	5.2	24 173	31 801
Investment properties and properties under construction	3.2, 5.3, 5.10, 9, 11.1	36 766 384	36 476 667
Equity method securities	5.4	1 799 521	1 793 618
Other non-current assets	5.5, 11.1	5 514	4 358
Non-current derivatives	8, 5.10, 11.1	13 942	14 601
Deferred tax assets	7	150 704	160 246
NON-CURRENT ASSETS		39 139 191	38 874 267
Trade accounts receivables	5.6, 11.1	145 317	171 970
Other receivables	5.7, 11.1	248 182	222 787
Current derivatives	8, 11.1	283	546
Cash and cash equivalents	5.8	268 200	452 550
CURRENT ASSETS		661 982	847 853
TOTAL ASSETS		39 801 173	39 722 120
Share capital	5.9	73 259	73 259
Additional paid-in capital		4 028 584	4 028 584
Consolidated reserves		17 145 101	16 452 662
<i>Hedging reserves</i>		-69 507	-53 176
<i>Other consolidated reserves</i>		17 214 608	16 505 838
Consolidated earnings		-664 141	732 048
SHAREHOLDERS' EQUITY		20 582 803	21 286 553
Non-current financial liabilities	5.10, 11.1	10 785 905	10 704 085
Non-current derivatives	8, 11.1	106 527	83 742
Security deposits and guarantees	11.1	132 112	119 744
Deferred tax liabilities	7	4 968 323	5 030 745
NON-CURRENT LIABILITIES		15 992 868	15 938 316
Current financial liabilities	5.10, 11.1	2 511 952	1 866 359
Bank facilities	5.8, 11.1	157 074	89 293
Trade payables	11.1	278 451	205 589
Other liabilities	5.11, 11.1	176 413	205 586
Social and tax liabilities	5.11, 11.1	101 613	130 425
CURRENT LIABILITIES		3 225 503	2 497 251
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		39 801 173	39 722 120

Oslo, 24 March 2021



Jean-Marc Jestin
Chairman of the Board



Roland Mangelmans
Member of the Board



Rafael Torres Villalba
Member of the Board



Jean-Michel Gault
Member of the Board



Benat Ortega
Member of the Board



Louis Bonelli
Chief Executive Officer

Consolidated statement of cash flows

In thousands of NOK	Note	2020	2019
Net income of consolidated entity		-664 141	732 048
Depreciation and impairment investment properties, intangible assets, furniture and equipment		41 475	39 257
Change in the fair value of investment properties		2 084 076	546 307
Capital gains and losses on asset disposals net of taxes and deferred taxes		-27 206	-8 139
Income taxes		-277 728	71 555
Share of earnings in equity method investees		13 597	-50 027
Reclassification of financial interests and other items		319 929	284 825
Paid taxes		-10 267	-9 649
Change in operating working capital		11 430	-106 121
Net cash flow from operating activities		1 491 164	1 500 056
Proceeds from sale of investment properties	6,1	30 681	100 203
Proceeds from sale of other fixed assets		66	85
Proceeds from disposal of subsidiaries (net of cash disposed)	6,1	-	210
Acquisitions of investment properties	5,3	-12 284	-2 489
Payments in respect of construction work in progress	5,3	-374 622	-368 842
Acquisitions of other fixed assets	5.1,5.2	-8 324	-6 758
Movement of loans and advance payments granted and other investments		-22 066	23 022
Net cash flow from investing activities		-386 548	-254 568
Dividends and group contributions paid to the parent company's shareholders		-859 125	-1 088 481
New loans, borrowings and hedging instruments	5,10	1 750 000	2 060 935
Repayment of loans, borrowings and hedging instruments	5,10	-2 080 220	-2 053 845
Interest paid		-209 835	-228 282
Other cash flows related to financing activities		-1 856	-1 896
Net cash flow from financing activities		-1 401 036	-1 311 570
Net changes in cash		-296 420	-66 082
Cash at the start of the period		363 257	446 821
Effect of foreign exchange differences		44 289	-17 482
Cash at the end of the period	5.8	111 126	363 257

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

Consolidated statement of changes in equity

31/12/2019							
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	-97 132	1 393 055	15 193 251	1 247 236	21 838 252
Reclassification of last year's net income	-	-	-	-	1 247 236	-1 247 236	-
Net income for the period	-	-	-	-	-	732 048	732 048
Net income of consolidated entity	-	-	-	-	1 247 236	-515 188	732 048
Income from cash-flow hedging net after tax	-	-	43 956	-	-	-	43 956
Exchange differences on translation of foreign operations	-	-	-	-238 475	-	-	-238 475
Other comprehensive income	-	-	43 956	-238 475	-	-	-194 520
Group contribution	-	-	-	-	-284 711	-	-284 711
Dividends paid	-	-	-	-	-803 625	-	-803 625
Other Movements	-	-	-	-	-892	-	-892
Closing statement	73 259	4 028 584	-53 176	1 154 579	15 351 258	732 048	21 286 553
31/12/2020							
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	-53 176	1 154 579	15 351 258	732 048	21 286 553
Reclassification of last year's net income	-	-	-	-	732 048	-732 048	-
Net income for the period	-	-	-	-	-	-664 141	-664 141
Net income of consolidated entity	-	-	-	-	732 048	-1 396 189	-664 141
Income from cash-flow hedging net after tax	-	-	-16 331	-	-	-	-16 331
Exchange differences on translation of foreign operations	-	-	0	1 235 951	-	-	1 235 951
Other comprehensive income	-	-	-16 331	1 235 951	-	-	1 219 620
Group contribution	-	-	-	-	-383 625	-	-383 625
Dividends paid	-	-	-	-	-875 500	-	-875 500
Other Movements	-	-	-	-	-105	-	-105
Closing statement	73 259	4 028 584	-69 507	2 390 530	14 824 078	-664 141	20 582 803

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The consolidated financial statements for the accounting period of 1 January 2020 to 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 24 March 2021. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.1 Segment information.

1.1 Covid-19 impacts

The Covid-19 Pandemic reached Scandinavia in February/March 2020, and restrictions were implemented early March by local governments to limit spreading, including restrictions on gatherings, certain sectors plus recommendation of home working where possible. Danish malls were closed during 2020, at the peaks of the pandemic, except necessary activities. Norway have restricted certain activities, whereas Sweden have not implemented restrictions, but issued strong recommendations to avoid public places incl. shopping centers. Regardless of the country specific strategy, the pandemic has significantly influenced social behavior and the activity in our malls during the outbreak, affecting retailers' (sales), and thus the base of our business. Consequently, our financial performance in 2020 has been influenced by increasing loss on debts due to bankruptcies; lower sales based income, and increasing rent discounts. As part of the mentioned change in consumer behavior, we are also observing an increase in e-commerce due to either closings or restrictions towards physical retail. The level of recovery of pre-covid sales among physical retailers depends on the duration of the current situation, but it is still very uncertain at this stage. So far, we are anticipating a gradual recovery, following a drop in our activity throughout 2020. As the situation is expected to continue well into 2021, we do expect continued, short-term negative implications on the financial performance. Except as mentioned above, Steen & Strøm does not have any other information about consequences of the Covid-19 pandemic with impact on the consolidated financial statements for 2020. The Company is still expecting a long-term positive development for the real estate property business.

2 ACCOUNTING PRINCIPLES

2.1 BASIS OF PREPARATION

The consolidated financial statements for the year 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group's consolidated statement of comprehensive income (EPRA model), consolidated statement of financial position (EPRA model), consolidated statement of cash flows and consolidated statement of changes in equity are presented with comparable numbers for the prior year. The functional currency of Steen & Strøm AS is the Norwegian krone (NOK). The Steen & Strøm group accounts are presented in NOK. Presentation and classification of items in the financial statements is consistent for the periods presented. The consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are presented at fair value (primarily derivatives contracts and investment properties).

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

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

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

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

2.2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND AMENDMENTS

New standards and amendments adopted as of 1 January 2020

No standards adopted by the Group for the first time for the current period have a material impact on the amounts reported, presentation or disclosures in these financial statements.

New IFRS standards, amendments and interpretations issued but not effective for the financial year ending 31.12.2020 and not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. No new and revised IFRS standards issued are deemed to have any material impact on the consolidated financial statements for the Group.

2.3 CONSOLIDATION

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

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

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

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

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

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

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

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

2.4 CLASSIFICATION OF INCOME AND EXPENSES IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EPRA MODEL)

The Group applies these classifications in Net rental income:

Gross rental income

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

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

Land expenses (real estate)

From 2019 onwards, the Group has treated lease payments for properties built on land subject to building lease in accordance with IFRS 16 Leases.

Non-recovered rental expenses

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

Building expenses (owner)

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

In addition, Revenue classified as part of Operating income is:

Other operating revenues

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

2.5 CASH AND CASH EQUIVALENTS

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

2.6 TRADE ACCOUNTS RECEIVABLE

Trade receivables are primarily lease receivables from tenants, and meet the requirements of SPPI and the business model of hold to collect. These receivables are initially recognised at fair value and subsequently measured at amortised cost less any loss allowance for expected credit losses (ECL). The loss allowance for the trade receivables is measured each period at an amount equal to lifetime expected credit losses, as an accounting policy choice allowed in IFRS 9 for lease receivables. See notes 2.11 and 5.6 for additional information.

2.7 HEDGE ACCOUNTING

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

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

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

2.8 LEASING

The details of accounting policies under IFRS 16 are presented below.

(I) The Group as lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(II) The Group as lessor

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

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

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

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

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

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

2.9 INVESTMENT PROPERTIES

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

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

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

2.10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

(II) Amortised cost

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

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

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

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

Financial liabilities are classified as at fair value through profit or loss when the financial liability is irrevocably designated at fair value to eliminate or reduce an accounting mismatch or when the financial liability (or group of liabilities) is managed and performance is evaluated on a fair value. Derivative instruments are subsequently measured at fair value, with any gains or losses arising on re-measurement recognised in other comprehensive income or through profit or loss if the requirements for hedge accounting is not met.

(II) Amortised cost

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

2.11 IMPAIRMENT OF FINANCIAL ASSETS

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

2.12 EQUITY

(I) Debt and equity

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

(II) Treasury shares

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

(III) Costs of equity transactions

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

(IV) Other equity**(a) Reserve for exchange differences on translation of foreign operations (FX conversion reserves)**

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

(b) Hedging reserves

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

2.13 REVENUE RECOGNITION

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

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

Discounts cover abandoned rents and cash discounts granted during the lifetime of the lease contract. Discounts are either granted as an "introduction" discount upon the start of the contract, like an initial "rent free period" or stepped cash discounts, or it can be granted as a one shot, cash discount at any time during the contract duration. Discounts are presented according to IFRS 16 Leases, thus when discounts are exchanged for another "Lease modification", i.e. prolongation of the contract period, discounts are straight-lined over the remaining duration of respective contracts. Other, exceptional discounts, without lease modification are expensed immediately.

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

2.14 FOREIGN CURRENCY**(I) Foreign currency transactions**

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

(II) Foreign entities

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

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

2.15 EMPLOYEE BENEFITS**(I) Pension obligations**

All employees of the Group are on defined contribution plans.

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

(II) Incentive agreements with employees of the management team

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

2.16 BORROWING COSTS

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

2.17 PROVISIONS

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

2.18 INCOME TAXES

Tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognised in comprehensive income or directly in equity. In such cases, the tax is either recognised in comprehensive income or directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and consolidated accounting values of assets and liabilities. Deferred tax liabilities are not calculated and recognised upon initial recognition of assets or liabilities obtained through an acquisition of a subsidiary not classified as a business combination. Deferred tax is defined using tax rates and laws which are enacted or likely to be enacted on the balance sheet date, and which are expected to be used when the deferred tax asset is realised or when the deferred tax is utilised.

Deferred tax is calculated and provided or reduced in the event of adjustments to the value of investment properties at the applicable nominal tax rate. A deferred tax asset is recognised to the extent that it is likely that future taxable profit will be available against, which the temporary differences can be offset.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19 STATEMENT OF CASH FLOWS

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

2.20 SEGMENT INFORMATION

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

2.21 CONTINGENT LIABILITIES AND ASSETS

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

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

2.22 SUBSEQUENT EVENTS

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

2.23 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Fair value of investment properties

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

Each half-year an independent external appraiser values the properties. The valuations at 31 December 2020 were obtained from Cushman & Wakefield. The valuations are based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. The discount rate is based on interest on investments without risk and a mark-up based on an assessment of the risks related to the cash flows. Inflation is estimated using the consensus of a selection of banks and official statistics.

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

The appraiser performs the valuations on the basis of the information they have received, regularly scheduled on-site visits, and estimates of future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the segment (location, type of property, mix of tenants etc.). For further information and details about valuation of investment properties, including main value drivers, impact from Covid-19 in the valuations, sensitivities and estimation uncertainty, see Note 5.3c.

Measurement of goodwill

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

3.1 - Segment information

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

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

- Denmark
- Norway
- Sweden

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

2020	Segment income statement			
	In thousands of NOK	Denmark	Norway	Sweden
Gross rental income	553 929	665 868	574 313	1 794 110
Non-recovered rental expenses	-48 750	-33 340	-56 274	-138 365
Building expenses (owner)	-40 183	19 812	-44 972	-65 343
Net rental income	464 996	652 340	473 066	1 590 403
Management, administrative and related income	24 589	42 622	25 182	92 393
Other operating revenue	1 797	3 927	58	5 782
Change in the fair value of investment properties	-700 331	-420 589	-963 156	-2 084 076
Payroll expenses	-24 450	-79 200	-35 172	-138 822
Other general expenses	-7 001	-32 598	-8 343	-47 942
Depreciation and impairment allowance on investment properties	-	-268	-8 817	-9 085
Depreciation and impairment allowance on intangible assets and furniture and equipment	-1 230	-26 840	-4 330	-32 400
Proceeds from disposal of investment properties and equity investments	-	-	30 681	30 681
Net book value of investment properties and equity investments sold	-	-	-3 413	-3 413
Income from disposal of investment properties and equity investments	-	-	27 268	27 268
Operating income	-241 630	139 394	-494 243	-596 478
Net dividends and provisions on non-consolidated investments				-
Financial income				190 539
Financial expenses				-521 113
Net cost of debt				-330 574
Change in the fair value of financial instruments				-1 220
Share of earnings in equity investment entities				-13 597
Profit before tax				-941 869
Corporate income tax				277 728
Net income of consolidated group				-664 141

2019	Segment income statement			
	In thousands of NOK	Denmark	Norway	Sweden
Gross rental income	579 270	681 201	572 712	1 833 183
Non-recovered rental expenses	-51 643	-42 317	-53 544	-147 504
Building expenses (owner)	-27 423	20 496	-22 282	-29 209
Net rental income	500 203	659 380	496 887	1 656 470
Management, administrative and related income	16 531	38 404	22 338	77 273
Other operating revenue	1 752	4 360	25	6 137
Change in the fair value of investment properties	-10 513	173 652	-709 446	-546 307
Payroll expenses	-23 437	-76 670	-36 585	-136 693
Other general expenses	-10 599	-40 951	-10 410	-61 960
Depreciation and impairment allowance on investment properties	-	-268	-	-268
Depreciation and impairment allowance on intangible assets and furniture and equipment	-1 404	-26 329	-4 006	-31 739
Proceeds from disposal of investment properties and equity investments	-	100 203	210	100 413
Net book value of investment properties and equity investments sold	-	-92 266	-118	-92 384
Income from disposal of investment properties and equity investments	-	7 937	92	8 029
Operating income	472 533	739 515	-241 106	970 942
Net dividends and provisions on non-consolidated investments				96
Financial income				215 654
Financial expenses				-429 002
Net cost of debt				-213 347
Change in the fair value of financial instruments				-4 115
Share of earnings in equity investment entities				50 027
Profit before tax				803 603
Corporate income tax				-71 555
Net income of consolidated group				732 048

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

In thousands of NOK	31/12/2020	31/12/2019
Denmark	11 456 776	11 410 567
Norway	12 630 504	12 671 648
Sweden	11 250 012	11 080 374
Investment properties	35 337 292	35 162 590

In thousands of NOK	31/12/2020	31/12/2019
Denmark	838 137	714 793
Norway	75 354	205 348
Sweden	515 601	393 936
Investment properties under construction	1 429 091	1 314 077

3.3 - Acquisitions by operating segment

2020 In thousands of NOK	Intangible assets	Furniture and equipment and work in progress	Investment properties	Investment properties under construction	Total acquisitions
Denmark	-	663	1 568	56 627	58 859
Norway	5 388	1 116	10 725	239 177	256 406
Sweden	-	1 157	-9	78 818	79 965
Total	5 388	2 936	12 284	374 622	395 230

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

4.1 - Subsidiaries

Full consolidated companies	Country	Headquarter	% of interest	
			31/12/2020	31/12/2019
Steen & Strøm AS	Norway	Oslo	100,0%	100,0%
Bruun's Galleri A/S	Denmark	Copenhagen	100,0%	100,0%
Bryggen, Vejle A/S	Denmark	Copenhagen	100,0%	100,0%
Field's A/S	Denmark	Copenhagen	100,0%	100,0%
Steen & Strøm CenterService A/S	Denmark	Copenhagen	100,0%	100,0%
Steen & Strøm CenterUdvikling VI A/S	Denmark	Copenhagen	100,0%	100,0%
Steen & Strøm Danmark A/S	Denmark	Copenhagen	100,0%	100,0%
Viva, Odense A/S	Denmark	Copenhagen	100,0%	100,0%
Amanda Storsenter AS	Norway	Oslo	100,0%	100,0%
Farmandstredet Eiendom AS	Norway	Oslo	100,0%	100,0%
Gulskogen Senter AS	Norway	Oslo	100,0%	100,0%
Hamar Storsenter AS	Norway	Oslo	100,0%	100,0%
Nerstranda AS	Norway	Oslo	100,0%	100,0%
Slagenveien 2 AS	Norway	Oslo	100,0%	100,0%
Stavanger Storsenter AS	Norway	Oslo	100,0%	100,0%
Vinterbro Senter DA	Norway	Oslo	100,0%	100,0%
Oslo City Kjøpesenter AS	Norway	Oslo	100,0%	100,0%
Oslo City Parkering AS	Norway	Oslo	100,0%	100,0%
Steen & Strøm Mediapartner Norge AS	Norway	Oslo	100,0%	100,0%
Steen & Strøm Senterservice AS	Norway	Oslo	100,0%	100,0%
FAB Allum	Sweden	Stockholm	100,0%	100,0%
FAB Borlänge Köpcentrum	Sweden	Stockholm	100,0%	100,0%
FAB Centrum Västerort	Sweden	Stockholm	100,0%	100,0%
FAB CentrumInvest	Sweden	Stockholm	100,0%	100,0%
FAB Emporia	Sweden	Stockholm	100,0%	100,0%
FAB Lackeraren Borlänge	Sweden	Stockholm	100,0%	100,0%
FAB Marieberg Galleria	Sweden	Stockholm	100,0%	100,0%
FAB P Åkanten	Sweden	Stockholm	100,0%	100,0%
FAB P Brodalen	Sweden	Stockholm	100,0%	100,0%
FAB P Porthälla	Sweden	Stockholm	100,0%	100,0%
Partille Lexby AB	Sweden	Stockholm	100,0%	100,0%
Steen & Ström Holding AB	Sweden	Stockholm	100,0%	100,0%
Steen & Ström Sverige AB	Sweden	Stockholm	100,0%	100,0%

4.2 - Goodwill

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

	Oslo City Kjøpesenter AS	Oslo City Parkering AS	Total
Goodwill	332 518	15 907	348 425
Total estimated sales value CGU	4 512 391	199 272	4 711 664
Total Group book value equity CGU	4 334 889	192 972	4 527 861

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

Sales value approach

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

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

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

5.1 - Intangible assets

In thousands of NOK	31/12/2019	Acquisitions	Disposals and retirement of assets	Amortization and impairment allowances	31/12/2020
Software	184 986	5 388	-	-	190 374
Total gross value	184 986	5 388	-	-	190 374
Amortization and impairment allowances	-140 435	-	-	-19 410	-159 845
Total amortization and impairment allowances	-140 435	-	-	-19 410	-159 845
Intangible assets - Net value	44 551	5 388	-	-19 410	30 529

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

Intangible assets consist of software. Depreciation on software is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful life. Useful life is defined to be eight years for software.

5.2 - Furniture and equipment

In thousands of NOK	31/12/2019	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Other movements	31/12/2020
Furniture and equipment	94 028	286	-695	-	6 579	-	100 198
Right-of-use assets	24 028	2 650	-75	-	1 181	516	28 300
Total gross value	118 057	2 936	-770	-	7 760	516	128 499
Depreciation and impairment allowances furniture and equipment	-77 026	-	555	-3 003	-5 471	-	-84 945
Depreciation and impairment allowances right-of-use assets	-9 229	-	86	-9 987	-479	228	-19 380
Total depreciation and impairment	-86 255	-	641	-12 990	-5 950	228	-104 325
Furniture and equipment - Net value	31 801	2 936	-128	-12 990	1 810	744	24 173

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

Furniture and equipment consist of vehicles/machines and furniture/fittings/equipment. Depreciation on furniture and equipment is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful life. Useful life is defined to be 3-5 years for vehicles/machines and 5 years for furniture/fittings/equipment.

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

5.3a - Investment properties

In thousands of NOK	31/12/2019	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair value adjustments	Other movements	31/12/2020
Shopping centers								
Land	2 504 263	-	-2 867	-	90 870	-	-	2 592 266
Structures	14 253 059	-	-546	-9 085	898 580	-	498	15 142 506
Facades, cladding and roofing	937 753	-	-	-	23 201	-	314 487	1 275 441
General and technical installations	2 580 307	1 598	-	-	113 922	-	36 061	2 731 888
Fixtures	1 646 055	1 391	-	-	90 270	-	13 228	1 750 944
Right-of-use assets	362 412	9 295	-	-	22 200	-10 258	-	383 649
Cost value	22 283 848	12 284	-3 413	-9 085	1 239 042	-10 258	364 273	23 876 692
Fair value adjustments	12 878 741	-	-	-	673 132	-2 091 273	-	11 460 600
Fair value shopping centers	35 162 590	12 284	-3 413	-9 085	1 912 174	-2 101 531	364 273	35 337 293

Other movements consist of investment properties transferred from investment properties under construction, see Note 5.3b Investment properties under construction.

In thousands of NOK	31/12/2018	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair value adjustments	Other movements	31/12/2019
Shopping centers								
Land	2 522 779	-	-825	-	-17 692	-	-	2 504 263
Structures	14 597 170	-	-37 774	-	-198 161	-	2 000	14 363 235
Amort. of constructions and fixtures	26 867	-	-	-268	-1 253	-	-29 291	-3 945
Provisions for depreciation	-109 147	-	-	-	2 916	-	-	-106 231
Structures	14 514 890	-	-37 774	-268	-196 498	-	-27 291	14 253 059
Facades, cladding and roofing	925 429	-	-17 578	-	-6 058	-	35 960	937 753
General and technical installations	2 606 598	-	-26 232	-	-21 331	-	21 271	2 580 307
Fixtures	1 122 599	2 489	-	-	-12 730	-	533 698	1 646 055
Right-of-use assets	-	371 956	-	-	189	-9 732	-	362 412
Cost value	21 692 295	374 444	-82 409	-268	-254 120	-9 732	563 638	22 283 848
Fair value adjustments	13 576 669	-	-	-	-175 340	-551 879	29 291	12 878 741
Fair value shopping centers	35 268 965	374 444	-82 409	-268	-429 460	-561 611	592 928	35 162 590

The Group adopted IFRS 16 Leases from 1 January 2019. Net capitalized amount of right-of-use assets at implementation amounted to NOK 372.0 million. This amount is included in the column Acquisitions in the specification for 2019 above. For further information see Note 2 Accounting Principles and Note 9 Leases.

Note 5.3b - Investment properties under construction

In thousands of NOK	31/12/2019	Acquisitions	Disposals and retirement of assets	Depreciation and impairment allowances	Currency fluctuations	Fair value adjustments	Other movements	31/12/2020
Fixed assets in progress	1 314 077	374 622	-	-	88 380	17 454	-365 443	1 429 091
Investment properties under construction	1 314 077	374 622	-	-	88 380	17 454	-365 443	1 429 091

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

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

Note 5.3c - Sensitivity and estimation uncertainty

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

Average yields (%)	31/12/2020	31/12/2019
Norwegian investment properties	4,69 %	4,56 %
Swedish investment properties	4,84 %	4,67 %
Danish investment properties	3,98 %	4,27 %
Weighted average	4,51 %	4,50 %

The average yields (%) for the Danish investment properties for 2020, in the table above, have been impacted by the treatment of discounts when calculating discounted cash-flows in year 1 in the valuations.

Sensitivities yield

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

In thousands of NOK	Yield	Value	Change
Reduced yield by -0,5%	-0,5%	41 350 721	4 584 337
Fair value 31/12/2020	0,0%	36 766 384	-
Increased yield by 0,5%	0,5%	33 097 084	-3 669 300

Sensitivities cash flows

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

In thousands of NOK	Cash flow	Value	Change
Increased cash-flow by 1%	1,0%	37 134 048	367 664
Fair value 31/12/2020	0,0%	36 766 384	-
Reduced cash-flow by 1%	-1,0%	36 398 720	-367 664

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

Estimation uncertainty

There is still uncertainty regarding how the investment property portfolio will be affected in the long-term by Covid-19. With lock-down measures affecting a large portion of the portfolio, several tenants have seen a decrease in turnover in 2020. Much will depend on how quick the recovery will be when society opens up, and we are positive that it will be a rapid recovery based on the performance we saw after lock-down measures were lifted in the spring / summer 2020. Low interest rates have also contributed positively to mitigate the Covid-19 effects on the valuations.

The two key components in valuation estimates is evolution of market rents and yield. Our external appraisers have taken different approaches depending on the state of retail climate in each country. Norway had strong retailer sales in 2020, and therefore the appraisers have not made any specific Covid-19 assumptions on rents. However, to account for increased uncertainty regarding future rent-levels, discount rates have been increased on all centers despite drop in interest rates. Denmark experienced a rapid recovery after lock-down measures were lifted, but appraisers have reduced rent-levels in 2021 (with a step-by-step recovery to 2024) in addition to increasing average discount rates. For Sweden, where we have not seen the same rapid recovery as in Denmark and Norway, appraisers have reduced rents by 10% in 2021 before assuming that we will return to a pre Covid-19 situation. They have also increased average discount rates.

Ongoing construction contracts

At 31 December 2020 the Group has no material ongoing construction/refurbishment projects.

5.4a - Investments in jointly controlled companies

In thousands of NOK	31/12/2019	Share of net income	Dividends received	Capital increases and reductions	31/12/2020
Investments in jointly controlled companies	1 793 618	-13 597	-50 500	70 000	1 799 521
Equity method securities	1 793 618	-13 597	-50 500	70 000	1 799 521

In thousands of NOK	31/12/2019	Share of net income	Dividends received	Capital increases and reductions	31/12/2020
Investments in jointly controlled companies	1 766 591	50 027	-53 000	30 000	1 793 618
Equity method securities	1 766 591	50 027	-53 000	30 000	1 793 618

Equity Method Companies: jointly controlled	Country	Head-quarter	% of interest	
			31/12/2020	31/12/2019
			Hovlandparken DA	Norway
Hovlandparken AS	Norway	Oslo	50,0%	50,0%
Nordal ANS	Norway	Oslo	50,0%	50,0%
Økern Sentrum AS	Norway	Oslo	50,0%	50,0%
Økern Eiendom ANS	Norway	Oslo	50,0%	50,0%
Økern Sentrum ANS	Norway	Oslo	50,0%	50,0%
Metro Shopping AS	Norway	Oslo	50,0%	50,0%
Metro Senter ANS	Norway	Oslo	50,0%	50,0%

5.4b - Equity method - Statement of comprehensive income

In thousands of NOK	2020		2019	
	100 %	Group share	100 %	Group share
Gross rental income	149 262	74 631	151 959	75 980
Non-recovered rental expenses	-17 336	-8 668	-16 572	-8 286
Building expenses (owner)	-9 622	-4 811	-11 486	-5 743
Net rental income	122 304	61 152	123 901	61 951
Other operating revenue	6	3	6	3
Change in the fair value of investment properties	-172 388	-86 194	-30 299	-15 150
Other general expenses	-1 347	-674	-331	-166
Depreciation and impairment allowance on intangible assets and property, plant and	-	-	-	-
Operating income	-51 425	-25 713	93 277	46 639
<i>Financial income</i>	392	196	594	297
<i>Financial expenses</i>	-91	-46	-63	-32
Net cost of debt	301	151	531	266
Profit before tax	-51 124	-25 562	93 808	46 904
Corporate income tax	23 930	11 965	6 246	3 123
Net income of joint venture entities	-27 194	-13 597	100 054	50 027

5.4c - Equity method - Statement of financial position

In thousands of NOK	31/12/2020		31/12/2019	
	100 %	Group share	100 %	Group share
Furniture and equipment and work in progress	-	-	-	-
Investment properties and properties under construction	3 731 822	1 865 911	3 730 824	1 865 412
Deferred tax assets	-	-	-	-
NON-CURRENT ASSETS	3 731 822	1 865 911	3 730 824	1 865 412
Trade accounts and notes receivable	5 406	2 703	7 072	3 536
Other receivables	14 927	7 464	14 210	7 105
Cash and cash equivalents	38 932	19 466	50 704	25 352
CURRENT ASSETS	59 265	29 633	71 986	35 993
TOTAL ASSETS	3 791 087	1 895 544	3 802 810	1 901 405
Share capital	2 115 102	1 057 551	2 076 102	1 038 051
Additional paid-in capital	1 857	929	1 857	929
Consolidated reserves	1 509 276	754 638	1 409 222	704 611
<i>Other consolidated reserves</i>	1 509 276	754 638	1 409 222	704 611
Consolidated earnings	-27 194	-13 597	100 054	50 027
Shareholders' equity, group share	3 599 041	1 799 521	3 587 235	1 793 618
SHAREHOLDERS' EQUITY	3 599 041	1 799 521	3 587 235	1 793 618
Deferred tax liabilities	163 656	81 828	187 586	93 793
NON-CURRENT LIABILITIES	163 656	81 828	187 586	93 793
Trade payables	9 695	4 848	19 836	9 918
Other liabilities	17 600	8 800	6 509	3 255
Social and tax liabilities	1 095	548	1 644	822
CURRENT LIABILITIES	28 390	14 195	27 989	13 995
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3 791 087	1 895 544	3 802 810	1 901 405

5.5 - Other non-current assets

In thousands of NOK	31/12/2020	31/12/2019
Other long term investments	3 230	2 230
Loan and advances to non-consolidated companies	2	-1
Deposits	2 281	2 129
Total	5 514	4 358

5.6 - Trade receivables

In thousands of NOK	31/12/2020	31/12/2019
Trade receivables	95 535	110 594
Stepped rents and rent-free periods of leases	98 744	80 338
Gross Value	194 279	190 932
Loss allowance	-48 962	-18 961
Net value	145 317	171 970

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

Trade receivables aging and loss allowance

In thousands of NOK	Total	Not due	< 3 Months	3-6 Months	> 6 Months
Trade receivables, gross as of 31/12/2020	194 279	95 128	25 613	27 732	45 806
Loss allowance	-48 962	-	-8 513	-14 127	-26 322
Trade receivables, net as of 31/12/2020	145 317	95 128	17 100	13 605	19 484
Trade receivables, gross as of 31/12/2019	190 932	136 369	28 205	17 660	8 698
Loss allowance	-18 961	-	-2 201	-11 229	-5 531
Trade receivables, net as of 31/12/2019	171 970	136 369	26 004	6 431	3 167

In thousands of NOK	2020	2019
Opening balance loss allowance	-18 961	-18 413
Increase in loss allowance recognised in the profit and loss during the period	-38 357	-4 725
Impairment losses on trade receivables	8 561	8 452
Reversal of previously impairment losses	1 266	-4 600
Foreign exchange effects	-1 472	325
Closing balance	-48 962	-18 961

Credit risk

Credit risk is assessed for in accordance with IFRS 9.

The credit risk assessment was conducted differently for forced closure periods and for open periods. The main rules applied are detailed below:

1) Specific tenants at risk:

- Receivables related to insolvent or bankrupt tenants have been 100% provisioned, after deducting any security deposits.
- For businesses heavily impacted by forced closure periods, the related receivables have been 100% provisioned without deducting security deposits.

2) Forced closure periods:

- The outstanding receivables (after deduction of abatements granted or to be granted) have been provisioned based on a tenant-by-tenant assessment of solvency profiles. Where there is an agreement for abatement, the outstanding amount net of abatements is maintained in receivables (no allowance or use of security deposits), as we consider that the outstanding receivable would be collected further to the rent abatement to be granted.
- These rules do not apply to receivables with the most heavily impacted businesses, which have been 100% provisioned without deducting security deposits, as described above.

3) Open period:

- Where an abatement agreement has been signed, agreed or expected, uncollected rents are maintained in receivables, with or without deduction of security deposits (depending on the quarter).
- Where no abatement agreement has been signed, agreed or expected, the outstanding amounts to be collected were assessed on a tenant-by-tenant basis taking into account the tenant's solvency profile. Tenants were analyzed using different parameters such as the occupancy cost ratio. Therefore different levels of allowance were defined, ranging from 0% to 100%. These allowances were recognized after deduction of security deposits.

5.7 - Other receivables

In thousands of NOK	31/12/2020	31/12/2019
Tax receivables	85 980	102 079
- Corporate income tax	1 686	325
- VAT	84 294	101 755
Other receivables	162 203	120 708
- Service charges due	34 938	15 418
- Supplier advances and down payments made	21 208	-
- Prepaid expenses	6 490	7 220
- Other	99 566	98 070
Total	248 182	222 787

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

5.8 - Cash and cash equivalents

In thousands of NOK	31/12/2020	31/12/2019
Bank	268 200	450 180
Treasury instruments	-	2 370
Gross cash and cash equivalents	268 200	452 550
- Bank overdrafts	-157 074	-89 293
Net cash and cash equivalents	111 125	363 257

The Group maintain a Group account scheme for bank accounts in Norway, which is linked to the Group's overdraft accounts. At 31 December 2020 and 2019, the Group held a total bank credit facility available of NOK 2 475 million and NOK 2 175 million, respectively.

Restricted bank deposits

At 31 December 2020 and 2019, restricted funds amounted to NOK 3.6 million and NOK 3.8 million, respectively.

Note 5.9 - Shareholders' equity

Share capital

At 31 December 2020, the share capital of the Company was NOK 73 258 653, divided into 29 303 461 shares at par value NOK 2,50.

In July 2020 the extraordinary general meeting decided to reduce the share capital from NOK 76 005 290 with NOK 2 746 637 to NOK 73 258 653, by redemption of 1 098 655 shares. The reduction is used for the redemption of the company's treasury shares pursuant to Section 9 of the Norwegian Companies Act. The reduction was formally effective from 25 November 2020. The decision to reduce the share capital was originally made by the extraordinary general meeting in December 2018 and reflected in the consolidated financial statements for 2018. The reduction was nevertheless not formally registered. Due to this the formal legal process of reducing the share capital by redemption of shares had to be carried out again in 2020.

Shareholders

At 31 December 2020 and 2019, 100% of the shares in the Company were held by Storm Holding Norway AS. Storm Holding Norway AS is 100% owned by Nordica HoldCo AB, which in turn is owned 56.1% by Klèpierre Nordica BV, corporate identity number 34261791 with headquarters in Amsterdam, Holland and 43.9% by Storm ABP Holding BV, corporate identity number 34313617, with headquarters in Schipol, Holland.

5.10 - Non-current and current financial liabilities

In thousands of NOK	Opening Balance 01/01/2020	Cash flow	Reclassification Non Current to Current	Foreign exchange movement	Fair Value changes	Other movements	Closing Balance 31/12/2020
Non-current financial liabilities							
Bonds net costs/premium*	4 548 410	217 929	-897 727	58 755	-	-	3 927 367
Loans and borrowings from credit institutions - more than one year **	5 796 686	-	-195 429	471 891	-	-	6 073 149
Loan granted by parent company***	-	-	-	-	-	406 939	406 939
Non-current lease liabilities (Note 9)	358 988	11 292	-14 262	22 432	-	-	378 450
Non-current derivatives (Note 8)	83 742	-1 280	-0	7 039	17 027	-	106 527
Total non-current financial liabilities	10 787 826	227 941	-1 107 418	560 117	17 027	406 939	10 892 432
Current financial liabilities							
Bonds net costs/premium*	-	-23 703	897 727	13 846	-	-	887 870
Loans and borrowings from credit institutions - less than one year**	267 940	-281 406	195 429	19 045	-	29 297	230 305
Accrued interest	19 228	-	-	53	-	9 742	29 023
Commercial papers****	1 560 938	-234 750	-	24 416	-	-	1 350 604
Current lease liabilities (Note 9)	18 253	-18 837	14 262	472	-	-	14 150
Total current financial liabilities	1 866 359	-558 696	1 107 418	57 832	-	39 039	2 511 952
Total non-current and current financial liabilities	12 654 185	-330 755	-	617 948	17 027	445 978	13 404 384

* Bonds are listed on the Oslo Stock Exchange.

** Loans and borrowings from credit institutions consist of mortgaged loans, related to the Group's investment property in Denmark/Sweden, granted by Nordic financial institutions. The mortgaged loans in Sweden has an average duration of 11.3 years, while in Denmark 15.1 years.

*** Loan granted by parent company was issued in July 2020 by converting the parent company's dividends receivable. See note 11.3 for further information about this loan.

**** Commercial papers are short-term certificates issued by Nordic banks. The duration of the certificates is below 12 months.

Information about interest-rate and hedge agreements is provided in Note 8.

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

In thousands of NOK	Opening Balance 01/01/2020	Cash flow	Reclassification Non Current to Current	Foreign exchange movement	Fair Value changes	Other movements	Closing Balance 31/12/2020
NOK	6 162 680	-46 671	-	97 070	65 486	416 681	6 695 246
SEK	2 429 157	-62 110	-2 454	248 867	-32 656	-	2 580 804
DKK	4 062 349	-221 974	2 454	272 012	-15 803	29 297	4 128 334
Total non-current and current financial liabilities	12 654 185	-330 754	-	617 948	17 027	445 978	13 404 384

Contractual payment* of liabilities

In thousands of NOK	31/12/2020	31/12/2019
0 - 1 years	2 717 605	1 866 359
1 - 5 years	4 942 292	5 473 556
More than 5 years	7 105 521	5 314 270
Total non-current and current financial liabilities	14 765 417	12 654 185

* Expected future interest payments is included in contractual payment of liabilities from 31/12/2020 (not included in the comparative figures at 31/12/2019). Expected future interest payments is calculated based on the actual average interest-rate level in Q4 2020 for the liabilities in each country including interests on derivatives. Derivatives has a shorter maturity date than the underlying debt, but will normally be rolled forward according to the maturity on the underlying debt. Foreign exchange rates at 31/12/2020 are used in the calculations.

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

In thousands of NOK	31/12/2020	31/12/2019
Investment properties and properties under construction	23 869 294	21 765 667
Total carrying value of pledged assets	23 869 294	21 765 667

The total mortgage amount of the pledged assets amounts to NOK 10 122 million as of 31/12/2020.

5.11 - Social and tax liabilities and other liabilities

In thousands of NOK	31/12/2020	31/12/2019
Social and tax liabilities		
Staff and related accounts	29 993	26 371
Social security and other bodies	5 437	5 935
- Corporate income tax	-66 403	2 249
- VAT	64 528	32 724
Other taxes and duties	68 058	63 146
Total social and tax liabilities	101 613	130 425
Other liabilities		
Deferred income	1 215	1 389
Creditor customers	138 391	106 866
Prepaid gift cards	34 976	42 920
Other liabilities	1 831	54 411
Total other liabilities	176 613	205 586

Note 5.12 - Guarantees, bail declarations and pledges

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

In thousands of NOK	Banking partner	31/12/2020
Bail declaration - surety for indemnity declaration previous tenants	Nordea Bank AB, Norwegian branch	2 147
Pledges secured in investment property of subsidiaries	Different partners	10 121 885
Total off-balance sheet commitments of guarantees, bail declarations and pledges		10 124 032

Loan covenants

Certain loan agreements contain financial covenants. With regard to such covenants, Steen & Strøm AS has to maintain a minimum book equity ratio of 20%. Some subsidiaries have loan agreements with LTV (loan to value) covenants. Loan to value expresses the ratio of net interest-bearing debt to the value of the investment property. The covenants on these loans require the LTV to be below 65%. Furthermore, certain loan agreements contain a change of control event provision being triggered should the Klèpierre Group cease to own (directly or indirectly) 50% of the shares in Steen & Strøm AS. The Steen & Strøm Group was in compliance with its loan covenants at 31 December 2020.

6.1 - Income from disposal of investment properties and equity instruments

	2020
Proceeds from disposal of investment properties and equity investments	30 681
Net book value of investment properties and equity investments sold	-3 413
Income from disposal of investment properties and equity investments	27 268

The disposal is related to the sale of a land plot allotment with a building permit in Örebro made by FAB Marieberg Galleria. The transfer was formally made and cash proceeds received during fourth quarter 2020.

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

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

6.2 - Net cost of debt

In thousands of NOK	2020	2019
Financial income		
Interest income on swaps	22 494	28 514
Interest on associates' advances	2	1
Other interest received	6 087	1
Other revenue and financial income	2 633	3 082
Foreign exchange gains	159 322	184 056
Financial income	190 539	215 654
Financial expenses		
Interest on bonds	-89 629	-88 703
Interest on loans from credit institutions (incl. certificates)	-77 580	-75 459
Interest expense on swaps	-83 423	-86 075
Deferral of payments on swaps	-783	199
Interest on associates' advances	-9 351	-
Other financial expenses	-18 502	-11 767
Foreign exchange losses	-233 977	-159 936
Interest on lease liabilities	-7 867	-7 261
Financial expenses	-521 113	-429 002
Net cost of debt	-330 574	-213 347

Net cost of debt include net foreign exchange loss of NOK 74.7 million and gain of NOK 24.1 million in 2020 and 2019, respectively.

Financial expenses includes interest on external bonds, certificates and bank loans.

7 - Tax

In thousands of NOK	2020	2019
Tax expenses:		
Current Tax	119 376	33 511
Change in deferred tax	158 352	-105 066
Tax expenses	277 728	-71 555
Profit before tax	-941 869	803 603
Tax calculated on profit before tax	199 711	-180 164
Tax on group contribution given to parent company	84 398	65 484
Taxes without bases in taxable income current period	4 128	81 981
Effect of changes in tax rates	-	-
Non taxable elements	-8 512	666
Other	-1 997	-39 522
Tax expenses	277 728	-71 555

Non taxable elements in mainly related to sale of shares.

Effective tax rate	29,5%	8,9%
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Deferred taxes are composed of:

Deferred tax assets

In thousands of NOK	31/12/2020	31/12/2019
Tangible fixed assets and investment property	138 894	125 901
Losses carried forward	11 774	34 063
Capital losses carried forward/capital gain pending taxation	638	798
Other	-602	-516
Total for entities in a net asset position	150 704	160 246

Deferred tax liabilities

Tangible fixed assets and investment property	4 919 361	4 945 844
Derivatives	-20 755	-14 358
Long-term liabilities and receivables	-8 951	3 284
Capital losses carried forward/capital gain pending taxation	4 510	5 637
Other	74 158	90 338
Total for entities in a net liability position	4 968 323	5 030 745

NET POSTITIONS	4 817 619	4 870 499
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Summary of losses carried forward

No due date	517 981	313 239
Total losses carried forward	517 981	313 239

Losses carried forward is mainly related to the Group's operations in Sweden, the remaining part to Norway. Losses carried forward related to the Group's operations in Norway is expected to be utilized in 2021.

Change in deferred tax recognized in other comprehensive income

Cash flow hedges ex translation profits and losses	-5 206	11 842
Translation profits and losses cash flow hedges	-1 191	-209
Total deferred tax recognized in other comprehensive income	-6 397	11 633

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 approximately 76% of the Group's loan portfolio.

The Group uses various types of interest rate derivatives to hedge against fluctuations due to changes in interest rate levels. As of 31 December 2020 and 2019, the Group had interest rate hedges at nominal value NOK 7 526 million and NOK 6 957 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 fluctuations due to changes in the level of interest rates. The secured loans and the swap agreements have the same terms and conditions. For the swaps that satisfy the requirements for hedge accounting under IFRS 9, changes in fair value are recognized directly through other comprehensive income (OCI).

Overview of the Group's hedge agreements:

Start Date	End Date	Amount	Currency	Int. rate	Excess value (thousand NOK)
23.06.2017	23.06.2022	500 000 000	NOK	1,3415 %	-6 887
14.06.2019	14.03.2024	400 000 000	NOK	1,7525 %	-14 384
14.06.2019	16.03.2026	300 000 000	NOK	1,8275 %	-14 642
18.10.2019	24.10.2024	200 000 000	NOK	Cross-currency swap	-22 013
18.10.2019	24.10.2024	150 000 000	NOK	2,5500 %	5 898
13.07.2020	07.07.2025	300 000 000	NOK	0,5720 %	3 248
10.08.2020	08.08.2025	100 000 000	NOK	0,5825 %	1 164
21.08.2020	08.11.2023	300 000 000	NOK	1,4450 %	-7 561
26.10.2020	08.08.2025	250 000 000	NOK	0,5800 %	2 857
30.09.2011	30.09.2021	300 000 000	SEK	2,6400 %	-6 417
30.09.2011	30.09.2021	300 000 000	SEK	2,6950 %	-6 549
29.06.2012	30.06.2022	300 000 000	SEK	2,1450 %	-10 420
30.12.2017	30.12.2021	400 000 000	SEK	1,0000 %	-
21.11.2018	21.08.2023	400 000 000	SEK	1,5000 %	18
30.09.2020	29.09.2023	200 000 000	SEK	0,1500 %	248
30.09.2020	30.09.2027	300 000 000	SEK	0,1820 %	773
30.10.2020	29.10.2027	100 000 000	SEK	0,1880 %	247
29.06.2012	30.12.2021	466 071 000	DKK	2,3250 %	-16 490
30.06.2017	30.06.2022	800 000 000	DKK	1,0000 %	17
02.01.2019	07.03.2023	300 000 000	DKK	1,3900 %	-
30.12.2020	30.12.2025	300 000 000	DKK	-0,1010 %	-1 410
Total net excess value					-92 303

Average rate on interest-bearing loans in 2020 and 2019 was 1.8% and 1.8%, respectively. Based on the financial instruments and interest rate swaps as of 31 December 2020, a general increase of 1% in interest rate levels will reduce profits by approximately NOK 30.2 million.

The Group expensed in 2020 and 2019 NOK 60.9 million and NOK 57.6 million, respectively, for interest rate hedging. Other movements in interest rate hedging that are not recognized through the income statement are itemized in other comprehensive income.

Liquidity risk

The Group's strategy is to, at all times, have sufficient cash and cash equivalents or credit facilities to be able to finance operations and investments for the next three years, in accordance with the Company's strategic plan for the same period. See Note 5.8 Cash and cash equivalents. At 31 December 2020, the Group held a total bank credit facility available of NOK 2 475 million. See note 5.10 for further details regarding financial liabilities.

Currency risk

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

Non-Current and Current Interest bearing Financial Liabilities in foreign currency (in thousands of NOK)	31/12/2020	31/12/2019
SEK	2 580 804	2 429 134
DKK	4 128 334	4 062 161
Exchange rate on the balance sheet date	31/12/2020	31/12/2019
SEK	104,35	94,42
DKK	140,71	132,02

Counterparty risk

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

Debt ratio

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

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

Debt ratio as of 31 December 2020 and 2019 were as follows:

In thousands of NOK	31/12/2020	31/12/2019
Total financial liabilities (including bank facilities and excluding lease liabilities)	13 062 331	12 282 495
Cash and interest-bearing receivables	268 200	452 550
Net interest-bearing debt	12 794 132	11 829 945
Total non-current assets	39 139 191	38 874 267
Debt ratio	32,7%	30,4%

9 - Leases

IFRS 16 Leases was implemented with effect from 1 January 2019.

The Group as lessee

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

Comprehensive income statement impacts from applying IFRS 16 Leases:

In thousands of NOK	2020	2019
Value change right-of-use assets related to investment properties	-10 258	-9 732
Depreciation of right-of-use assets related to office and vehicle leases	9 987	9 174
Interest expense on lease liabilities	7 867	7 261
Total (net expense)	28 112	26 167

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

In thousands of NOK	31/12/2020	31/12/2019
Within 1 year	14 150	18 253
1 to 5 years	22 530	22 140
After 5 years*	355 920	336 848
Total	392 600	377 241

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

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

In thousands of NOK	2020	2019
Change in the fair value of investment properties	-10 258	-9 732
Depreciation, amortization and provisions	9 987	9 174
Reclassification of financial interests and other items	-7 867	-7 261
Repayment of loans, borrowings and hedging instruments	-18 837	-18 877

Total cash payments made during 2020 and 2019 related to leases for vehicles, offices and properties/land accounted for in accordance with IFRS 16 Leases, where the Group is the lessee, amounted to NOK 26.0 million and NOK 24.3 million respectively.

Group as lessor

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 2020, and in nominal amounts. The Group's lease agreements are adjusted with changes in consumer price index on an annual basis.

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

In thousands of NOK	31/12/2020	31/12/2019
Investment properties	36 766 384	36 476 667
Total	36 766 384	36 476 667

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

In thousands of NOK	31/12/2020	31/12/2019
Within 1 year	1 322 053	1 353 918
1 to 5 years	2 093 924	2 659 014
After 5 years	1 153 649	672 802
Total	4 569 626	4 685 734

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:

	31/12/2020	31/12/2019
Norway	94,9 %	96,5 %
Sweden	94,9 %	95,1 %
Denmark	98,2 %	98,5 %
Average	95,8 %	96,6 %

10 - Payroll Expenses

In thousands of NOK	2020	2019
Wages, bonuses and indemnities	105 796	99 972
Social security tax	16 780	18 427
Pension costs	11 406	11 863
Other costs	4 840	6 431
Payroll expenses	138 822	136 693

Employees

The average number of employees in the Group in 2020 and 2019 were 141 and 146, respectively. At 31 December 2020 (31 December 2019) the Group had 138 (143) employees.

Pension cost

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

Bonus scheme

Bonus is decided based on the Company's achieved results and an individual assessment of each employee. As of 31 December 2020 and 2019 NOK 17.7 million and NOK 15.3 million, respectively, have been accrued to cover the Group's bonus scheme. The bonus provision includes public and social taxes.

Remuneration of senior executives

2020 (in thousands of NOK)	Salary	Bonus	Payment in kind	Pension	Total
Group Management					
Louis Bonelli - <i>Chief Executive Officer</i>	2 417	900	1 048	310	4 676
Bjørn Tjaum - <i>Chief Investment Officer</i>	2 077	120	300	314	2 810
Nils Eivind Risvand - <i>Chief Legal Officer</i>	1 683	680	270	263	2 896
Brian Jensen - <i>Chief Financial Officer</i>	1 978	575	160	186	2 898
Total compensation	8 155	2 275	1 778	1 073	13 281

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

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

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

11.1 - Fair value measurements

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

Investment properties

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

Hedging items

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

Other financial assets and liabilities

Other financial assets consist of other non-current assets, trade accounts receivables and other receivables. Other financial liabilities consist of non-current and current financial liabilities, security deposits and quarantees, bank facilities, trade payables, other liabilities and social and tax liabilities.

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

- Level 1 includes investments where fair value has been determined based on quoted prices in active markets.
- Level 2 includes investments where fair value has been determined based on valuation modelling and market information. These investments are more uncertain than Level 1.
- Level 3 includes investments where fair value has not been determined based on observable market data (i.e. unobservable inputs). Investments in Level 3 is determined using valuation models that, in material aspect, uses input that is non observable market data which implies that there exist a considerable uncertainty in determining fair value.

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

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

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

in thousands of NOK	31/12/2020			Total
	Level 1	Level 2	Level 3	
Total investment properties			36 766 384	36 766 384
Total financial derivatives		-92 303		-92 303
Other financial assets		393 500	5 514	399 013
Other financial liabilities		-14 143 520	-	-14 143 520
Total other financial assets and liabilities	-	-13 750 021	5 514	-13 744 507
Total	-	-13 842 323	36 771 898	22 929 574

in thousands of NOK	31/12/2019			Total
	Level 1	Level 2	Level 3	
Total investment property	-	-	36 476 667	36 476 667
Total financial derivatives	-	-68 595	-	-68 595
Other financial assets	-	394 757	4 358	399 115
Other financial liabilities	-	-13 321 081	-	-13 321 081
Total other financial assets and liabilities	-	-12 926 324	4 358	-12 921 966
Total	-	-12 994 919	36 481 025	23 486 106

11.2 – Litigations and claims

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

Field's – "Naturklagenævnet"

In 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 decision was upheld in 2014 after a complaint. The party to this decision was the Municipality of Copenhagen, however Steen & Strøm had the right to appeal.

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

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

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

Tax case – Lillestrøm Torv

The tax authorities at the Central Tax Office have decided that taxable income in a former subsidiary of Steen & Strøm AS shall be increased by NOK 85.3 million for the income year 2015. The amount entails a tax of NOK 23 million. The reason for the decision is that a property transferred to another group company in 1997, by mistake, remained in the transferring company's books. This was corrected when it was discovered in 2015, but the tax authorities' opinion was that the realization first took place in 2015. Steen & Strøm strongly disagrees with the decision and have filed a complaint. The complaint will, at best, be heard in fourth quarter 2021. If this is unsuccessful, the matter is likely to be taken to the courts.

Veidekke – Gulskogen Senter AS

Gulskogen Senter AS in 2019 filed a claim against Veidekke for defects relating to the redevelopment of Gulskogen Senter in 2007-2010, where subsidence problems required the closure of 11,000 square meters of retail areas. Gulskogen Senter AS argued that Veidekke, as the turnkey contractor for the redevelopment, were responsible for the subsidence. The claim was heard by Drammen City Court in January 2021, and the parties are now awaiting the ruling. The areas subject to the claim have now been reconstructed, under a construction agreement with Betonmast, and all affected areas have reopened.

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 Klépierre SA 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 principle.

Other general expenses

In thousands of NOK	2020	2019
Standard IT fee	14 981	14 436
Total	14 981	14 436

Net cost of debt

Steen & Strøm AS has during 2020 been granted a loan, with face value of NOK 400 million, from its parent company Storm Holding Norway AS. The loan is interest-bearing at a fixed interest-rate of 3.75% and shall be repaid in full within 2 July 2025.

11.4 - Post-balance sheet date events

There were no significant events after the balance sheet date which can effect the evaluation of the consolidated financial statements for 2020. Refer to Note 1.1 Covid-19 impacts for information related to the pandemic.

11.5 - Audit fees

In thousands of NOK	2020	2019
Statutory audit	4 128	4 802
Other services	211	149
Total	4 339	4 951

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STEEN & STRØM AS - FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

In thousands of NOK	Note	2020	2019
Other operating income		127 132	124 843
Gain from sales of assets	4	66	85
Total operating income		127 198	124 928
Payroll expenses	1	86 083	86 462
Depreciation	4	26 743	21 129
Other operating expenses	1, 4, 10	46 597	52 847
Total operating expenses		159 423	160 438
OPERATING INCOME		-32 225	-35 510
Financial income and expenses			
Income from investments in subsidiaries and joint ventures	6	4 782 662	2 210 273
Interest received from group companies		94 616	11 176
Net interest on Cash pool		-3 367	-16 316
Other financial income	12	97 139	39 734
Write down on shares in subsidiaries	6	-329 583	-119 578
Interest paid to group companies		-9 749	-1 546
Interest on borrowings	4,8	-113 298	-109 463
Other financial expenses	12	-152 737	-50 678
NET FINANCIAL INCOME AND EXPENSES		4 365 683	1 963 602
PROFIT BEFORE TAX		4 333 458	1 928 092
Corporate income tax	11	-147 781	12 317
CORPORATE INCOME TAX		-147 781	12 317
Net income		4 185 678	1 940 409
Other comprehensive income items recognized directly as equity			
Items that may be reclassified subsequently to profit or loss			
Effective portion of profits and losses on cash-flow hedging instruments (IFRS 9)		-70 757	9 055
Tax on cash-flow hedging instruments		15 567	-1 992
Items that will not be reclassified subsequently to profit and loss			
Total comprehensive income		4 130 487	1 947 472

STATEMENT OF FINANCIAL POSITION

In thousands of NOK	Note	31/12/2020	31/12/2019
Intangible assets			
Deferred tax assets	11	21 549	149 726
Software	4	30 529	44 551
Total intangible assets		52 078	194 277
Property, plant & equipment			
Company cabin	4	2 485	2 753
Cars, machinery and equipment	4	3 037	5 130
Right-of-use assets	4	3 475	7 471
Total property, plant & equipment		8 996	15 354
Financial assets			
Investment in subsidiaries	6	10 888 893	11 218 476
Loans to subsidiaries	7, 12	5 313 571	970 443
Investments in joint ventures	5	1 259 350	1 189 350
Investments in shares	6	230	230
Total financial assets		17 462 043	13 378 499
NON-CURRENT ASSETS		17 523 118	13 588 129
Receivables			
Trade receivables		67	172
Loans to group companies	7	94 987	16 711
Other receivables	12, 13	22 859	39 394
Total receivables		117 913	56 276
Cash and cash equivalents			
Cash and cash equivalents	1	50 639	227 028
CURRENT ASSETS		168 552	283 304
TOTAL ASSETS		17 691 670	13 871 433

STATEMENT OF FINANCIAL POSITION

In thousands of NOK	Note	31/12/2020	31/12/2019
Contributed equity:			
Share capital		73 259	73 259
Additional paid-in capital		4 028 584	4 028 584
Total contributed equity	2	4 101 843	4 101 843
Retained earnings:			
Other equity		5 270 795	2 015 808
Total earned equity		5 270 795	2 015 808
SHAREHOLDERS' EQUITY		9 372 638	6 117 651
NON-CURRENT LIABILITIES			
Bonds	8,12	3 926 100	4 549 676
Liabilities to group companies	7	612 749	198 156
Other Non-Current liabilities	4	743	2 657
NON-CURRENT LIABILITIES		4 539 593	4 750 489
CURRENT LIABILITIES			
Trade payables		13 950	17 963
Social and tax liabilities		7 364	7 837
Tax payable	11	4 037	0
Liabilities to group companies	7	1 292 953	1 265 976
Certificates, bonds and other current debt	8	2 385 537	1 660 917
Other current liabilities	4,13	75 598	50 601
CURRENT LIABILITIES		3 779 439	3 003 293
TOTAL LIABILITIES		8 319 032	7 753 782
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		17 691 670	13 871 433

OSLO, 24.03.2021



Jean-Marc Jestin
Chairman of the Board



Roland Mangelmans
Member of the Board



Rafael Torres Villalba
Member of the Board



Jean-Michel Gault
Member of the Board



Benat Ortega
Member of the Board



Louis Bonelli
Chief Executive Officer

Statement of cash flows

In thousands of NOK	Note	2020	2019
Net income		4 185 678	1 940 409
Corporate income tax	11	147 781	-12 317
Gain/Loss on sale of non-current assets		74	0
Income on shares in subsidiaries	6	-4 382 000	0
Depreciation on fixed assets	4	26 743	21 129
Write-down/reversal of write-down on financial assets	6	329 583	119 578
Changes in trade receivables		104	3 037
Changes in trade payable		-4 012	-642
Changes in social and tax liabilities		-472	-100
Changes in other current assets & other current liabilities		-10 871	-2 070 288
Net cash flow from operating activities		292 607	806
Payments on acquisitions of non-current assets	5, 6	-70 000	-30 000
Proceeds from sale of non-current assets		66	0
Payments on acquisitions of other assets		-5 388	-6 000
Payments/proceeds from borrowings		402 166	815 573
Net cash flow from investment activities		326 845	779 573
Proceeds from borrowings	8,12	1 640 597	1 083 389
Payments on borrowings	8	-1 560 938	-867 990
Payments of dividends		-875 500	-803 625
Net cash flow from financial activities		-795 841	-588 226
Net changes in cash		-176 389	192 153
Cash at the start of the period		227 028	34 875
Net changes in cash		-176 389	192 153
Cash at the end of the period		50 639	227 028

STATEMENT OF CHANGES IN EQUITY

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

31/12/2020		Share capital	Additional paid- in capital	Other equity	Total equity
In thousands of NOK					
Opening statement		73 259	4 028 584	2 015 808	6 117 651
Dividends paid				-875 500	-875 500
Net income for the period				4 185 678	4 185 678
Income from cash-flow hedging				-55 191	-55 191
Closing statement		73 259	4 028 584	5 270 795	9 372 638

NOTES TO THE FINANCIAL STATEMENTS

All amounts in thousands of NOK, unless otherwise specified.

ACCOUNTING PRINCIPLES

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

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

1 - PAYROLL EXPENSES

	2020	2019
Wages, bonuses and indemnities	67 655	66 678
Social security tax	9 654	10 705
Pension costs	776	846
Other benefits	7 998	8 233
Total payroll expenses	86 083	86 462

Employees

The average number of employees in Steen & Strøm AS in 2020 and 2019 were 73 and 76, respectively.

Remuneration of senior executives

See note 10 of the consolidated financial statements.

Audit fees

The audit fee for Steen & Strøm AS in 2020 was NOK 1.582 thousand (NOK 1.589 thousand in 2019).

Restricted funds

As of 31 December 2020 and 2019, restricted funds amounted to NOK 3.614 thousand and NOK 3.812 thousand.

2 - SHAREHOLDER'S EQUITY AND TREASURY SHARES

See note 5.9 of the consolidated financial statements.

3 - SHARES OWNED BY THE CEO OR MEMBERS OF THE BOARD

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

See note 10 of the consolidated financial statements.

4 - SOFTWARE, PROPERTY, PLANT & EQUIPMENT

Intangible assets - software	2020	2019
Acquisition cost as of 01/01	184 986	184 986
Acquisition	5 388	-
Acquisition cost as of 31/12	190 374	184 986
Acc. depreciation as of 31/12	159 845	140 435
Net book value as of 31/12	30 529	44 551

Depreciation for the year	19 410	18 994
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Vehicles, furniture and office equipment and machinery	2020	2019
Acquisition cost as of 01/01	16 856	11 152
Acquisition	(695)	6 000
Merger	-	-
Disposal	-	296
Acquisition cost as of 31/12	16 161	16 856
Acc. depreciation as of 31/12	13 124	11 726
Net book value as of 31/12	3 037	5 130

Depreciation for the year	1 953	1 867
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Company cabin	2020	2019
Acquisition cost as of 01/01	6 698	6 698
Acquisitions	-	-
Acc. depreciation as of 01/01	3 946	3 678
Acc. depreciation as of 31/12	4 214	3 946
Net book value as of 31/12	2 485	2 753

Depreciation for the year	268	268
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Right-of-use assets	2020	2019
Net book value as of 01.01 / Implementation 01.01.2019	7 471	12 535
Acquisition	1 234	-
Disposal	(118)	-
Depreciation and impairment allowances	(5 112)	(5 064)
Net book value as of 31/12	3 475	7 471

Rent period 3 years.

Liabilities right-of-use assets:

	2020	2 019
Other Non-Current liabilities	743	2 657
Current liabilities (1. year payment)	2 744	4 829
Total liabilities right-of-use assets as of 31/12	3 488	7 487

Interest expenses right-of-use liabilities of NOK 22 thousand.

5 - INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

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

Company	Ownership		Capital increase	Value at 31/12
	31/12	Value at 01/01		
Metro Senter ANS	50,0 %	490 750	-	490 750
Hovlandparken DA	50,0 %	288 850	-	288 850
Økern Sentrum ANS	50,0 %	409 750	70 000	479 750
Total		1 189 350	70 000	1 259 350

6 - INVESTMENTS IN SUBSIDIARIES AND OTHER COMPANIES

Company	Ownership 31/12	Value at 31/12
AS Kristiania Byggeselskap for smaaleiligheter	1,5 %	230
Others		-
Total		230

	2020	2019
Book value of investments in subsidiaries	10 888 893	11 218 476

All subsidiaries are valued at cost.

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

In 2020 there has been a write down of investments in subsidiaries of NOK 329.583 thousand.

Income from investments in subsidiaries and joint ventures	2020	2019
Dividends from subsidiaries	4 732 162	2 055 200
Distributions from joint ventures	50 500	53 000
Received group contribution	0	102 073
Total income from investments	4 782 662	2 210 274

7 - INTERCOMPANY RECEIVABLES AND PAYABLES

Current assets and current liabilities	2020	2019
Current receivables from group companies	94 987	16 711
Total current receivables	94 987	16 711
Non-current receivables from group companies *)	5 313 571	970 443
Total receivables	5 408 557	987 154
*) Non-current receivables/liabilities to group companies have a maturity of 3 years.		
Current liabilities to group companies	1 292 953	1 265 976
Non-current liabilities to group companies	612 749	198 156
Total liabilities	1 905 702	1 464 132

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

8 - LIABILITIES

Non-current interest bearing borrowings	2020	2019
Bonds	3 926 100	4 549 676
Total non-current interest bearing borrowings	3 926 100	4 549 676

Current borrowings		
Certificates	1 350 604	1 560 938
Bonds	909 254	-
Borrowing to financial institutions *)	125 679	99 980
Total current borrowings	2 385 537	1 660 918

*) Bank overdrafts. Line of credit (DNB) are NOK 1.000.000 thousands.

Repayment plans and renegotiation of non-current debt:

Between 1 and 5 years	3 826 100	4 449 676
More than 5 years	100 000	100 000
Total	3 926 100	4 549 676

The table excludes intercompany loans. Secured debt includes also collateral of other Group companies' assets.

9 - GUARANTEES, BAIL DECLARATIONS AND PLEDGES

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

	Total debt	SST Share	Ownership
Økern Sentrum ANS	5 876	2 938	50,0 %
Hovlandparken DA	6 015	3 008	50,0 %
Metro Senter ANS	11 788	5 894	50,0 %
Total	23 678		

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

Type	Banking partner	Amount at 31/12
Bail declatration - surety for indemnity declaration previous tenants	Nordea Bank AB, filial Norge	2 147
Pledges sercured in investment property of subsidiaries	Different partners	10 121 885
Total off balance sheet commitments of garantees, bail declarations and pledges		10 124 032

10 - BREAKDOWN OF OTHER OPERATING EXPENSES

	2020	2019
Rental space	951	751
Management and other fees	4 721	4 894
Other operating expenses	10 239	12 831
Other administrative costs	30 686	34 370
Total other operating expenses	46 597	52 847

11 - TAX

Temporary differences	2020	2019
Fixed assets	-341	-626
Non-current receivables	118 862	69 123
Shares in partnerships	-5 842	-702 755
Taxable profit and loss account	7 899	9 873
Accrual of interest rate swap	-2 487	-868
Other differences	-56 758	13 996
Net temporary differences	61 332	-611 255
Losses carried forward	-159 284	-69 318
Group Contribution	0	0
Basis for deferred tax / tax assets	-97 952	-680 573
22 % deferred tax / deferred tax assets	-21 549	-149 726
Change in tax rate	0	0
Change in tax rate - effect on group contribution	0	0
Total deferred tax assets (-) / liabilities (+)	-21 549	-149 726
Explanation of the tax expense	2020	2019
22 % tax on profit before tax	953 361	424 180
Tax on non deductible interest	4 037	0
Change of shares in partnerships from previous years	153 321	-19 211
Tax on received group contribution adopted this year	0	23 477
Permanent differences	-962 938	-440 763
The tax effects recognized in equity	0	0
Other differences	0	0
Corporate income tax expense	147 781	-12 317

Analysis of tax expense	2020	2019
Change in deferred tax	128 177	-10 325
Change in tax rate (from 23 % to 22 %)	0	0
Tax on non deductible interest	4 037	0
Change in deferred taxes due to merger	0	0
The tax effects recognized in equity	15 567	-1 992
Corporate income tax expense	147 781	-12 317
Basis for tax payable	2020	2019
Profit before tax	4 333 458	1 928 092
Write-downs on shares	329 583	119 578
Income from partnerships	76 088	87 323
Revenue from companies within the exemption method	-4 782 662	-2 108 296
Other permanent differences		0
Basis for this year's tax	-43 533	26 698
Change in temporary differences	-46 433	6 057
Received group contribution adopted this year	0	-102 072
Taxable income	-89 966	-69 317
Use of tax losses carried forward	0	0
Basis for tax payable	-89 966	-69 317
Taxable income	0	0
Non decutable interest	18 351	0
Basis for tax payable	18 351	0
Tax payable (22%)	4 037	0

12 - FINANCIAL INSTRUMENTS - EXPOSURE TO RISK

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

The company has as of 31/12/2020 recorded a net debt of NOK 52.317 thousand related to financial instruments.

The corresponding amount for 31/12/2019 was a receivable of NOK 13.656 thousand.

Summary of receivables and debts in foreign currency	2020	2019
Non-current receivables		
In thousands of SEK	892 256	1 039 620
Non-current debt		
In thousands of SEK	500 000	900 000
In thousands of DKK	151 155	151 155
Exchange rate on the balance sheet date		
SEK	1,04	0,94
DKK	1,41	1,32
In thousands of NOK		
Non-current receivables	931 265	970 443
Non-current debt	734 609	1 047 803

Assets and liabilities are recorded at exchange rates per 31/12/2020. Changes in exchange rates compared with last year's exchange rates at 31/12/2019 is posted in the accounts as a loss / gain.

Steen & Strøm AS has in 2020 had a net loss on foreign currency of NOK 45.171 thousand. Of this amount a gain of NOK 62.670 thousand is realized. The corresponding amounts in 2019 was a loss of NOK 2.542 thousand of which NOK 6.427 thousand in realized loss.

Remaining lines of credit are NOK 2.349.000 thousands.

13 - LITIGATIONS AND CLAIMS

See note 11.2 of the consolidated financial statements.

14 - RELATED PARTIES

See note 11.3 of the consolidated financial statements.

15 - POST BALANCE SHEET DATE EVENTS

See note 11.4 of the consolidated financial statements.

To the General Meeting of Steen & Strøm AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Steen & Strøm AS (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Steen & Strøm AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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.

The key audit matters identified in our audit are valuation of investment property.

Valuation of investment property

Key audit matter	How the matter was addressed in the audit
<p>The majority of the group's assets consist of investment properties. The carrying amount of investment properties as at 31 December 2020 is NOK 36 766 million. In addition, the group has interest in investment properties through jointly controlled companies, accounted for using the equity method. The carrying value of the jointly controlled companies is NOK 1 800 million as at 31 December 2020.</p> <p>Investment properties are measured at fair value. Fair value adjustments of investment properties may have a significant effect on the group's operating income and consequently the equity.</p> <p>The fair value is based on estimates as well as property specific information. The basis for management's estimates is valuations performed by external, independent appraisers. These estimates require significant judgement and therefore valuation of investment property is a key audit matter.</p> <p>Refer to note 2.23 "Critical accounting judgements and key sources of estimation uncertainty" in addition to note 5.3 and 5.4 in the financial statements of the group for details of investment properties and valuation methodology.</p>	<p>We evaluated the design and implementation of the control activities that management has established to ensure that all relevant property information is included in the external valuations.</p> <p>For a sample of investment properties, we reconciled the information regarding annual rent in the external valuers' reports to the group's own records.</p> <p>We assessed the external valuers' competence and qualifications and that the valuation methods used were in accordance with generally accepted valuation standards and were appropriate to determine fair value of the group's investment properties.</p> <p>We met with the external appraisers, and discussed and challenged assumptions used and reason behind significant movements in valuations from previous periods. Where relevant, we compared the assumptions used with observable market data and our knowledge about the market.</p> <p>We reconciled the values used in the financial statements to the valuation reports.</p> <p>We used Deloitte valuation specialists in our audit of the valuation of investment property.</p> <p>We also assessed the adequacy of the related disclosures in the financial statements.</p>

Other information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report*

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

Opinion on Registration and Documentation

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

Oslo, 24 March 2021

Deloitte AS



Sylvi Bjørnslett

State Authorised Public Accountant (Norway)

Alternative performance measures (APM)

Net rental income including equity investments

In thousands of NOK	2020	2019
Net rental income of Consolidated Statement of Comprehensive Income	1 590 403	1 656 470
Group share of Net rental income from Equity investments according to note 5.4B	61 152	61 951
Net rental income including equity investments	1 651 555	1 718 421

Net rental income evolution on like-for-like basis

2020	Denmark	Norway	Sweden	Total
Net rental income of current operations	464 996	652 340	473 066	1 590 403
Net rental income of constant operations	484 512	517 901	491 693	1 494 107
Variable	-19 516	134 439	-18 626	96 296
2019	Denmark	Norway	Sweden	Total
Net rental income of current operations	500 203	659 380	496 887	1 656 470
Net rental income of constant operations	568 743	527 180	565 309	1 661 232
Variable	-68 540	132 200	-68 422	-4 763
Net rental income evolution on like-for-like basis	-14,8 %	-1,8 %	-13,0 %	-10,1 %

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

Direct operating expenses

In thousands of NOK	2020	2019
Non recoverable rental expenses	138 365	147 504
Building expenses (owner)	65 343	29 209
Direct operating expenses	203 708	176 713

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

Other operating expenses

In thousands of NOK	2019	2019
Payroll expenses	138 822	136 693
Other general expenses	47 942	61 960
Depreciation and impairment allowance on investment properties	9 085	268
Depreciation and impairment allowance on intangible assets and property, plant and equipment	32 400	31 739
Other operating expenses	228 249	230 660

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

Net interest-bearing debt

In thousands of NOK	2020	2019
Non-current financial liabilities	10 407 455	10 345 096
Current financial liabilities	2 497 802	1 848 106
Bank facilities	157 074	89 293
Cash and cash equivalents	-268 200	-452 550
Net interest-bearing debt	12 794 132	11 829 945

Net interest-bearing debt is defined as interest-bearing debt, excluding lease liabilities, deducted cash on account.

Loan to Value

In thousands of NOK	2020	2019
Investment properties	36 766 384	36 476 667
Equity method securities	1 799 521	1 793 618
Value of portfolio	38 565 904	38 270 284
In thousands of NOK	2020	2019
Net interest-bearing debt	12 794 132	11 829 945
Value of portfolio	38 565 904	38 270 284
Loan to Value	33,2 %	30,9 %

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

Book equity ratio

In thousands of NOK	2020	2019
Shareholders' Equity	20 582 803	21 286 553
Total Assets	39 801 173	39 722 120
Book equity ratio	51,7 %	53,6 %

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

Reversion rate

In thousands of NOK	Denmark	Norway	Sweden	Total
Previous MGR	24 601	90 587	56 445	171 633
New yearly MGR	23 943	91 928	53 861	169 732
Reversion rate	-2,7 %	1,5 %	-4,6 %	-1,1 %

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

