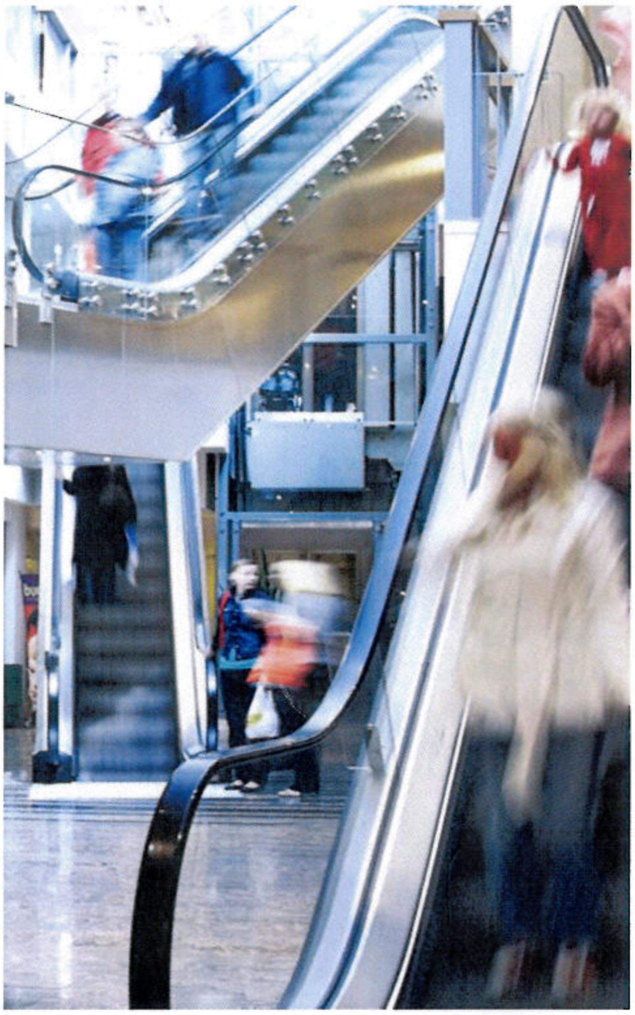
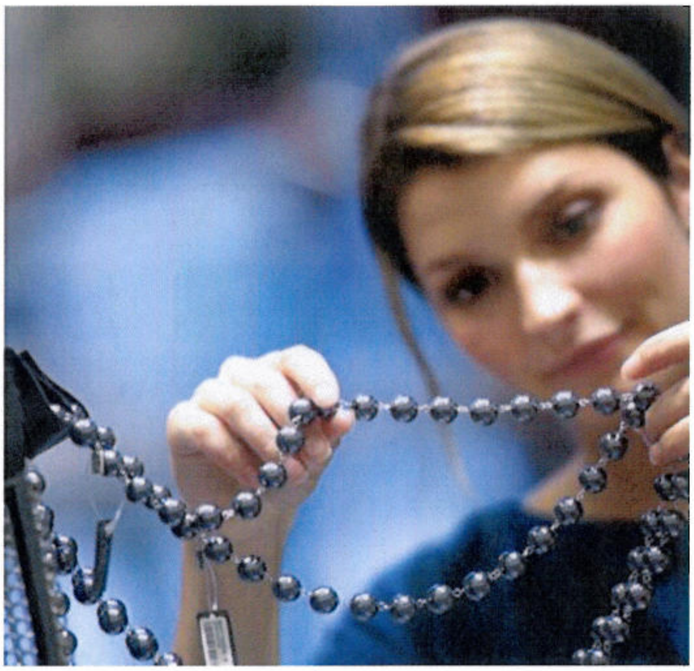
STEEN STRØM

Steen & Strøm

Annual Report 2012





Annual Report 2012

Steen & Strøm saw growth in retail sales and rental income at its shopping centers in 2012. Low interest rate had a positive impact on the profit. Value adjustments of investment properties were NOK 607.1 million (NOK 858.2 million). The group had a pre-tax profit in 2012 of NOK 1 345.6 million (NOK 1 481.2 million).

Investments amounted to NOK 1 710.3 million (NOK 1 829.8 million) in 2012, mainly on the Emporia project in Malmø, extention and refurbishment of Vinterbro and the new development project in Kristianstad. Book value of assets amounted to NOK 31.3 billion (NOK 29.8 billion) as of 31.12.2012, while group net interest-bearing debts at that time amounted to NOK 16.9 billion (NOK 15.8 billion). The book equity-to-assets ratio was 31.4 % (32.3 %).

Steen & Strøm has a solid financial foundation based on attractive shopping centers that are mainly rented by large retail trade operators.

Other highlights:

- Retail sales increased by 3.1 % at shopping centers owned by Steen & Strøm. Like for like it was an increase of 1.7 %. Like for like figures on a national basis were 1.0 % in Norway, 2.1 % in Sweden and 3.3 % in Denmark.
- The shopping centers had an increase in rental income of 1.6 % in 2012 compared with 2011. Like for like it was an incease 2.7 %. Like for like figures on a national basis was 2.9 % in Norway, 1.9 % in Sweden and 3.6 % in Denmark.
- Operating profit for the shopping center business increased from NOK 1 291.5 million in 2011 to NOK 1 360.0 million in 2012.
- Value adjustments of the shopping centers and projects amounted to NOK 607.1 million in 2012 compared with NOK 858.2 million in 2011.
- The average interest rate on loans was 3.9 % in 2012 compared to 3.9 % in 2011.

Explanation of the annual accounts

Steen & Strøm rents out premises at its shopping centers. The rent that the individual stores are able to pay depends primarily on their retail turnover. This implies that rental income for Steen & Strøm depends mostly on developments in retail sales revenues at the centers.

Steen & Strøm saw growth in retail sales at its shopping centers in 2012 compared to 2011. Forecasts for Norwegian, Swedish and Danish economies predict further growth in Scandinavian retail trade in 2013.

Operating revenues

Operating revenues amounted to NOK 2 563.6 million (NOK 2 577.1 million). Of this amount, rental income came to NOK 1 665.1 million. Rental income increase was 1.6 % compared with last year. Growth came as a result of a general increase in rental income and investment activity. The like for like increase was 2.7 %.

Most of the rental contracts have elements of both minimum rent and rent based on turnover. New contracts are normally signed for a durations of 5 years. The average duration of remaining contracts is approximately 3 years.

Operating expenses
Operating expenses amounted to NOK 1 274.6 million (NOK 1 348.1 million). The decrease is primarily related to net accounting of service charges on gross lease agreements in 2012.

Value adjustments
Value adjustment of investment properties was NOK 607.1 million in 2012 (NOK 858.2 million). The increase is due to change in yield by NOK 585.2 million and improved cash flow by 21.9 million. The valuation of the shopping centers is based on an average yield of 5.8 % (6.0 %). The valuation is made by external appraisers.

The shopping centers and projects were recorded in the books at NOK 29.8 billion (NOK 28.7 billion) as of 31.12.2012.

Operating profit/loss
The group's operating profit was NOK 1 896.1 million (NOK 2 087.3 million) after value adjustments.

Financial expenses
Steen & Strøm's net financial expenses amounted to NOK 550.6 million (NOK 606.1 million). Net interest-bearing debts increased by NOK 1.1 billion in 2012 to NOK 16.9 billion at 31.12.2012. The average interest rate was 3.9 % in 2012 and 2011.

Pre-tax profit
Pre-tax profits amounted to NOK 1 345.6 million (NOK 1 481.2 million). Adjusted for value adjustments and one-time effects the profit amounted to NOK 743.8 million, which is NOK 101.0 millon higher than 2011. Financial expenses are decreased by NOK 55.5 millon and operations are improved by NOK 45.5 millon.

Cash flow
Net cash flow from operational activities amounted to NOK 863.2 million (NOK 744.5 million), while net cash flow from investment activities amounted to NOK -2 144.6 million (NOK -1 178.6 million). Net cash flow from financial activities amounted to NOK 1 137.1 million (NOK 103.6 million). Cash and cash equivalents decreased by NOK 132.4 million in 2012 and amounted to NOK 277.0 million as of 31.12.2012. The group has liquidity reserves through unused drawing rights and unmortgaged properties of approximately NOK 2.5 bn.

Balance sheet
Group assets as of 31.12.2012 were recorded at NOK 31.3 billion (NOK 29.8 billion), of which investment properties amounted to NOK 29.8 billion (NOK 28.6 billion). The group gross

investments on shopping centers and projects was NOK 1 710.7 in 2012. The main investments were:

- Emporia project in Malmø	NOK 1 075.3 million
- Extention and refurbishment of Vinterbro	NOK 151.9 million
- Development project in Kristianstad	NOK 92.0 million
- Refurbishment of Farmandstredet in Larvik	NOK 80.5 million

Equity recorded in the books amounted to NOK 9 822.0 million as of 31.12.2012, corresponding to an equity ratio of 31.4 % (32.3 %).

Shopping center operations

Steen & Strøm is responsible for operations of 42 shopping centers in Scandinavia. Of these, Steen & Strøm owns all or part of 16 centers in Norway, 10 centers in Sweden and 3 centers in Denmark. The strategy is to put great effort into prominent centers located in popular shopping areas around Scandinavia. An important element is to continue to make improvements at existing centers.

The financial occupancy rate at the shopping centres was 95.0 % at 31.12.2012. Some vacancies are temporary on centers under refurbishment.

Shopping centers in Norway
Steen & Strøm owns 13 shopping centers in Norway and is partly owner of 3 others.
Steen & Strøm's centers saw an increase in retail sales in 2012 of 1.0 % on a like for like basis. The shopping centers had a total rent of NOK 736.8 million in 2012. Operating profit amounted to NOK 635.2 million. The like for like rent increase was 2.9 % compared with 2011. This increase is due to a general rise in rents at the centers, as well as investments.

Refurbishment of Farmandstredet was completed July 2012. Extention and refurbishment of Vinterbro is ongoing, and planned for opening autumn 2013.

Shopping centers in Denmark
Steen & Strøm Denmark is responsible for management of 16 shopping centers in Denmark. Danica owns 13 of these. Own shopping centers in Denmark saw an increase in retail sales of 3.3 % in 2012.

Rental income for the 3 wholly-owned centers amounted to NOK 364.0 million (NOK 351.9 million). The like for like rental increase was 3.6 % compared to 2011.

Shopping centers in Sweden

Steen & Strøm owns 10 shopping centers in Sweden. These saw a rise in retail sales of 8.4 % in 2012. On a like for like basis was the increase 2.1 %. Rental income for the Swedish shopping centers amounted to NOK 563.1 million. The like for like rental increase was 1.9 % in Sweden. The increase in retail sales and rental income is mainly due to the completion of Emporia in Malmø in October 2012.

The constrction of a new shopping center in Kristianstad is ongoing and completion is planned to autumn 2014.

Shareholder concerns

Shareholder policy
Steen & Strøm's long-term goal is to ensure a competitive return on invested capital and equity. Assets are managed to give optimal long-term return.

Ownership structure
The shares in Steen & Strøm AS is held by Storm Holding Norway AS. Storm Holding is indirectly owned by the French shopping center group Klepierre (56.1%) and Stichting Depositary APG Strategic Real Estate Pool (43.9%). Klepierre has 318 shopping centers under its administration, of which 242 are wholly-owned. The company is represented in 10 countries in addition to Scandinavia and is Europe's second largest shopping center company. APG is one of the world's largest pension fund managers, which administers assets for more than EUR 200 billion.

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

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

Organization and environmental aspects

Employees
Steen & Strøm had 405 (396) employees at the end of 2012 and 16 (17) of these were employed in the parent company. Employees working for the group are by gender 45 percent women and 55 percent men. The group's main office is located in Oslo. The group also has offices in Copenhagen, Stockholm and Goteborg, in addition to the offices at all the shopping centers.

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

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

The group work constantly to avoid any kind of discrimination.

The Board consider the working environment to be good, and this is monitored on a regular basis.

Absence due to illness on average at the group was 2,3 % of all work hours at the company. The board of directors considers the working environment in general to be satisfactory. There have been no injuries or accidents of any significance at the company.

An incentive program for senior executives was established to promote long-term profitability and value creation in the group.

Outdoor environment
The group's activities only pollute the external environment to a limited degree. Still, Steen & Strøm has put a lot of effort into environmental issues. The best way to improve environmental aspects of the company is to focus on development projects and commercial operation of the shopping centers. Steen & Strøm are careful to make the right decisions when planning development. This is decisive for future environmentally efficient operation of the centers. Special focus is placed on reducing energy consumption at the centers. Waste management is also an important focus area; Steen & Strøm are trying to increase source separation, and in that way achieve greater recycling of waste.

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

Risk
Group activities involve different kinds of risk; market risk, credit risk, liquidity risk and risks related to floating/fixed interest rates. The board of directors sets the goals and frameworks for how financial risk is managed.

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

The group's credit risk is primarily related to the ability of the tenants to pay rent. The group has more than 2000 rental contracts. Prominent, stable retail chain stores form the largest group of our tenants. Our tenants almost always present some form of security for the rent, and good routines have been established to follow-up and collect on rent due. The group has had limited loss on recevables in the past.

The liquidity risk is managed by always having liquid reserves in the form of liquid current assets, unused credit ceilings and unmortgaged properties. We try to limit liquidity risk that arises from the refinancing of group debts by scheduling maturity dates for loans at different times of the year and by having sufficient liquid reserves available to cover short-term refinancing needs.

To reduce the exposure to interest rate changes in the short-term interest market, the group has signed fixed interest agreements for approximately 58% of its loan portfolio.

Actions agains corruption
Steen & Strøm has employee manual and ethical guidelines where regulations are incorporated to highlight the Groups attitude to corruption.

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

Steen & Strøm has in line with the Employment Protection Act established procedures for whistle blowing.

Risk management and internal control
Risk handling is a part of the Group system for risk management and internal control. The pupose of this system is to secure that there is a link between the overall strategy and goals, and the daily business. The main goal is to create values for the shareholder. The Group has established a five year strategy, which is the basis for yearly plans and budgets.

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

Internal financial reporting is made on monthly basis and quarterly basis where the results are assessed and analysed against budgets.

The number of board meeting was 5 in 2012, and financial statements were on the agenda.
On a monthly basis each country present and discuss the financial and operational results for the Group management.

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

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

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

The valuation of the investment properties is made by independent external appraisers, and the portfolio is split on two different appraisers.
The valuations are carried out according to the Red Book of Royal the Institution of Chartered Surveyors. The valuation method used is the discounted cash flow method (DCF).

Actions of control
Steen & Strøm organizes internal and external actions of control. Internal control actions comprise mainly ordinary internal control within the financial and operational fields. External controls actions comprise ordinary audit, extended audit, IT audit, risk analyses and insurance analyses.

Going concern
Steen & Strøm works with ownership, development and operation of 42 shopping centers around Scandinavia. The annual accounts have been presented under the assumption of going concern. It is the opinion of the board of directors that the accounts and notes presented for the year give satisfactory information about company operations and the group's financial position at the end of the year. The board of directors believes that the annual accounts give a true picture of company/group's assets, liabilities, financial position and profit/loss for the year. It is the board of directors' opinion that nothing of significance occurred after the end of the year that would harm the company's reputation or change the group's financial situation. In accordance with Section 3-3a of the Norwegian Accounting Act, we hereby confirm that conditions for going concern exist. The basis for our assumption of going concern is the group's shopping center portfolio being of high quality, a strong financial position and employees working at our company with the highest degree of competence.

Disposal of profits
Steen & Strøm AS had a loss for the year of NOK 135.6 million. Free equity at Steen & Strøm AS amounted to NOK 215.4 million at the end of 2012.

Future prospects

The market in general
In historical terms, consumer spending has been stable in Scandinavia. Following a lower growth in 2009 and 2010 due to the financial crisis, the growth has stabilized in 2012.

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

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

Thank you

The board of directors would like to thank all employees and customers for great efforts and positive contributions in 2012.

Oslo April 15th 2013

Laurent LJ Morel Chairman of the Board	Jean-Michel Gault Member of the Board
Patrick M Kanters Member of the Board	Jean-Marc Jestin Member of the Board
Rafael Torres Villalba Member of the Board	Jan Ove Holmen CEO

CONSOLIDATED STATEMENTS FOR STEEN & STRØM

Consolidated Income Statement

Year ended 31. December **Figures in NOK 1000**

	Note	2012	2011
Operating income and expenses			
Rental income	2, 19	1 665 065	1 638 914
Other operating income	2, 19	898 515	938 226
Total operating income		**2 563 580**	**2 577 140**
Salaries	3	316 541	309 428
Depreciation	2, 8	30 068	29 850
Project maintenance	20	0	0
Other operating expenses	2, 20, 21	927 969	1 008 817
Total operating expenses		**1 274 578**	**1 348 095**
Operating profit before fair value adjustments		**1 289 002**	**1 229 046**
Fair value adjustments on investment property	8	607 144	858 242
Operating profit after fair value adjustments		**1 896 145**	**2 087 288**
Financial income and expenses			
Income on other investments	11	2	385
Interest income	14	154 416	161 565
Other financial income	22	73 761	2 128
Interest expenses	22	-776 646	-744 046
Other financial expenses	22	-2 117	-26 162
Net financial expenses		**-550 584**	**-606 130**
Net tax profit		**1 345 561**	**1 481 158**
Tax cost			
Tax cost	17	209 130	477 244
Tax cost		**209 130**	**477 244**
Profit of the year		**1 136 432**	**1 003 914**
Allocation			
Minority		-21	-140
Shareholders		**1 136 453**	**1 004 054**
Profit per share - basic and diluted	6	38,78	34,26

Consolidated statement of other comprehensive income

		2012	2011
Profit for the year		1 136 432	1 003 914
Currency translation etc.		-225 562	-119 756
Financial instruments		-73 015	-194 098
Total comprehensive income for the periode, net of tax		**837 855**	**690 060**

CONSOLIDATED STATEMENTS FOR STEEN & STRØM
Statement of Financial Position

Year ended December 31.

Assets	Note	2012	2011
Non-current assets			
Fixed assets			
Investment property and projects	8	29 760 511	28 652 250
Cars and machinery	9	7 313	7 827
Equipment and furniture	9	122 249	56 401
Total fixed assets		**29 890 073**	**28 716 478**
Financial assets			
Investment in shares	11	2 232	1 422
Loan and other outstanding receivables	12	840 564	417 596
Total financial assets		**842 796**	**419 018**
Total non-current assets		**30 732 869**	**29 135 496**
Current assets			
Accounts receivable	13	147 560	112 485
Other outstanding receivables	10	124 742	183 993
Cash and cash equivalents	14	276 990	409 366
Total current assets		**549 292**	**705 844**
Total assets		**31 282 161**	**29 841 340**

CONSOLIDATED STATEMENTS FOR STEEN & STRØM
Statement of Financial Position

Year ended December 31.

Equity and liabilities	**Note**	**2012**	**2011**
Equity			
Contributed equity			
Ordinary shares (30,402,116 shares @ NOK 1.91)	4, 5	58 134	60 804
Treasury shares	4	-2 198	-1 099
Share premium reserves		2 746 762	2 916 140
Total paid in equity		**2 802 697**	**2 975 845**
Retained equity			
Fair value and hedging reserves		3 696 816	3 648 736
Other equity		3 320 228	3 011 223
Total retained equity		**7 017 044**	**6 659 959**
Total equity allocated to shareholders		**9 819 742**	**9 635 803**
Minority interest		2 276	2 297
Total equity		**9 822 018**	**9 638 101**
Liabilities			
Non-current liabilities			
Pension liabilities	15	29 363	27 161
Borrowings to financial institutions	16	14 002 528	12 322 523
Bonds	16	1 350 000	600 000
Other long term liabilities	16	67 603	70 470
Deferred tax	17	2 406 585	2 409 163
Total non-current liabilities		**17 856 079**	**15 429 317**
Current liabilities			
Accounts payable		211 413	318 735
Other taxes and withholdings		69 651	100 462
Tax payable	17	226	163
Borrowings to financial institutions	16	2 066 941	3 617 161
Other short term debt	18, 22	1 255 834	737 402
Total current liabilities		**3 604 064**	**4 773 922**
Total liabilities		**21 460 143**	**20 203 239**
Total equity and liabilities		**31 282 161**	**29 841 340**

Oslo, April 15 2013

Laurent J J Morel Chairman of the board	Jean-Michel R Gault Board member
Patrick M Kanters Board Member	Jean Marc Jestin Board member
Rafael Torres Villalba Board Member	Jan Ove Holmen CEO

Consolidated statement of changes in equity

2011	Note	Share capital	Threasury shares	Share premium	Property revaluation reserve	Retained earnings	Cash flow hedging reserve	Total	Minoriy	Total equity
Balance 1.1.2011		30 402	(1 099)	1 846 542	3 314 134	2 765 608	(85 633)	7 869 954	2 364	**7 872 318**
Capital increase		30 402	(1 099)	1 470 697				1 500 000		**1 500 000**
Capital decrease				(400 000)				(400 000)		**(400 000)**
Profit for the year					628 016	375 898		1 003 914	140	**1 004 054**
Foregin currency differences					(14 053)	(105 866)	370	(119 549)	(207)	**(119 756)**
Cash flow heding effects	22						(194 098)	(194 098)		**(194 098)**
Total comprehensive income		**-**	**-**	**-**	**613 963**	**270 032**	**(193 728)**	**690 267**	**(67)**	**690 200**
Group contribution						(24 418)		(24 418)		**(24 418)**
Balance 31.12.2011		**60 804**	**(2 198)**	**2 917 239**	**3 928 097**	**3 011 223**	**(279 361)**	**9 635 803**	**2 297**	**9 638 101**

2012	Note	Share capital	Threasury shares	Share premium	Property revaluation reserve	Retained earnings	Cash flow hedging reserve	Total	Minoriy	Total equity
Balance 1.1.2012		60 804	(2 198)	2 917 239	3 928 097	3 011 223	(279 361)	9 635 803	2 297	**9 638 101**
Demerger		(2 670)		(170 477)	(277 771)	9 763		(441 155)	(42)	**(441 197)**
Profit for the year					458 828	677 603		1 136 432	21	**1 136 453**
Foregin currency differences					(64 528)	(165 601)	4 567	(225 562)		**(225 562)**
Cash flow heding effects	22						(73 015)	(73 015)		**(73 015)**
Total comprehensive income		**58 134**	**(2 198)**	**2 746 762**	**4 044 626**	**3 532 988**	**(347 810)**	**10 032 503**	**2 276**	**10 034 779**
Group contribution						(212 760)		(212 760)		**(212 760)**
Balance 31.12.2012		**58 134**	**(2 198)**	**2 746 762**	**4 044 626**	**3 320 228**	**(347 810)**	**9 819 742**	**2 276**	**9 822 018**

Property revaluation reserve is related to investment property. When an asset is reclassified to investment property, the value that exceeds the book value will be recorded as a Property revaluation reserve. In

STEEN & STRØM

Cash flow statement	Note	2012	2011
Profit for the year		1 136 431	1 004 299
Tax expenses for the year	17	209 130	477 244
Paid tax for the year		-226	-173
Gain/Loss on sale of non-current assets	8,9	-11 754	-11 864
Income from other investments		-2	-385
Fair value adjustments on investment property	9	-607 144	-858 242
Depreciation on fixed assets	8	30 068	29 850
Changes in financial intruments		2 203	4 251
Changes in accounts receivables	13	-35 075	24 046
Changes in accounts payable		-107 322	209 870
Changes in other taxes and withholdings		-30 811	-6 303
Changes in other current assets and liabilities	18	277 750	-128 112
Net cash flow from operating activities		**863 248**	**744 481**
Proceeds from sale of non-current assets	8,9	24 550	108 934
Payments on acquisitions of non-current assets	8,9	-1 710 653	-1 863 056
Payments on aqquisitions of financial investments		-166 830	0
Proceeds from sale of shares etc.	11	108 831	0
Proceeds from borrowings	12	-400 545	575 554
Net cash flow from investment activities		**-2 144 647**	**-1 178 568**
Proceeds from borrowings	16	6 174 927	2 899 542
Repayment of borrowings	16	-5 037 853	-5 045 965
Proceeds from capital increase		-	1 500 000
Dividends		-	-400 000
Proceeds from short term borrowings	16		1 150 000
Net cash flow from financial activities		**1 137 074**	**103 578**
Net changes in cash		**-144 325**	**-330 509**
Cash at the start of the period	14	**409 366**	**742 824**
Effect of foreign exchange differences		**11 949**	**-2 949**
Cash at the end of the period	14	**276 990**	**409 366**

Note 1 - Consolidation and accounting principles

General information

Steen & Strøm AS (the Company) is a limited liability company incorporated in Norway. The Company's principal offices are located at Støperigata 1, N-0118 Oslo

The consolidated financial statements for the accounting period of 1 January 2012 to December 31 2012 were authorized for issue in accordance with a resolution of the Board of Directors on April 5 2013.

1.1 Basis of preparation

The consolidated financial statements for the year 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group's statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity are presented with comparable numbers for the prior year.

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

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

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

1.2 Changing in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

- *IAS 19 – Employee benefits*

The impact on the Group will be as follows: to eliminate the corridor approach and to recognize all actuarial gains and losses in OCI as they occur; to immediately recognize all past service cost; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments and intends to adopt the amendments for accounting periods beginning on or after 1 January 2013.

- *IFRS 9 – Financial Instruments*

IFRS 9 will replace IAS 39 and introduces new requirements for classification, measurement and derecognition of financial assets and liabilities. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015 on condition of EU approval.

- *IFRS 10 - Consolidated financial statements*

The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

- *IFRS 11 – Joint arrangements*

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

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1. January 2014.

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

IFRS 12 is a disclosure standard and is applicable to all entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives. The objective of IFRS 12 is that an entity should disclose information that helps users of financial statements evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial statements. The disclosure requirements set out in IFRS 12 are more extensive than those in the current standards. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

- *IFRS 13 – Fair value measurement*

The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of fair value measurement and disclosure requirements for use across IFRSs. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.3 Consolidation

The consolidated financial statements include the financial statements of Steen & Strøm AS and entities controlled by Steen & Strøm AS (the Group). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements. Non-controlling interests in subsidiaries are presented within Group's equity.

The Group applies the acquisition method to account for business combinations. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint venture arrangements that involve a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with equivalent items in the consolidated financial statements on a line-by-line basis.

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

Other investments are recognized in the consolidated financial statements in accordance with *IAS 39 – Financial instruments: Recognition and Measurement*. Supplementary information is given in Note 1.10 and 1.18

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

Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.5 Accounts receivable and other receivables

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

1.6 Hedging

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

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

(i) Cash flow hedge

The effective portion of changes in fair value of derivates that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The ineffective portion is recognized in the income statement.
When the forecast transaction that is hedged results in the recognition of an asset or liability, the gain and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

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

1.7 Fixed assets

Fixed assets and buildings, except of investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life, as follows:

Vehicles and machines	3-5 years
Furniture, fittings and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.8 Leasing

(i) The Group as lessee

- Finance leases
  The Group has not entered into any finance leasing agreements

- Operational leases
  Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made are charged to the income statement on a straight-line basis over the period of the lease.

(ii) The Group as lessor

- Finance leases
  The Group has not entered into any finance leasing agreements

- Operational leases
  The Group presents assets leased to third parties as fixed assets in the balance sheet. Lease income is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased asset and recognized on the same basis as lease income over the lease terms. Any rent reductions are recognized as cost in the period in which they are earned.

1.9 Investment properties

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

Fair value represents an estimated sale value of the asset at the year end. The investment properties are valued twice a year by external valuers who use a cash-flow based model in the calculation of fair value. For further details, see Note 8.

1.10 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Available-for-sale financial assets

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

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

For a description of accounting policies for impairment of financial assets, see Note 1.18.

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

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

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

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

1.11 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value money and the risks specific to the obligation.

1.12 Equity

(i) Debt and equity

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

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

(ii) Treasury shares

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

(iii) Costs of equity transactions

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

(ii) Other equity

(a) Reserve for foreign currency translation

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

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

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

(b) Hedging reserve

Fund for hedging include the total net change in fair value on a cash flow hedge, until the hedged cash flow occurs or is no longer expected to occur. See Note 1.6.

1.13 Revenue recognition

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

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

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

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

Costs

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

1.14 Foreign currency translation

(i) Foreign currency transactions

Transactions in foreign currency are initially recognized in the functional currency at the exchange rate at the date of the transaction. Monetary assets in foreign currencies are translated to the functional currency at the Group's exchange rate at the reporting date. Non-monetary items that are measured at historical cost in foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in foreign currency are translated using exchange rates determined on the fair value valuation date. All exchange differences are recognized in the income statement.

(ii) Foreign entities

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

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

1.15 Employee benefits

(i) Pension obligations

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

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

(ii) Incentive agreements with employees of the management team

For the Group's incentive agreements for employees of the management team, see note 3.

1.16 Borrowing costs

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

1.17 Income taxes

Tax expense consists of current tax and changes in deferred tax. Deferred tax liability/tax asset is calculated on all differences between accounting and tax values of assets and liabilities with the exception of:

- temporary differences related to the initial recognition of goodwill, and
- temporary differences related to investments in subsidiaries, joint ventures or associates where the Group controls the timing of the reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Deferred tax liabilities and deferred tax assets are recognized regardless of when the differences will be reversed. Deferred tax liabilities and deferred tax assets are recognized at their nominal value and are classified as non-current liability (non-current financial asset) in the balance sheet.

Current tax and deferred tax are recognized directly in equity as long as they relate to items that are recognized directly in equity.

Current tax and deferred tax liabilities/assets are measured using the tax rates enacted or substantively enacted on the balance sheet date and which are applicable to the obligation to be settled.

1.18 Impairment of assets

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

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

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

1.19 Operating segments

For management purposes the Group is organized into three operating segments areas in three countries. Financial information about operating segments is presented in Note 2.

1.20 Contingent liabilities and assets

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

A contingent asset is not recognized in the consolidated financial statements, but disclosed if it likely that a benefit will accrue to the Group.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition.

1.21 Subsequent events

New information on the balance sheet date that affects the company's financial position at the balance sheet date is recognized in the financial statements. Subsequent events that do not affect the Company's financial position at the balance sheet date, but which will affect the Company's financial position in a subsequent period, are reported if significant.

1.22 Use of estimates in preparation of financial statements

Management has used estimates and assumption that affect assets, liabilities, revenues, expenses and disclosure of contingent liabilities. This is specially the case in assessment of investment properties. Future events could cause the estimated to change. Examples of such estimates are; the interest rate and yield level, the CPI-index and growth forecasts. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period the change occurs. If the changes are also related to the future periods, the effect is allocated both on current and future periods. For further details, see Note 8.

Note 2

Operating segments - Operating revenue and operating profit

The Group's business is divided into strategic operating segments that are organized separately. The different segments conduct different business activities, are targeted at different customer groups, and have different risk profiles.

The Steen & Strøm Group is divided into the following operating segments:

a. Shopping centers and projects
b. Commercial operation
c. Development

For financial reporting to management, the countries in which the Group operates are presented both collectively and separately for Norway, Sweden and Denmark. The table shows segments divided into geographical areas. The table also shows the relationship between the segment reporting and consolidated statements.

The Group's activities in Shopping centers and projects consists mainly of buying, selling and operating investment property, in addition to large scale real estate projects.

The Group's activities in Commercial operation concerns rental and centralized marketing of our shopping centers. The Group's activities in Development includes fee based work in project development and real estate. This is conducted both internally and on assignment from other clients.

Other activities include the operation of our shopping centers on behalf of our tenants (joint costs and marketing). In addition, this includes the Group management's activities and several smaller companies without significant activities. Transactions between the different segments are not eliminated, but shown as gross figures for each segment in order to provide a fair view of the activity.

Norway

Operating segment	Shopping centers and projects		Commercial operations		Development		Total Norway	
	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11
Profit and loss account:								
Operating revenue, external	736 845	750 924	5 097	5 101	22 090	18 760	**764 032**	**774 785**
Operating revenue, internal	1 177	1 177	34 563	47 449		-	**35 740**	**48 626**
Operating expenses	-102 788	-117 098	-57 247	-71 402	-25 123	-18 770	**-185 158**	**-207 270**
Depreciation	-	-	-3 544	-2 811	-	-	**-3 544**	**-2 811**
Operating profit (loss)	**635 234**	**635 003**	**-21 131**	**-21 663**	**-3 033**	**-10**	**611 070**	**613 330**
Fixed assets	11 821 913	11 799 864	8 180	6 851		5 232	**11 830 093**	**11 811 947**
Unallocated assets								**25 642**
Long-term debt	4 020 921	2 748 314					**4 020 921**	**2 748 314**
Investments in the period	343 145	426 860	3 818	4 371	-	-	**346 963**	**431 231**

Denmark

Operating segment	Shopping centers and projects		Ccommercial operations		Development		Total Denmark	
	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11
Profit and loss account:								
Operating revenue, external	363 978	351 926	66 273	67 715	12 057	11 709	**442 308**	**431 350**
Operating revenue, internal		3 418	14 522	18 548			**14 522**	**21 966**
Operating expenses	-56 175	-77 044	-70 256	-73 682	-20 694	-18 300	**-147 125**	**-169 026**
Depreciation	-	-	-2 406	-2 536			**-2 406**	**-2 536**
Operating profit (loss)	**307 803**	**278 300**	**8 133**	**10 045**	**-8 637**	**-6 591**	**307 299**	**281 754**
							-	
Fixed assets	6 806 105	6 969 344	7 880	9 236			**6 813 985**	**6 978 580**
Unallocated assets							**-**	**2 828**
Long-term debt	3 821 096	4 044 945					**3 821 096**	**4 044 945**
Investments in the period	82 623	293 861	2 944	2 518			**85 567**	**296 378**

Sweden								
Operating segment	Shopping centers and projects		Ccommercial operations		Development		Total Sweden	
	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11
Profit and loss account:								
Operating revenue, external	563 065	530 726		-123	52 364	42 510	**615 429**	**573 113**
Operating revenue, internal		743	28 917	60 366		-	**28 917**	**61 109**
Operating expenditure	-138 616	-145 014	-40 229	-67 599	-48 251	-53 059	**-227 096**	**-265 672**
Depreciation	-7 460	-8 290	-447	-395	-274	-920	**-8 181**	**-9 605**
Operating profit (loss)	**416 989**	**378 165**	**-11 759**	**-7 751**	**3 839**	**-11 469**	**409 069**	**358 945**
							-	
Fixed assets	11 199 800	9 898 417	1 680	1 537			**11 201 480**	**9 899 954**
Unallocated assets							**-**	**-**
Long-term debt	7 919 314	6 953 130					**7 919 314**	**6 953 130**
Investments in the period	1 254 273	1 106 834	6 218	715			**1 260 491**	**1 107 549**

Total								
Operating segment	Shopping centers and projects		Ccommercial operations		Development		Total	
	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11
Profit and loss account:								
Operating revenue, external	1 663 888	1 633 577	71 370	72 692	86 511	72 979	**1 821 769**	**1 779 248**
Operating revenue, internal	1 177	5 337	78 002	126 364	-	-	**79 179**	**131 701**
Operating expenses	-297 579	-339 156	-167 732	-212 683	-94 068	-90 129	**-559 379**	**-641 968**
Depreciation	-7 460	-8 290	-6 397	-5 742	-274	-920	**-14 131**	**-14 952**
Operating profit (loss)	**1 360 026**	**1 291 468**	**-24 757**	**-19 369**	**-7 831**	**-18 070**	**1 327 438**	**1 254 029**
Fixed assets	29 827 818	28 667 625	17 740	17 624	-	5 232	**29 845 558**	**28 690 481**
Unallocated assets	-	-	-	-	-	-	**-**	**28 470**
Long-term debt	15 761 332	13 746 389	-	-	-	-	**15 761 332**	**13 746 389**
Investments in the period	1 680 041	1 827 555	12 980	7 604	-	-	**1 693 021**	**1 835 158**

Operating segment	Service charges, eliminations and other operations		Group administration		Profit on sales		Total group	
	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11	31-12-12	31-12-11
Profit and loss account:								
Operating revenue, external	750 938	785 374	**580**	**525**	**-9 707**	**11 993**	**2 563 580**	**2 577 140**
Operating revenue, internal	-129 179	-181 701	**50 000**	**50 000**			**-**	**0**
Operating expenses	-613 010	-607 719	**-72 122**	**-69 192**			**-1 244 511**	**-1 318 863**
Depreciation	-8 847	-8 271	**-7 090**	**-6 008**			**-30 068**	**-29 231**
Operating profit (loss)	**-98**	**-12 317**	**-28 632**	**-24 675**	**-9 707**	**11 993**	**1 289 001**	**1 229 046**
Fixed assets	16 097	20 625	28 418	5 372			**29 890 073**	**28 716 478**
Unallocated assets			22 882	6 799			**22 882**	**35 269**
Long-term debt	-5 467 633	-5 914 678	5 088 192	5 018 748			**15 381 891**	**12 850 459**
Investments in the period	14 219	27 898	3 413				**1 710 653**	**1 863 056**
Reconciliation of net business to the official accounts							**31-12-12**	**31-12-10**
Operating results pursuant to business reporting							1 289 001	1 229 046
Revaluation							607 144	858 242
Expensed maintenance and impairment of projects							-	-
Share of profits							-	-
Operating results in accordance with official accounts							**1 896 145**	**2 087 288**

Note 3
Salary expenses, headcount, remuneration, etc.

Salary expenses	2012	2011
Salaries and fees	259 768	252 146
Social security taxes	37 599	30 799
Pension costs	17 953	16 482
Other benefits	1 221	10 001
Total	**316 541**	**309 428**

Headcount

The average number of employees in the Group was 399 (397) in 2012. At of 31.12.12, the Group had 405 employees.

Executive benefits

An incentive scheme has been established for top management. The scheme is divided into three components.

Part 1 provides for a maximum payout of 50-70% of annual salary, depending on position. The bonus is calculated based primarily on achieved rental income from the shopping center operations and achieved return on equity.

Part 2 provides for a maximum payout of 15% of annual salary. The bonus is determined on the basis of an individual assessment of the employee.

Part 3 is a long term individual incentive that is paid by 50% two years after it is earned, and 50% three years after it is earned.

Remuneration of senior executives

2012	Directors' fees	Salary	Bonus	Payment in kind	Periodic pension expenses	Total compensation
Group Management						
Jan Ove Holmen - Chief Executive Officer		2 829	1 207	178	387	**4 601**
Terje Daaland - Chief Economy and IT officer		2 146	1 304	172	227	**3 848**
Bjørn Tjaum - Chief Financial Officer		2 078	1 340	156	182	**3 756**
Nils Eivind Risvand - Chief Legal Officer		1 633	977	155	140	**2 905**
Board of Directors						
Laurent J J Morel	0					
Jean-Michel R Gault	0					
Patrick M Kanters	0					
Marie-Théresè Dimasi	0					
Rafael Torres Villalba	0					
Total compensation	**0**	**8 686**	**4 826**	**660**	**936**	**15 109**

As of 31.12.2012, TNOK 13.342 (TNOK 10.447) has been provisioned to cover the groups incentive scheme.
The provision is including public and social taxes.

Remuneration of senior executives

2011	Directors' fees	Salary	Bonus	Payment in kind	Periodic pension expenses	Total compensation
Group Management						
Jan Ove Holmen - Chief Executive Officer		2 655	378	185	293	**3 511**
Terje Daaland - Chief Economy and IT officer		2 046	1 150	156	546	**3 898**
Bjørn Tjaum - Chief Financial Officer		2 040	671	143	181	**3 035**
Nils Eivind Risvand - Chief Legal Officer		1 599	462	153	130	**2 344**
Board of Directors						
Laurent J J Morel	0					
Jean-Michel R Gault	0					
Patrick M Kanters	0					
Marie-Thérésè Dimasi	0					
Rafael Torres Villalba	0					
Total compensation	**0**	**8 339**	**2 660**	**637**	**1 151**	**12 787**

Auditing fees

Fees to the auditor of the accounts for 2012	Statutory Audit	Tax Consulting Services	Other Certification Services	Other Services	Total
Parent company	1 310		176	45	1 163
Subsidiaries in Norway	1 123		18	6	1 515
Subsidiaries abroad	1 186				1 186
Total	**3 619**	**0**	**194**	**51**	**3 864**

Note 4
Number of shares, shareholders etc.

The share capital of the parent company of the Group, Steen & Strøm AS, is NOK 58.133.335 (NOK 60.804.232), divided into 30.402.116 (30.402.116) shares with par value NOK 1,9121(NOK 2,00) per share.

The company has only one class of shares. As of 31.12.12 there is only one shareholder, and no foreign shareholders.

All shares are owned by Storm Holding Norway AS. Storm Holding Norway AS is owned by Nordica HoldCo AB, which in turn is owned by Klèpierre Nordica BV and Stichting Pensioenfonds ABP.

Treasury shares

The Company's number of treasury shares as of 31.12.12 is TNOK1.098.655 (1.098.655) shares at an average acquisition cost of NOK 107,10.

Note 5
Shares held by the CEO or members of the Board

None of the Company's employees or directors have shares in the Company.

Note 6
Earnings per share

Basic earnings per share is calculated as the ratio of net income accruing to ordinary shareholders and the weighted average number of ordinary shares.

	2012	2011
Financial results to shareholders	1 136 453	1 004 054
Weighted average number of shares (thousands)		
Ordinary shares on January 1	30 402	30 402
Newly issued shares	-	-
Effect of treasury shares	(1 099)	(1 099)
Average number of shares (thousands)	29 303	29 303
Basic earnings per share (NOK per share).	38,78	34,26
Diluted earnings per share (NOK per share).	38,78	34,26

Note 7

Risks associated with asset managment

The Group's objective regarding asset management is to secure continued operation in order to ensure sustainable returns for shareholders and other stakeholders, and 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 on December 31st is shown below:

	2012	2011
Total loans	18 051 103	16 611 747
Cash and interest-bearing receivables	1 130 657	814 428
Net interest bearing debt	16 920 446	15 797 319
Total fixed assets	29 890 073	28 716 478
Debt ratio	56,6 %	55,0 %

Distribution of dividends

The Board proposes to give a dividend on TNOK 0 (412.000) for 2012.
The proposal will be presented for a vote at the Annual General Meeting, to be held in April 2013.

Overview of dividends paid:	2012	2011
Dividend	0	0

Note 8
Investment property

Until December 31st 2012, the Group has appointed DTZ and Akershus Eiendom as external appraisers for determining the fair value of the Group's investment property. The valuation has been based on a DCF-model.

The model is based on budgeted cash flows and long term predictions based on expected inflation and marked developments.

The shopping centers are appraised twice a year by external appraisers.

There are no restrictions on how proceeds/cash from sales can be used.

Book values	**2012**	**2011**
Opening balance	28 652 250	26 349 157
Acquisition of new investment properties	-	-
Investments to existing investment properties	1 696 931	1 827 555
Disposals and demerger effects.	(653 549)	(181 679)
Recognized revaluation	607 144	858 242
Translation differences	(542 265)	(201 025)
As of 31.12	**29 760 511**	**28 652 250**

Itemization of recognized value adjustment:		
Index adjustment	537 397	507 537
Real growth and exchange rate changes	(515 475)	(222 099)
Change in discount rate	585 222	572 804
Recognised investment property revaluation	**607 144**	**858 242**

Annual revenues related to investment property amounted to TNOK 1.665.065 (TNOK 1.638.914). Direct costs related to real estate rental amounted to TNOK 297.579 (TNOK 339.156). All investment property generate rental income.

In 2012 Steen & Strøm performed a demerger where the shopping center Nordbyen Senter and Slagenveien was demerged into into a new company fully owned by Storm Holding Norway AS (parent company of Steen & Strøm AS).

Reconciliation of funds for fair value reserve

	2012	2011
IB fund for fair value reserve	3 928 097	3 314 134
Change in value	607 144	858 242
Tax expenses	(148 316)	(230 226)
Demergers	(294 648)	-
Translation differences	(64 528)	(14 053)
EB fund for fair value reserve	**4 027 749**	**3 928 097**

In determining the value of investment properties the following average yields are used:

	2012	2011
Norwegian investment property	5,9 %	6,0 %
Swedish investment property	6,0 %	6,2 %
Danish investment property	5,6 %	5,8 %
Weighted average	5,8 %	6,0 %

Sensitivity

Overview of how the value of our investment properties could be affected by changes in cash flow and yield.

	Yield	Value	Change
Change in yield -0.50%	6,3 %	27 398 566	2 361 945
Value 31.12.2012	5,8 %	29 760 511	0
Change in yield + 0.50%	5,3 %	32 568 106	2 807 595

	Change in cash flow	Value	Change
Increased cash flow + 2%	34 522	30 355 721	595 210
Increased cash flow + 1%	17 261	30 058 116	297 605
Value 31.12.2012		29 760 511	
Reduced cash flow -1%	(17 261)	29 462 906	(297 605)
Reduced cash flow -2%	(34 522)	29 165 301	(595 210)

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

Interest on building loans

Fixed assets include building loan interests in connection with the construction of certain assets. Capitalized interest in building loans amounted to TNOK 64.091 (TNOK 49.898). Interest on building loan interest rates in 2012 was 5.0% (5.0%).

Ongoing construction contracts

Steen & Strøm has entered into several contracts for building and development of shopping centers. This is mainly on turnkey contracts.
The maturity structure of these contracts is as follows:

	2012	2011
Within 1 year	309 968	1 398 250
1 to 2 years	201 384	25 807
After 2 years	-	-
Total	**511 352**	**1 424 057**

Note 9

Fixed assets

2012

Fixed assets	**Equipment and furniture**	**Cars and Machinery**	**Total fixed assets**
Acquisition cost as of 01.01	208 423	12 910	**221 333**
Acc. depreciation as of 01.01	152 022	5 083	**157 105**
Translation differences	-1 062	-70	**-1 132**
Acquisition	95 386	3 392	**98 778**
Disposal	-148	-2 096	**-2 244**
Acquisition cost as of 31.12	302 599	14 136	**316 735**
Acc. depreciation as of 31.12	180 350	5 083	**185 433**
Book value as of 31.12	**122 249**	**7 313**	**129 562**
Depreciation for the year	28 328	1 740	**30 068**
Write-offs for the year	0	0	**0**

2011

Fixed assets	**Equipment and furniture**	**Cars and Machinery**	**Total fixed assets**
Acquisition cost as of 01.01	188 415	15 180	**203 595**
Acc. depreciation as of 01.01	138 860	4 665	**143 525**
Translation differences	-540	-20	**-560**
Acquisition	33 639	1 862	**35 501**
Disposal	-2 176	-4 112	**-6 288**
Sale of businesses	-10 915	0	**-10 915**
Acquisition cost as of 31.12	208 423	12 910	**221 333**
Acc. depreciation as of 31.12	152 022	5 083	**157 105**
Book value as of 31.12	**56 401**	**7 827**	**64 228**
Depreciation for the year	27 595	1 881	**29 476**
Write-offs for the year	0	0	**0**
Depreciation Rate	10-20%	20 %	
Depreciation Schedule	Linear	Linear	

Note 10
Other receivables

	2012	2011
Loans and receivables	86 118	117 283
Prepaid expenses	19 879	27 872
Interests	14 639	21 893
Other receivables	4 108	16 945
Total other receivables	124 744	183 993

Note 11
Other investments

	2012	2011
Investment in Nordbyen Senter DA	909	-
Equity investment in Christiania Byggeselskap AS	460	460
Other shares and TC stakes	863	962
Total other investments	2 232	1 422

Note 12
Loans and other receivables

	2012	2011
Loan to Storm Holding Norway AS	839 028	405 642
Other receivables	1 536	11 954
Total loans and other receivables	840 564	417 596

The loan to Storm Holding Norway AS is a contribution that was made in connection with a share offering made by the company in December 2007 and cash outlay on TNOK 412.000. The receivable carries interest, NIBOR + 1.0%.

Note 13
Accounts receivable

	2012	2011
Accounts receivable	155 051	126 473
Provision for bad debts	- 7 491	- 13 988
Total	**147 560**	**112 485**

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

	2012	2011
IB provisions for bad debts	- 13 988	- 12 544
Provisions for bad debts for the year	- 3 850	- 8 108
Confirmed losses for the year	10 949	8 329
Reversed earlier alloaction and fx.	- 602	- 1 665
EB provisions for bad debts	- 7 491	- 13 988

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

Summary of accounts receivable - divided by age

	Total	Not due	< 30 days	30-60 days	60-90 days	>90 days
2012	**155 051**	68 641	78 981	(2 404)	2 882	6 951
2011	**126 473**	93 022	10 664	1 499	6 375	14 912

Note 14
Cash and cash equivalents

The average interest rate on bank deposits was 0,9% (1,1%).

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

Restricted bank deposits

In 2012, restricted funds amounted to TNOK 4.892 (TNOK 5.529).

Note 15
Pensions

The Group has a defined benefit plan for certain groups of employees. The scheme carries rights to defined benefit contributions. The terms are 30 years of saving. The scheme provides 60% pension of the pensionable salary on 01.01 of the year of the recipient's 67th birthday, as well as benefits for spouse and children. All pension benefits are coordinated with expected contributions from the national insurance. As of 31.12.2012, the scheme had 66 (82) members.

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

Financial assumptions

	2012	**2011**
Discount rate	2,20 %	3,30 %
Expected wage adjustment	3,25 %	4,00 %
Expected return on plan assets	2,20 %	4,80 %
Expected pension increase	0,00 %	0,70 %
Expected adjustment of pension benefits	3,00 %	3,75 %
Expected turnover	2,50 %	2,50 %

The actuarial assumptions are based on common assumptions in the insurance industry with respect to demograph

Net pension cost

	2012	**2011**
Current value of the pension earnings for the year	7 502	5 375
Interest costs on benefit obligation	2 164	2 338
Return on pension plan assets	(1 473)	(1 506)
Recognised plan amendments/ changes in estimates	(1)	2 769
Social security taxes	983	776
Net pension cost	**9 176**	**9 752**

Net pension liability

	2012	2011
Projected benefit obligation as of 31.12	73 892	61 226
Pension funds at market value	(46 962)	(39 125)
Unrecognized effects of actuarial changes	(1 188)	2 240
Social security taxes	3 621	2 820
Net pension liability as of 31.12	**29 363**	**27 161**

Reconciliation of pension obligation

	2012	2011
Net pension liability as of 1.1	27 161	22 910
Recognized pension cost	9 175	9 752
Premium payments, etc..	(6 973)	(5 501)
Net recognized pension liability at 12.31	**29 363**	**27 161**

Actual returns on pension plan assets for 2011 amounted to TNOK 1.370 (TNOK 1.058).
Scheduled payments on the Group's pension plans for 2013 amount to TNOK 5.978 (TNOK 5.690).

In addition to the defined contribution plan, the Group has an OTP plan in Norway. The amount paid in 2012 was TNOK 710 (TNOK 510). In Denmark and Sweden, defined contribution schemes are used, and in 2012 payments to these amounted to TNOK 15.102 (TNOK 11.866)

Note 16

Long-term liabilities

	Effective interest rate	2012	2011
Other liabilities		67 603	70 470
Bonds	3,40 %	1 350 000	600 000
Liabilities to credit institutions	3,83 %	14 002 528	12 322 523
Total		**15 420 131**	**12 992 993**

Mortgages:		
Liabilities secured by mortgages	15 352 528	12 922 523

Book value of mortgaged assets:		
Investment property and projects	27 318 698	26 135 302
Other assets	7 313	7 827
Total mortgaged assets	27 326 011	26 143 129

Repayment plans, and renegotiation of long-term debt:

	2012	2011
Between 1 to 2 years	1 620 157	1 076 315
Between 2 to 5 years	4 247 983	2 623 567
More than 5 years	9 551 991	9 293 111
Total	**15 420 131**	**12 992 993**

Short-term interest-bearing liabilities

	Effective interest rate	2012	2011
Commercial papers	3,44 %	1 750 000	1 050 000
1. year repayment term debt	3,83 %	316 941	2 567 161
Total		**2 066 941**	**3 617 161**

Mortgages:		
Liabilities secured by mortgages	316 941	2 567 161

Book value of mortgaged assets:		
Investment property and projects	27 318 698	26 135 302
Other assets	7 313	7 827
Total mortgaged assets	27 326 011	26 143 129

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

	2012	**2011**
6 months or less	1 013 484	1 308 772
6-12 months	1 053 457	2 308 389
1-5 years	6 355 237	3 699 882
Over 5 years	9 551 991	9 293 111
Total	**17 487 072**	**16 610 154**

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

	2012	**2011**
NOK	8 556 932	7 961 088
SEK	5 222 396	4 619 821
DKK	3 707 744	4 029 246
Total	**17 487 072**	**16 610 154**

	2012	**2011**
Bank overdraft, remaining credit	180 955	209 980

Borrowing potential of non-mortgaged properties are in addition to this.

Non-mortgaged properties as of 31.12.12: Økern, Metro, Åsane, Familia and Markedet.

Note 17
Tax

Tax expenses:

	2012	2011
Taxes payable	0	186
Change in deferred tax	209 130	477 058
Taxes expenses	**209 130**	**477 244**

	2012	2011
Profit before tax (including discontinued operations)	1 345 561	1 481 158
Tax calculated on profit before tax	332 152	396 420
Tax effect of tax benefits not booked prev. years	-40 676	64 486
Effect of changes in tax rates	-92 688	0
Non-deductible expenses	20 566	7 194
Other	-10 224	9 144
Tax expenses, income	**209 130**	**477 244**
Effective tax rate	**15,5 %**	**32,2 %**

Deferred tax - tax assets

	2012	2011
Deferred tax assets		
Current assets	751	724
Losses carried forward	133 572	213 083
Financial instruments	97 101	83 956
Other	18 170	130 914
Deferred tax assets	**249 594**	**428 677**

Deferred tax liabilities		
Tangible fixed assets and investment property	2 637 117	2 813 626
Gain and loss accounts	19 061	24 226
Other	0	-11
Deferred tax liabilities	**2 656 178**	**2 837 841**
Net deferred tax liabilities	**2 406 584**	**2 409 164**

Summary of losses carried forward

	2012	**2011**
No due date	836 091	789 197
By the end of 2019	0	0
Total carried forward	**836 091**	**789 197**

Deferred tax recognized directly against equity is as follows:

	2012	**2011**
Cash flow hedges	24 338	73 350
Total	**24 338**	**72 786**

Note 18
Other current liabilities

	2012	2011
Prepaid rent, etc.	192 188	73 852
Liabilities for sale of gift certificates	51 282	82 480
Accrued expenses	78 797	50 936
Financial instruments	487 097	392 619
Salary-related costs	79 180	61 691
Interest	58 687	72 064
Group contributions	290 983	-
Other	17 620	3 760
Total	**1 255 834**	**737 402**

Note 19
Itemization of operating income

	2012	2011
Rental income from retail	1 388 208	1 368 433
Rental income from office	73 272	77 139
Rental income from storages	22 657	24 203
Other shopping center revenues	180 929	169 139
Total shopping center revenues	**1 665 065**	**1 638 914**
Revenue from service charges	772 908	735 119
Management	149 750	199 056
Development	86 511	72 970
Other operating income	71 572	50 520
Gain from sale of fixed assets	3 359	11 754
Eliminations and miscellaneous	- 185 585	- 131 193
Total	**2 563 580**	**2 577 140**

Note 20
Specification of other operating expenses

	2012	2011
Rental expenses	17 012	16 870
Building maintenance	45 173	52 144
Owner's share of service charges	89 171	87 762
Municipal taxes, property taxes and insurance	12 670	18 071
Bad debts	18 394	10 707
Management and other fees	115 159	199 100
Service charges	728 904	651 119
Other administrative expenses	86 982	105 250
Eliminations and miscellaneous	- 185 496	- 132 206
Total	**927 969**	**1 008 817**

Note 21
Leases

The Group as lessee - operating leases

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

Rent expense consisted of the following:

Regular rental payments	**2012**	**2011**
Vehicles and machinery	5 249	5 076
Facilities	18 253	16 870
Total	**23 502**	**21 946**

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

	2012	**2011**
Within 1 year	26 449	24 614
1 to 5 years	108 489	86 318
After 5 years	302 626	317 439
Total	**437 564**	**428 371**

The rent expense is calculated based on agreements as of 31.12.2012.
The amounts are nominal, and the amounts relate to the period after 2012 will be adjusted along with changes in the consumer price index (CPI).
The retail space leased out by the company is rented out to the tenants of our shopping centers. See below.

Group as lessor - operating leases

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

	2012	2011
Buildings	29 760 511	28 652 250
Total	**29 760 511**	**28 652 250**

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

	2012	2011
Within 1 year	1 598 664	1 431 091
1 to 5 years	3 587 292	3 417 154
After 5 years	649 743	604 679
Total	**5 835 698**	**5 452 924**

The amounts are nominal, and the amounts relate to the period after 2011 will be adjusted along with changes in the

The group's rental contacts can be divided into the following categories:
1) Fixed rent
2) Minimum rent + percentage of tenants turnover
3) Percentage of tenants turnover

	Norway	Sweden	Denmark	Average
Percentage of rental rates that are fixed as of 31.12.2012 is:	91,9 %	96,0 %	96,0 %	

Finance leases

The Group has no finance leases.

Note 22
Financial instruments - financial market 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 currentl has a combination of floating and fixed rates, where long term rent agreements have been made for approx. 58% of the Group's loan portfolio.

The Group uses various types of interest rate derivatives to hedge against fluctuations due to changes in interest rate levels.
As of 31.12.2012, the Group had interest rate swaps valued at TNOK 10.722.444 (TNOK 8.806.551), 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 hav the same terms and conditions. The swaps satisfy the requirements for hedge accounting under IAS 39, and changes in fair value are recognized directly through equity.

Overview of the Group's swap agreements:

Start Date	End Date	Amount (TNOK)	Currency	Int. rate	Excess value (TNOK)
02.01.2006	04.01.2016	300	DKK	4,50 %	(21 688)
06.02.2006	05.02.2016	200	NOK	4,00 %	(12 631)
05.11.2006	05.11.2016	200	NOK	4,51 %	(18 615)
01.01.2007	01.01.2014	300	SEK	4,50 %	(8 820)
18.12.2008	18.03.2014	300	SEK	4,50 %	(5 860)
10.01.2009	10.01.2014	400	NOK	3,75 %	(9 466)
30.03.2009	30.12.2016	200	SEK	4,03 %	(17 584)
29.06.2009	28.12.2015	150	SEK	3,97 %	(10 134)
05.08.2009	05.02.2016	300	NOK	4,34 %	(22 162)
31.08.2009	29.08.2014	400	NOK	3,99 %	(14 531)
05.11.2009	05.11.2014	200	NOK	4,00 %	(8 339)
30.12.2009	31.12.2014	500	DKK	3,53 %	(27 228)
08.02.2010	07.02.2014	500	NOK	3,99 %	(13 525)
09.11.2010	09.11.2020	300	SEK	2,75 %	(17 932)
30.12.2010	30.12.2016	300	NOK	3,69 %	(17 468)
10.01.2011	10.01.2017	400	NOK	3,69 %	(36 056)
30.09.2011	30.09.2020	300	SEK	2,89 %	(20 218)
30.09.2011	30.09.2021	300	SEK	2,64 %	(15 143)
30.09.2011	30.09.2021	300	SEK	2,70 %	(16 601)
30.10.2011	30.10.2017	200	SEK	3,10 %	(13 199)
31.10.2011	31.10.2017	300	SEK	3,13 %	(20 403)
10.01.2012	10.01.2017	175	NOK	3,87 %	(17 306)
19.03.2012	19.03.2019	400	SEK	2,58 %	(18 866)
29.06.2012	30.12.2021	466	DKK	2,33 %	(31 528)
29.06.2012	30.06.2022	300	SEK	2,15 %	(4 266)
29.09.2012	29.09.2018	200	SEK	2,80 %	(9 849)
30.10.2012	30.10.2020	300	SEK	2,79 %	(18 894)
05.11.2012	07.11.2016	200	NOK	3,97 %	(14 476)
05.11.2012	05.11.2017	300	NOK	3,95 %	(24 310)
SUM					**(487 097)**

Average rate on interest-bearing loans in 2012 was 3.91% (3.95%).

Based on the financial instruments and interest rate swaps as of Desember 31, 2012, a general increase of 1% in interest rate levels will reduce profits by TNOK 75.600 (TNOK 64.000).

The Group has in 2012 expensed TNOK 134.591 (TNOK 114.855) for interest rate hedging.
Other movements in interest rate hedging that are not recognized through the income statement are itemized in the statement of equity.

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

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

	2012	2011
Long-term receivables		
TSEK	-	-
TDKK		2 828
Long-term debt		
TSEK	6 938 356	4 179 715
TDKK	3 828 252	3 853 525
Exchange rate on the balance sheet date		
SEK	83,91	84,32
DKK	97,86	104,56
Figures in Norwegian Kroner		
Long-term receivables	**-**	**2 957**
Long-term debt	**9 568 302**	**7 553 581**

Recognized gains on realized foreign currency items amount to TNOK 30.003 (TNOK-31.137).

The Group's future expansions are planned to be financed with a combination of cashflow from operations and new loans.
The Group's future expansions depends therefore on a well-functioning finance market.

The Group has at the end of the year a net interest bearing debt of TNOK 16.843 (TNOK 15.797). The Group depends on a well-functioning finance market in order to maintain its operations. The financing of the Group is based on the long term debt agreements.

Determination of fair value

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

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

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

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

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

Note 23
Related parties

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

Steen & Strøm AS has a receivable of TNOK 839.028 (TNOK 427.535) on Storm Holding Norway AS.
The receivable is interest bearing at NIBOR 1.0%.

Steen & Strøm has a debt on TNOK 290.983 regarding group contribution for 2011.

Demergers

Steen & Strøm demerged Nordbyen Center and Slagenveien to two new companies owned by Storm Holding Norway AS
- Nordbyen Senter 2 AS and Slagenveien 2 AS. The transaction was recorded with effect as of December 4, 2012.
As a result of this transaction, the two shopping centers was no longer owned by Steen & Strøm.
The demerger was perfomed to continuity methode, both with regards to the statutory accounts and fiscal values.

Shortly after the demerger, the Nordbyen Center (asset) was sold to a new entity owned by Steen & Strøm AS (0,17%) and Nordbyen Senter 2 AS

Note 24
Litigation and claims

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

Gulskogen Senter – discussion with Drammen municipality

The municipality of Drammen has concluded that the retail areas at Gulskogen Senter are larger than the zoning allows for. The County Governor has uphend the decision.

The zoning allows a total of 42,800 sqm retail areas. However, 14,950 sqm must be so-called "space extensive" retail. The municipality has argued that sports stores and other large stores are not "space extensive". Also, the municipality has concluded that, inter alia, technical areas must be included in the retail areas.

Steen & Strøm has until 1 July to comply with the requirements, i.e reduce the retail areas. However, a re-zoning process has been initiated in dialogue with the municipality, and the company is hoping for an amicable solution.

Metro Senter – tax issue

In connection with the extension of Metro from 2005 to 2012, the local municipality imposed on Metro an obligation to construct a public road. The costs related to this was capitalized on the structure (a consequence of which is that the costs are subject to taxable depreciations).

In a recent tax audit, the tax authorities have concluded that the costs relating to the road works must be capitalized on land and not on structures. The consequence of this is that no depreciations can be made for the amount.

Consequently, the tax authorities have stated that the depreciations made for 2010 and 2011 can not be upheld. In total, this amounts to approx. MNOK 3 for Metro Senter ANS.

Steen & Strøm believe that the conclusion is incorrect and is now preparing a court case.

Note 25
Subsequent events

See note 23 regarding demerger effects.

Note 26
Summary of consolidated companies

Company name	Country	Headquarter	Share as of 31.12.12	Share as of 31.12.11	Consolidation method	
Steen & Strøm AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Holding/shopping centre
Amanda Storsenter AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Farmandstredet ANS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Farmandstredet Eiendom AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Gulskogen Prosjekt & Eiendom AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Other
Gulskogen Senter ANS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Hamar Storsenter AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Hovlandbanen AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
KS Markedet	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Lille Eiendom AS	Norway	Oslo	66,0 %	66,0 %	Fully consolidated	Other
Markedet Haugesund AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Other
Metro Senter ANS	Norway	Oslo	50,0 %	50,0 %	Proportional consolidation	Shopping centre
Nerstranda AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Nordal ANS	Norway	Oslo	50,0 %	50,0 %	Proportional consolidation	Other
Nordbyen Senter AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Other
Nordbyen Senterforening AS	Norway	Oslo	69,2 %	69,2 %	Fully consolidated	Service charge
Norsk Kjøpesenterforvaltning AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Other
Os Alle 3 AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Slagenveien AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
SSI Lillestrøm Torv AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Stavanger Storsenter AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Steen & Strøm Norge AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Asset management
Steen & Strøm Senterservice AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Service charge
Stovner Senter AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Torvbyen Drift AS	Norway	Oslo	38,0 %	38,0 %	Fully consolidated	Service charge
Torvbyen Senter AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Torvbyen Utvikling AS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Torvhjørnet Lillestrøm ANS	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Vintebro Senter DA	Norway	Oslo	100,0 %	100,0 %	Fully consolidated	Shopping centre
Økern Eiendom ANS	Norway	Oslo	50,0 %	50,0 %	Proportional consolidation	Other
Økern Sentrum ANS	Norway	Oslo	50,0 %	50,0 %	Proportional consolidation	Shopping centre
Økern Sentrum AS	Norway	Oslo	50,0 %	50,0 %	Proportional consolidation	Other
Åsane Hotellutvikling AS	Norway	Bergen	49,9 %	49,9 %	Proportional consolidation	Other
Åsane Kontorutvikling AS	Norway	Bergen	49,9 %	49,9 %	Proportional consolidation	Other

Åsane Kulturutvikling AS	Norway	Bergen	49,9 %	49,9 %	Proportional consolidation	Other
Åsane Storsenter DA	Norway	Bergen	49,9 %	49,9 %	Proportional consolidation	Shopping centre
Åsane Storsenter Drift AS	Norway	Bergen	49,9 %	49,9 %	Proportional consolidation	Service charge
Åsene Senter AS	Norway	Bergen	49,9 %	49,9 %	Proportional consolidation	Other
Bruun's Galleri ApS	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Other
Bryggen, Vejle A/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Shopping center
Steen & Strøm Danmark AS	Denmark	Copenhagen	100,0 %	100,0 %	Proportional consolidation	Holding
Entreprenørselskapet af 10.04.2001 P/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Other
Fields Copenhagen I/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Other
Field's Eier I ApS	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Shopping center
Field's Eier II ApS	Denmark	Copenhagen	0,0 %	100,0 %	Fully consolidated	Shopping center
Prosjektselskabet af 10.04.2001 ApS	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Shopping center
Steen & Strøm CenterDrift A/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Other
Steen & Strøm CenterService A/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Other
Steen & Strøm Centerudvikling IV A/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Asset management
Steen & Strøm Centerudvikling V A/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Other
Steen & Strøm CenterUdvikling VI A/S	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Other
Steen & Strøm Holding AS	Denmark	Copenhagen	100,0 %	100,0 %	Fully consolidated	Holding
Steen & Strøm Holding AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Holding
Detaljhandelshuset i Hyllinge AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Allum	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Borlänge Köpcentrum	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Centrum Västerort	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Other
FAB CentrumInvest	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Holding
FAB Emporia	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Hageby Centrum	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Lantmäteribacken	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Other
FAB Marieberg Galleria	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB P Brodalen	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB P Porthälla	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB P Åkanten	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Sollentuna Centrum	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Uddevallatorpet	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Viskaholm	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
FAB Västra Götaland	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Other
FAB Överby Köpcentrum	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
Lackeraren Borlänge AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Other
Mitt i City i Karlstad FAB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
Mässcenter Torp AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre

Mölndal Centrum Byggnads FAB	Sweden	Stockholm	0,0 %	100,0 %	Fully consolidated	Other
Mölndal Centrum Karpen 12 Fastighets AB	Sweden	Stockholm	0,0 %	100,0 %	Fully consolidated	Other
Mölndal Centrum Koljan 1 Fastighets AB	Sweden	Stockholm	0,0 %	100,0 %	Fully consolidated	Other
NorthMan Sverige AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
Partille Lexby AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
Steen & Strøm Sverige AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Other
Västra Torp Mark AB	Sweden	Stockholm	100,0 %	100,0 %	Fully consolidated	Shopping centre
Grytingen Nya AB	Sweden	Stockholm	64,8 %	64,8 %	Proportional consolidation	Shopping centre

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To the Annual Shareholders' Meeting of Steen & Strøm AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Steen & Strøm AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Steen & Strøm AS and of the group as at

December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, April 15, 2013
Deloitte AS

Bjørn Prestegard

Bjørn Prestegard
State Authorised Public Accountant (Norway)

Annual report Steen & Strøm AS

for the period January 1 to December 31 **Figurs in NOK 1000**

Operating income an expenses	Note	2012	2011
Rental income	6	31 425	33 986
Other operating income	6	50 765	50 923
Gain from sales of assets	8, 9	324	290
Total operating income		**82 514**	**85 199**
Salaries	1	40 948	38 714
Depreciation	7	7 364	6 008
Loss on bad debts	6	101	1 312
Other operating expenses	13	35 548	36 701
Total operating expenses		**83 961**	**82 735**
Fair value regulation on investment property	7	-37 002	764
Operating profit after fair value regulation	6	**-38 449**	**3 228**
Financial income and expenses			
Income from investments in subsidiaries		0	269 280
Interest received from group companies		298 316	291 810
Other interest income		18 999	29 688
Other financial income	16	50 393	13 247
Reversal of write down on shares in subsidiaries		0	64 000
Interest paid to group companies		-3 658	-4 964
Interest on borrowings	11	-459 278	-478 202
Write down of shares	9	-7 350	-3 000
Other financial expenses	16	-54 826	-104 774
Net financial income and expenses		**-157 404**	**77 085**
Net profit before tax		**-195 853**	**80 313**
Tax cost			
Tax cost on ordinary result	14	60 281	17 040
Tax cost		**60 281**	**17 040**
Profit for the year		**-135 572**	**97 353**
Majority owners part of profit		**-135 572**	**97 353**
Profit per share - basic and diluted	*2*	(4,63)	3,32
Comprehensive income			
Profit of the year		(135 572)	97 353
Currency translation etc.		(28 670)	(123 619)
Total comprehensive income for the periode, net of tax		**(164 242)**	**(26 266)**

Annual report Steen & Strøm AS

Year ended December 31

ASSETS	Note	2012	2011
FIXED ASSETS			
Intangible assets			
Deferred tax assets	14	363 428	218 378
Total intagible assets		**363 428**	**218 378**
Property, plant & equipment			
Investment property	7	0	551 052
Company cabin	7	4 662	4 947
Cars, machinery and equipment	7	23 755	5 373
Total property, plant & equipment		**28 417**	**561 372**
Financial assets			
Investment in subsidiaries	9	4 578 457	4 584 908
Loans to subsidiaries	10, 16	5 455 605	5 921 964
Investments in joint ventures	8	1 363 921	1 416 350
Other receivables	10, 16	839 258	405 872
Total financial assets		12 237 241	12 329 094
Total non current assets		**12 629 086**	**13 108 844**
Current Assets			
Receivables			
Trade receivables		15 552	12 388
Loans to group companies	10	130 167	216 610
Other receivables	10	27 375	61 879
Total receivables		173 094	290 877
Shares and other financial instrumens			
Shares		460	468
Cash and cash eqvivalents			
Cash and cash eqvivalents	1	1 529 446	1 354 208
Total current assets		**1 703 000**	**1 645 553**
Total assets		**14 332 087**	**14 754 398**

Annual report Steen & Strøm AS

Year ended December 31

EQUITY AND LIABILITIES	Note	2012	2011
Equity			
Contributed equity:			
Ordinary shares (30.402.116 shares à NOK kr.1,91)	2	58 133	60 804
Treasury shares	3	-2 198	-2 198
Share premium reserves		2 746 456	2 916 932
Total contributed equity		2 802 391	2 975 538
Retained earnings:			
Fair value reserves		0	277 771
Other equity		215 407	379 199
Total earned equity		215 407	656 971
Total equity		**3 017 798**	**3 632 508**
Liabilities			
Non-current liabilities			
Bonds	11	1 350 000	600 000
Borrowings to financial institutions	11	5 276 773	7 332 948
Liabilites to group companies	10	25 000	25 000
Pension obligations	15	9 946	8 851
Total non-current liabilities		6 661 719	7 966 799
Current liabilities			
Accounts payable		1 931	2 867
Other taxes &witholdings		768	2 381
Taxes payable	14	0	0
Borrowings to financial institutions	11	2 062 020	1 625 506
Liabilites to group companies	10	147 053	163 531
Certificates and bonds and others debt	11	2 096 516	1 050 000
Other current liabilites	16	344 282	310 806
Total current-liabilities		4 652 570	3 155 091
Total liabilities		**11 314 289**	**11 121 890**
TOTAL EQUITY AND LIABILITIES		**14 332 087**	**14 754 398**

Oslo, April 15 2013

Laurent J J Morel Chairman of the Board	Jean-Michel R Gault Board Members
Patrick M Kanters Board Members	Jean-Marc Jestin Board Members
Rafael Torres Villalba Board Members	Jan Ove Holmen Chief Executive Officer

Statement of changes in equity

	Ordinary Shares	Treasury shares	Share premium reserves	Fair value reserves	Other equity	Total
Balance 1.1.2011	**30 402**	**-1 098**	**1 846 234**	**277 221**	**430 434**	**2 583 194**
Capitial increase	30 402	-1 100	1 470 698			**1 500 000**
Capital decrease			-400 000			**-400 000**
Profit of the year				550	96 803	**97 353**
Group contributions for 2010					-24 419	**-24 419**
Cashflow hedging effects and fx.					-123 619	**-123 619**
Balance 31.12.2011	**60 804**	**-2 198**	**2 916 932**	**277 771**	**379 199**	**3 632 509**
Balance 1.1.2012	**60 804**	**-2 198**	**2 916 932**	**277 771**	**379 199**	**3 632 509**
Fisjon	-2 671		-170 476	-277 771	450	-450 468
Profit of the year					-135 572	-135 572
Cashflow hedging effects and fx.					-28 670	-28 670
Balance 31.12.2012	**58 133**	**-2 198**	**2 746 456**	**0**	**215 407**	**3 017 798**

STEEN & STRØM AS	2012	2011
Cash flow statement		
Profit for the year	-135 572	97 353
Tax expenses for the year	-60 281	-17 040
Paid tax for the period	0	0
Gain/Loss on sale of non-current assets	-182	-79 937
Depreciation on fixed assets	7 364	6 008
Write-down/reversal of write-down on financial assets	7 350	-61 000
Changes in accounts receivables	-3 164	-716
Changes in accounts payable	936	-177
Changes in other taxes & witholding	1 613	-282
Changes in other current assets & other liabilities	-331 689	480 887
Fair value adjustment	37 002	-764
Net cash flow from operating activities	**-476 623**	**424 332**
Proceeds from sale of non-current assets	2 782	505
Payments on acquisitions of non-current assets	-25 817	-6 596
Proceeds from sale of non-current assets	0	127 861
Payments on acquisitions of other assets	0	-2 714
Payments/proceeds from borrowings	875 000	-404 671
Change in other investments	851 965	-285 615
Net cash flow from investment activities	**851 965**	**-285 615**
Proceeds from borrowings	3 984 720	1 686 949
Payments on borrowings	-5 131 910	-4 106 772
Proceeds from current borrowings	459 043	1 050 000
Changes in bank overdraft	436 514	365 002
Proceeds from dividends	51 530	79 960
Proceeds from capital increases	0	1 100 000
Net cash flow from financial activities	**-200 103**	**175 139**
Net changes in cash	**175 239**	**313 856**
Cash at the start of the period	**1 354 208**	**1 040 352**
Effect of mergers	**0**	**0**
Net changes in cash	**175 239**	**313 856**
Cash at the end of the period	**1 529 446**	**1 354 208**

NOTES TO FINANCIAL STATEMENTS 2012

All amounts in NOK 1.000, unless otherwise specified

Accounting Principles

See notes on the group's principles.

Shares in subsidiaries and group

Shares in subsidiaries and joint ventures are stated using the cost method in the company accounts.
Group contributions from subsidiaries are recognized in the year the group contribution has been approved.
Group contribution given in current year is added to the cost price related to investment in subsidiaries decision to be made by the General Assembly.
During 2012 the properties Nordbyen and Slagenveien where demerged into seperate entities not owned by Steen & Strøm AS.

Note 1

Payroll expenses, number of employees, remuneration etc..

Salaries	**2012**	**2011**
Salaries and wages	28 420	25 732
Social security tax	4 077	4 022
Pension costs	3 085	3 468
Other benefits	5 366	5 491
Total	**40 948**	**38 713**

Number of employees

The average number of employees in Steen & Strøm AS in 2012 was 17 (17).

Remuneration of Directors and Group Management

See note 3 of the consolidated financial statements.

Audit fees

See note 3 of the consolidated financial statements.

Restricted funds

Of the company's cash and cash equivalents TNOK (3.055) 1.136 amount to restricted funds.

Note 2

Earnings per. share and dividend

Earnings per. Share

Average number of outstanding shares in 2012 was 30.402.116 (30.402.116).

Earnings per. share amounts to -4,63 (3,32) calculated for a profit of TNOK -135.572 (97.353)

Earnings per. share is calculated on the basis of net shares outstanding. Outstanding shares are 29.303

Capital changes

During 2012 the company demerged the two shopping centers Nordbyen and Slagenveien into new entitites not owned by Steen & Strøm AS.

This demerger had an equity effect of TNOK - 450.468. The two new companies are fully owned subsidiaries of Storm Holding Norway AS.

Steen & Strøm AS is 100 % owned by Storm Holding Norway AS

No dividend was paid to the shareholders in 2012.

It is proposed a dividend payment of TNOK 0 (412.000) for 2012.

The proposed dividend will be presented for approval at the Annual General Meeting to be held in April 2013.

Note 3

Number of shares, shareholders ETC

See note 4 of the consolidated financial statements.

Note 4

Shares owned by the CEO or members of the Board

See note 5 of the consolidated financial statements.

Note 5

Treasury shares

See note 4 of the consolidated financial statements.

Note 6
Operating segments

(NOK 1.000)	Shopping centers and projects		Other activities		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Operating revenue	31 771	34 641	50 743	50 558	82 514	85 199
Operating expenditure	4 123	5 675	79 838	77 060	83 961	82 735
Operating profit (loss)	**27 648**	**28 966**	**(29 095)**	**(26 502)**	**(1 447)**	**2 464**
Fixed assets	-	551 046	28 417	10 326	28 417	561 372
Long-term debt	-	385 732	6 661 719	7 581 067	6 661 719	7 966 799
Investments in the period	-	4 062	25 817	2 510	25 817	2 510

Fair value adjustments of investment properties are excluded from the layout of Business Areas.

"Shopping centers and projects" includes the properties Nordbyen Senter and Slagenveien which are both located in Vestfold county. "Other activities" includes group administration operations.
These shopping centers were demerged out of Steen & Strøm AS with effect of December 1., 2012.

Note 7

Fixed assets and investment properties

Vehicles, furniture and office equipment, and machinery.

	2012	2011
Acquisition cost as of 01.01	55 959	53 664
Acquisition	25 817	2 510
Disposal	1 351	215
Acquisition cost as of 31.12	80 425	55 959
Acc. depreciation as of 31.12	56 670	50 586
Book value as of 31.12	**23 755**	**5 373**
Depreciation for the year	7 079	5 723
Depreciation for the year	3- 5 years	3- 5 years

Company Cabin

	2012	2011
Acquisition cost as of 01.01	6 698	6 698
Acquisition cost as of 31.12	6 698	6 698
Acc. depreciation as of 01.01	1 751	1 467
Acc. depreciation as of 31.12	2 036	1 751
Book value as of 31.12	**4 662**	**4 947**
Depreciation for the year	285	285
Depreciation of property	4 %	4 %

Investment property

	2012	2011
Acquisition cost as of 01.01	313 082	308 997
Acquisitions	-	4 085
Demerger	(313 082)	-
Acquisition cost as of 31.12	-	313 082
Acc. Fair value adjustment as of 31.12	-	237 971
Book value as of 31.12	**-**	**551 053**
Fair value adjustment	(37 002)	764

For more information on valuation of investment properties and principles used, see note 8 of the consolidated financial statements.

Note 8

Shares in associated companies/joint ventures

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

Company	Ownership 31.12	Value 01.01	Acquisiton/Disposal 2012	Value 31.12
Metro Senter ANS	50,0 %	628 750	-12 500	616 250
Åsane Storsenter DA	49,9 %	454 350	-34 930	419 420
Økern Sentrum ANS	50,0 %	333 251	-5 000	328 251
Total		**1 416 351**	**-52 430**	**1 363 921**

Note 9

Other investments

Company	Ownership	Value 31.12
Gumøy Golf AS	7,8 %	0
Total		0

	2012	2011
Book value of investments in subsidiaries	4 578 457	4 584 907

For a list of all subsidiaries of Steen & Strøm AS, see the consolidated financial statements note 26.

Note 10
Intercompany receivables and payables

Current assets and current liabilities	**2012**	**2011**
Current receivables from group companies	130 167	216 610
Current receivables from parent company	-	21 893
Total current	130 167	238 503
Long-term receivables from group companies	5 455 605	5 921 964
Non-current receivables from parent company	839 028	405 872
Total receivables	6 424 800	6 566 339
Current liabilities to group companies	147 053	163 531
Long-term liabilities to group companies	25 000	25 000
Total liabilities	172 053	188 531

Receivables due after one year	**2012**	**2011**
Other long term assets	5 455 605	5 921 964
Other receivables	839 028	405 872
Total long-term assets	**6 294 633**	**6 327 836**

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

Other current receivables

	2012	**2011**
Receivables from parent	0	21 893
Other	27 375	39 986
Total other receivables	27 375	61 879

Note 11

Liabilities

Long term interest bearing borrowings	**Effective interest rate**	**2012**	**2011**
Bonds	3,40 %	1 350 000	600 000
Borrowings to financial institutions	3,83 %	5 276 773	7 332 948
Total		**6 626 773**	**7 932 948**

Current borrowings

1. year repayment term of credit	3,83 %	171 516	-
Bonds	3,40 %	600 000	-
Certificates	3,44 %	1 325 000	1 050 000
Borrowing to financial institutions	3,83 %	2 062 020	1 625 506
Total		**4 158 536**	**2 675 506**

Liabilities secured by mortgages

Book value of mortgaged assets:

Land, buildings, etc.	-	551 052
Total mortgaged assets	**-**	**551 052**

Repayment plans, and renegotiation of long-term debt:

Between 1 and 5 years	4 268 817	3 553 801
More than 5 years	2 357 956	1 877 992
Total	**6 626 773**	**7 932 948**

The table excludes intercompany loans. Secured debt includes also collatoral of other Group companies' assets. See note 26 for a complete listing of subsidiaries in the group.

Note 12

Guarantees

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

	Total debt	SST Share	Ownership
Gulskogen Senter ANS	1 075 191	1 064 439	99,0 %
Markedet KS	5 214	5 157	98,9 %
Økern Senter ANS	12 756	6 378	50,0 %
Åsane Storsenter DA	51 640	25 768	49,9 %
Metro Senter ANS	26 632	13 316	50,0 %
Torvhjornet Lillestrøm ANS	8 320	83	1,0 %
Total	1 179 753	1 115 141	

Note 13

Breakdown of other operating expenses

	2012	2011
Rental space	7 954	7 266
Management and other fees	10 048	8 056
Other operating expenses	5 341	3 162
Other administrative costs	12 205	18 217
Total	**35 548**	**36 701**

Note 14

Calculation of deferred tax / deferred tax assets and changes in deferred tax /deferred tax assets

	2012	2011
Temporary differences		
Fixed assets	-2 079	296 912
Long-term liabilities	9 995	0
Long-term receivables	-51 383	0
Receivables	-101	0
Pension assets / liabilities	-9 946	-8 851
Shares in partnerships	-910 680	-841 733
Shares in partnerships adjustments in 2011	66 787	
Taxable profit and loss account	44 969	56 211
Accrual of interest rate swap	7 349	4 145
Other differences	-244 414	-204 595
Net temporary differences	-1 089 503	-697 911
Losses carried forward	-141 666	-82 014
Changes in loss carried forward in 2011 due to income on Partnerships	-66 787	
Allowances carried forward	0	0
Basis for deferred tax / tax assets	**-1 297 956**	**-779 925**
28% deferred tax / deferred tax assets	-363 428	-218 379
Total deferred tax assets (-)/ liabilities	**-363 428**	**-218 379**

Figures 01.01 2012 are presented after the merger is completed

Explanation of the tax charge		
28% tax on profit before tax	-54 839	22 488
Permanent differences on sale of shares	39	-21 432
Change in valuation allowance for MF shares	2 058	-17 080
Permanent differences - Other differences (28%)	36 039	-6 940
Income tax expense	***-16 703***	***-22 964***

Tax expense on ordinary profit for the year:

	2012	2011
Analysis of tax charge:		
Taxes payable	-16 703	-22 964
Change in deferred tax	-128 346	-88 688
Change in deferred taxes due to demerger	73 446	
Other changes	173	3 701
Effect of group contribution	0	42 838
The tax effects recognized in equity	11 149	48 073
Income tax expense, income	**-60 281**	**-17 040**

Basis for tax payable	**2012**	**2011**
Profit before tax	-195 853	80 313
Write-downs on shares	7 350	3 000
Reversal of impairment write-downs	0	-64 000
Income from partnerships	110 335	150 028
Difference from the sale of shares	142	-76 157
Revenue from the company within the exemption method	-2	-386
Unrealized foregin exchange gains	-28 631	-8 933
Other permanent differences	38 087	332
Basis for this year's tax	-68 572	84 197
Change in temporary differences	8 920	24 159
Received group adopted this year	0	-190 370
Taxable income	**-59 652**	**-82 014**
Use of tax loss carryforwards	0	0
Basis for tax payable	**-59 652**	**-82 014**
Calculated 28% tax payable	-16 703	-22 964
Effect of group and carried forward	16 703	22 964
Tax payable, the balance	**0**	**0**

Note 15

Pensions

The Group has a defined benefit plan for certain groups of employees. The scheme carries rights to defined benefit contributions. The terms are 30 years of saving. The scheme provides 60% pension in relation to the pensionable salary on 01.01 of the year of the recipient's 67th birthday, as well as benefits for spouse and children. All pension benefits are coordinated with expected contributions from the national insurance. As of 31.12.2012, the scheme had 14 (17) members.

The company also has an additional plan, this scheme is funded from operations. This gives employees full entitlement beyond the limit of 12G described in the above scheme. Both schemes are managed by Storebrand and the obligation is calculated using the same principles and assumptions.

The valuation of pension funds and measurement of accrued liabilities are measured in estimated values. These estimates are adjusted annually in accordance with the statement of the pension fund actual value and the calculated value of the obligation.

Financial assumptions

	2012	**2011**
Discount rate	2,20 %	3,30 %
Expected wage adjustment	2,20 %	4,00 %
Expected return on plan assets	3,25 %	4,80 %
Expected pension increase	0,00 %	0,70 %
Expected adjustment of pension benefits	3,00 %	3,75 %
Expected turnover	2,50 %	2,50 %

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

Net pension cost

	2012	2011
Current value of the pension earnings for the year	2 386	2 042
Interest costs on benefit obligation	752	677
Return on pension plan assets	(429)	(347)
Recognised plan amendments/ changes in estimates	376	808
Social Security Tax	173	288
Net pension cost	**3 258**	**3 468**

Net pension liability

	2012	2011
Accrued pension liability	26 454	22 811
Net pension liability at 31.12	26 454	22 811
Pension funds at market value	11 885	10 781
Unrecognized effects of actuarial changes	2 568	4 699
Social Security Tax	2 055	1 520
Net pension liability at 31.12	**9 946**	**8 851**

Reconciliation of pension obligation

	2012	2011
Net pension liability at 1.1	8 851	8 005
Recognized pension cost	3 258	3 468
Premium payments, etc..	(2 163)	(2 622)
Net recognized pension liability at 31.12	9 946	8 851

Actual returns on pension plan assets for 2012 amounted to TNOK 398 (315)

Scheduled payments on the Company's pension plans for 2013 amount to TNOK 1.500 (1.750).

Note 16

Financial instruments - financial market risk

For a comprehensive description of the Group's strategy, see Note 23 of the financial statements for the Group.

The company has, as of 31.12.2012 recorded a debt of NOK 244 414 (204 500) related to financial instruments.

Summary of receivables and debts in foreign currency:

	2012	**2011**
Long-term receivables		
TSEK	3 256 335	4 091 415
TDKK	-	-
Long-term debt		
TSEK	763 419	1 299 200
TDKK	129 893	147 274
Exchange ra Exchange rate on the balance sheet date		
SEK	83,91	84,32
DKK	97,86	104,56
Figures in Norwegian Kroner		
Long-term receivables	**2 732 391**	**3 449 881**
Long-term debt	**767 698**	**1 249 475**

Assets and liabilities are recorded at exchange rates per. 31.12.2012. This means that changes in exchange rates compared with last year's exchange rates. 31.12.2011 appear in the accounts as a loss / gain.

Steen & Strøm AS has in 2012 had a net gain on foreign currency of TNOK 41.388 (-118.020). Of this amount TNOK 11.065 (-28.256) is realized

Remaining lines of credit are TNOK 139.000.

Note 17
Related parties

See note 24 of the consolidated financial statements.

Note 18
Litigation and claims

See note 25 of the consolidated financial statements.

Note 19
Subsequent events

See note 26 of the consolidated financial statements.