

Årsrapport 2008



NØKKELTALL 2008

| | 2008 | 2007 | 2006 |
|---|---------|---------|---------|
| Antall hel- og deleide kjøpesentre | 30 | 30 | 28 |
| Netto utleiebart areal - egneide sentre | 670500 | 670 500 | 657 588 |
| Gj.sn. gjenværende leietid | 3,5 | 3 | 3 |
| Brutto leieinntekter kjøpesentre | 1 340,6 | 1214,2 | 1119,4 |

REGNSKAPSTALL

| | | | |
|--|---------|---------|---------|
| Sum driftsinntekter | 2 339,4 | 2 217,5 | 2 010,3 |
| Driftsresultat før verdiregulering | 675,9 | 976,3 | 825,3 |
| Driftsresultat etter verdiregulering | 457,4 | 2 064,5 | 1 762,1 |
| Resultat før skatter | (207,6) | 1 556,2 | 1 460,2 |
| Årets resultat | (422,5) | 1 169,9 | 1 084,4 |
| Kontantstrøm fra operasjonelle aktiviteter | 351,2 | 348,9 | 484,2 |

FINANSIELLE FORHOLD

| | | | |
|--------------------------|----------|----------|----------|
| Kapitalisert verdi | IA | IA | 9 340,9 |
| Bokført egenkapital | 7 797,5 | 8 175,7 | 6 107,9 |
| Bokført totalkapital | 26 544,5 | 23 862,9 | 19 825,5 |
| Bokført egenkapitalandel | 29,4 % | 34 % | 31 % |
| Total gjeld | 18 744,0 | 15 687,2 | 13 717,5 |
| Rentebærende gjeld | 14 587,5 | 11 328,3 | 10 859,1 |

NØKKELTALL PR. AKSJE

| | | | |
|--|------------|------------|------------|
| Børskurs pr. 31.12. pr. aksje | IA | IA | 335,0 |
| Antall aksjer pr. 31.12 | 30 402 116 | 30 402 116 | 27 883 223 |
| Gjennomsnitt antall utestående aksjer | 30 402 116 | 26 890 000 | 26 784 569 |
| Bokført egenkapital pr. aksje | 256,5 | 268,9 | 219,1 |
| Resultat pr. aksje (kr) | (14,4) | 43,4 | 40,4 |
| Kontantstrøm pr. aksje | 11,6 | 13,0 | 18,1 |
| Avsatt/Utbetalt utbytte pr. aksje (kr) | - | - | 4,00 |

DRIFT KJØPESENTRE

| | | | |
|---|--------|--------|--------|
| Vekst i omsetning | 2,60 % | 4,5 % | 6,2 % |
| Vekst i brutto leieinntekter | 10,4 % | 8,5 % | 22,9 % |
| Ledig areal | 3,1 % | 3,6 % | 3,2 % |
| Driftskostnader i prosent av brutto leieinntekter | 18,7 % | 17,3 % | 18,9 % |

Annual Report

Steen & Strøm achieved growth in retail sales at its shopping centers in 2008, in addition to growth in rental income. On the other hand, write down of project values and higher financial expenses decreased profits. The group had a negative pre-tax profit in 2008 of -207.6 million kroner (1556.2 million kroner).

Steen & Strøm invested 3215.3 million kroner in 2008, mainly in projects on existing shopping centers. Book value of assets amounted to 26.5 billion kroner as of 31.12.2008, while group net interest-bearing debts at that time amounted to 14.6 billion kroner. The book equity ratio amounted to 29.4 %.

Steen & Strøm has a solid financial foundation based on attractive shopping centers with long-term rental contracts that are mainly rented by large retail trade operators. The company got new owners in 2008. The French shopping center group Klepierre (56.1 %) and the Dutch Pension Fund ABP (43.9 %) purchased Steen & Strøm ASA in August 2008 from Canica AS.

Other highlights:

- Retail sales increased by 1.3 % at shopping centers managed by Steen & Strøm. Growth was 0.2 % for comparable floor space. Comparable figures on a national basis were -0.3 % in Norway, 2.2 % in Sweden and 0.1 % in Denmark, respectively.
- The shopping centers saw an increase in rental income of 10.4 % in 2008 compared with 2007.
- Operating profit for shopping center operations increased from 1000.1 million kroner in 2007 to 1077.9 million in 2008.
- Value adjustments of the shopping centers and projects amounted to -218.5 million kroner in 2008 compared with 1088.2 million in 2007. The value of the shopping centers is based on an average yield of 6.0 %.
- The average loan interest was 6.0 % in 2008 compared with 4.6 % in 2007.

Based on the group's extensive investment program for existing and new shopping centers, the board of directors recommends that no dividends be paid to shareholders for 2008.

Explanation of the annual accounts

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

Steen & Strøm saw growth in revenues from its shopping centers despite 2008 being a turbulent year, when considering the effects of the international finance crisis. Forecasts for Norwegian, Swedish and Danish economies predict limited development in Scandinavian retail trade in 2009. However, bank packages, interest rate cuts and tax measures may stimulate commercial growth, while rising unemployment seems to be the greatest threat to higher revenues from shopping center activity.

Operating revenues

Operating revenues amounted to 2339.4 million kroner. Of this amount, rental income came to 1340.6 million kroner. This is an increase of 10.4 % compared with last year. Growth came as a result of a general increase in rental income and high investment activity.

Most of our rental contracts had elements of both minimum rental fees and turnover rent. New contracts are normally signed for durations of 5 years. The average duration of remaining contracts is approximately 3 years.

Operating expenses

Operating expenses amounted to 1663.5 million kroner, an increase of 34 % percent compared with last year. This increase is primarily related to write down of the project values. The write downs are related to development projects in Sweden.

Value adjustments

The change in value of investment properties was -218.5 million kroner in 2008 (1088.2 million kroner). The shopping center portfolio was recorded in the books at 24 349.1 million kroner as of 31.12.2008. This valuation is based on an average yield of 6.0 %.

Operating profit

The group's operating profit was 457.4 million kroner (2064.5 million kroner)

Financial expenses

Steen & Strøm's net financial expenses amounted to 665.0 million kroner (508.3 million kroner). This increase is related to the fact that net interest-bearing debts rose by 3259.20 million, in addition to higher interest rates. Net interest-bearing debts amounted to 14 587.50 million kroner as of 31.12.2008. Approximately 60 % of the loan portfolio is tied to fixed-rate agreements at an average interest of 3.9 %, not counting the credit spread.

Pre-tax profit

Pre-tax profits amounted to -207.6 million kroner (1556.2 million kroner). Corrected for value adjustments and one-time effects amounted to a profit of 373.20 million kroner, which is 24.5 % lower than profits from 2007, primarily as a result of an increase in financial expenses.

Cash flow

Net cash flow from operations amounted to 351.2 million kroner (348.9 million kroner), while net cash flow from investments amounted to -3114.9 million kroner (-2115.7 million kroner). Net cash flow from financial activities amounted to 2080.7 million kroner (2270.6 million kroner). Cash and cash equivalents for 2008 were reduced by 683.0 million kroner and amounted to 95.1 million kroner as of 31.12.2008. The group has liquidity reserves through unused drawing rights and unmortgaged properties.

Balance sheet

Group assets as of 31.12.2008 were recorded at 26 544.5 million kroner (23 863.0 million kroner), of which investment properties amounted to 24 349.1 million kroner (19 860.5 million kroner). The recorded value of group projects was 793.2 million kroner.

Steen & Strøm's gross investments in 2008 amounted to 3215.3 million kroner.

The largest investments were:

- the purchase of Hamar Storsenter (700 million kroner),
- extension and refurbishment of Sollentuna Center (480.5 million kroner),
- extension and refurbishment of Marieberg Center (365.7 million kroner),
- investments in parking areas and other items at Fields (319.4 million kroner)
- extension and refurbishment of Hageby Center (280.40 million kroner),
- extension and refurbishment of Gulskogen Center (235.0 million kroner),
- completion of the Bryggen shopping center in Velje (148.0 million kroner),
- extension and refurbishment of Metrocenteret (175.1 million kroner),

Equity recorded in the books amounted to 7800.1 million kroner as of 31.12.2008, corresponding to an equity ratio of 29.4 % (34.3 %).

Shopping center operations

Steen & Strøm is responsible for developing and operating 56 shopping centers in Scandinavia. Of these, Steen & Strøm owns all or part of 18 centers in Norway, 9 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 of our effort is that we continue to make further development at existing centers.

The occupancy rate measured by total floor space on our properties averaged 96.9 %. Vacancies are considerable lower when measured in their value, as vacant areas are mostly office space at the centers, or retail areas at centers where extension and refurbishment are ongoing. Most of our

rental contracts contain terms and conditions that establish a turnover rent based on a percentage of a store's sales, yet also with an agreed minimum rental fee.

Shopping centers in Norway

Steen & Strøm owns 16 shopping centers in Norway and is part owner of 2 others. The group is also responsible for commercial operation of 11 shopping centers for Storebrand. A pool agreement exists with Storebrand that ends on 31.12.2010. This agreement is based on operating profits from Steen & Strøm/Storebrand shopping centers, combined in a common fund, and shared according to a distribution formula for this fund. For 2008, this agreement implied that Steen & Strøm had to transfer 7.9 million kroner (8.6 million kroner) to Storebrand.

Steen & Strøm's centers saw a fall in retail sales in 2008 of 0.3 %, compared with comparable floor space. The shopping centers had operating revenues of 662.6 million kroner in 2008 (594.5 million kroner). Operating profit amounted to 555.7 million kroner (501.9 million kroner), an increase of 10.7 % compared with 2007. This increase is due to a general rise in rents at the centers, as well as investments in new and existing centers.

Steen & Strøm ASA purchased Hamar Storsenter for 700 million kroner in January 2008. Gross rental income amounted to 44.5 million kroner. Hamar Storsenter was recently extended and completely refurbished and is now an up-to-date center of good standard. Floor space amounted to 24 000 m². The shopping center is located about 700 meters north of downtown Hamar. The center has a dominant market position in Hedemark.

A great amount of money was invested in development projects at Metrocenter and Gulskogen.

Steen & Strøm Norway had an operating profit of -10.9 million kroner (-8.0 million kroner) for commercial management operations.

Shopping centers in Denmark

Steen & Strøm Denmark is responsible for commercial operation of 17 shopping centers in Denmark. Danica owns 14 of these. Shopping centers in Denmark saw a rise in retail sales of 4.5 % in 2008 compared with last year.

Rental income for the 3 wholly-owned centers amounted to 350.4 million kroner (292.6 million kroner). Operating profits of 289.9 million kroner were achieved (246.6 million kroner). The Bryggen shopping center in Vejle opened in April. This center has 80 stores distributed across approximately 20 000 m² of floor space. A total of 641 million kroner was invested in this center.

Operating profits from commercial management operations at Steen & Strøm Denmark amounted to 10.6 million kroner (32.2 million kroner).

Shopping centers in Sweden

Steen & Strøm owns 9 shopping centers in Sweden. These centers saw a rise in retail sales of 2.2 % in 2008. Operating revenues at Swedish shopping centers amounted to 327.6 million kroner (327.2 million kroner). Operating profits amounted to 232.3 million kroner (251.8 million kroner).

Extensive extension and refurbishment is being done at a number of Swedish centers. This includes Sollentuna Centrum, Hageby Centrum and Marieberg Centrum. These extensions and refurbishments are extensive and are expected to increase turnover significantly starting in 2009.

Steen & Strøm Sweden had an operating profit from commercial management operations of 0.3 million kroner (-4.6 million kroner).

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

Canica AS sold all its shares in Steen & Strøm ASA to Storm Holding AS in July 2008. Storm Holding is a newly-established company associated with the French shopping center group Klepierre (56.1%) and the Dutch Pension Fund ABP (43.9%) as owners. The price of shares was based on an overall value of shopping centers and projects at 21.9 billion kroner. Klepierre has 318 shopping centers under its administration, of which 242 are owned by the company. The company is represented in 10 countries and is Europe's second largest shopping center enterprise. ABP is one of the world's largest pension funds, which administers assets for over 200 billion Euros.

Organization and environmental aspects

Employees

Steen & Strøm had 436 (423) employees at the end of 2008; 14 (13) of these were employed in the parent company. Employees working for the group are by gender 46 percent women and 54 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 our company. The board of directors is composed of 2 women and 3 men. The executive management and the board of directors are interested in recruiting women to new or available positions.

Absence due to illness on average at the group was 2.8 % 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. An overview of remunerations and contractual agreements is shown in Note 3 of the annual accounts.

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. We are careful to make the right decisions when planning development. This is decisive for future environmentally efficient operation of our centers. Special focus is placed on reducing energy consumption at the centers. Waste management is also an important focus area; we 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 group's credit risk is primarily related to the ability of our tenants to pay rent. The group has more than 2000 rental contracts. Prominent, stable retail chains form the largest group of our tenants. Our tenants almost always present some form security for the rent, and good routines have been established to follow-up and collect on rent due. The bad debts in the group has been at a minimum.

The liquidity risk is managed by always having liquid reserves in the form of liquid current assets, unused credit lines 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 60% of its loan portfolio.

Going concern

Steen & Strøm works with ownership, development and operation of 56 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.

Allocation of profits

Steen & Strøm ASA had a loss for the year of 100.1 million kroner. Of this, 39,5 million kroner was transferred to the fair value fund, and 60.5 million kroner to other equity. As a result of the great need for liquidity in the future for expanding the group's development portfolio, the board of directors recommends that no dividends are paid to shareholders for fiscal year 2008. Free equity at Steen & Strøm ASA amounted to 2442,2 million kroner at the end of 2008.

Events arising after the end of the fiscal year

No significant events or changes have occurred at the group after the end of the year.

Future prospects

The market in general

In historical terms, consumer spending has been stable in Scandinavia. Figures from turnover for Christmas sales in 2008 and for January 2009 were very positive. However, the international finance crisis last year brought uncertainty to retail trades and consumers. A lack of access to credit, falling housing prices and higher unemployment may influence the retail trades in a negative way. On the other hand, the strong fall in interest rate levels will compensate for these negative conditions.

Steen & Strøm's market position

Steen & Strøm is Scandinavia's leading market operator in the shopping center business. The board of directors and company administration will maintain the market position through a high level of activity, yet being responsible. Statistics for retail turnover show that customers

appreciate the extensive modernizations, extentions 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 the commercial operations 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 2008.

ÅRSREGNSKAP FOR STEEN & STRØM KONSERN
for perioden 1. januar til 31. desember

Tall i 1000

| | | 2008 | 2007 | 2006 |
|---|-----------|------------------|------------------|------------------|
| DRIFTSINTEKTER OG DRIFTSKOSTNADER | | | | |
| | Note | | | |
| Leieinntekter | 2, 19 | 1 340 646 | 1 214 247 | 1 119 415 |
| Andre driftsinntekter | 2, 19 | 998 734 | 1 003 273 | 890 870 |
| Sum driftsinntekter | | 2 339 380 | 2 217 520 | 2 010 285 |
| Lønnskostnad | 3 | 288 920 | 253 158 | 211 685 |
| Ordinære avskrivninger | 2, 8 | 28 682 | 26 604 | 22 158 |
| Kostnadsførte prosjektkostnader | 20 | 18 191 | 59 904 | 102 509 |
| Annen driftskostnad | 2, 20, 21 | 978 187 | 901 521 | 848 648 |
| Nedskrivninger | 9 | 349 470 | 0 | 0 |
| Sum driftskostnader | | 1 663 450 | 1 241 187 | 1 184 999 |
| Driftsresultat før verdireguleringer | | 675 930 | 976 333 | 825 285 |
| Verdiregulering Investeringseiendommer | 8 | -218 541 | 1 088 201 | 936 792 |
| Driftsresultat etter verdireguleringer | | 457 389 | 2 064 534 | 1 762 078 |
| FINANSINTEKTER OG FINANSKOSTNADER | | | | |
| Inntekt på investering i tilknyttet selskap | 11 | 200 | -18 | 312 |
| Renteinntekt | 14 | 153 165 | 66 303 | 68 999 |
| Annen finansinntekt | 22 | 92 406 | 20 291 | 9 911 |
| Rentekostnad | 22 | -907 023 | -588 605 | -371 228 |
| Annen finanskostnad | 22 | -3 709 | -6 314 | -9 843 |
| Netto finansposter | | -664 961 | -508 343 | -301 850 |
| Resultat før skattekostnad | | -207 572 | 1 556 191 | 1 460 227 |
| Skattekostnad | | | | |
| Skattekostnad på ordinært resultat | 17 | 214 939 | 386 252 | 375 746 |
| Skattekostnad | | 214 939 | 386 252 | 375 746 |
| Årets resultat | | -422 511 | 1 169 939 | 1 084 482 |
| Tilordnet: | | | | |
| Minoriteten | | -56 | 2 334 | 1 680 |
| Aksjonærer | | -422 455 | 1 167 605 | 1 082 802 |
| Basisresultat pr. aksje | 6 | (14,42) | 43,42 | 40,43 |
| Utvannet resultat pr. aksje | 6 | (14,42) | 43,42 | 40,43 |

ÅRSREGNSKAP FOR STEEN & STRØM KONSERN

Tall i 1000

Pr. 31. desember

| EIENDELER | Note | 2008 | 2007 | 2006 |
|---|------|-------------------|-------------------|-------------------|
| Anleggsmidler | | | | |
| <i>Varige driftsmidler</i> | | | | |
| Investeringseiendommer | 8 | 24 349 117 | 19 860 504 | 18 077 067 |
| Annen fast eiendom | 9 | 793 185 | 1 763 896 | 1 001 323 |
| Transportmidler og maskiner | 9 | 17 547 | 13 910 | 12 916 |
| Driftsløsøre, inventar, transportmidler og maskiner | 9 | 68 597 | 63 890 | 69 800 |
| Sum varige driftsmidler | | 25 228 446 | 21 702 200 | 19 161 105 |
| Finansielle anleggsmidler | | | | |
| Investering i aksjer og andeler | 11 | 2 508 | 890 | 655 |
| Lån og andre fordringer | 12 | 99 765 | 89 954 | 64 317 |
| Sum finansielle anleggsmidler | | 102 273 | 90 844 | 64 972 |
| Sum anleggsmidler | | 25 330 719 | 21 793 044 | 19 226 077 |
| Omløpsmidler | | | | |
| Kundefordringer | 13 | 113 380 | 176 228 | 140 489 |
| Andre fordringer | 10 | 1 005 281 | 1 132 782 | 196 697 |
| Aksjer og andre finansielle instrumenter | | 0 | 1 542 | 683 |
| Kasse- og bankbeholdninger | 14 | 95 140 | 759 354 | 261 611 |
| Sum omløpsmidler | | 1 213 801 | 2 069 906 | 599 479 |
| SUM EIENDELER | | 26 544 520 | 23 862 950 | 19 825 557 |

ÅRSREGNSKAP FOR STEEN & STRØM KONSERN

Tall i 1000

Pr. 31. desember

| EGENKAPITAL OG GJELD | Note | 2008 | 2007 | 2006 |
|---|--------|-------------------|-------------------|-------------------|
| Egenkapital | | | | |
| Innskutt egenkapital | | | | |
| Selskapskapital (30.402.116 aksjer à kr.1,00) | 4, 5 | 30 402 | 30 402 | 27 883 |
| Egne aksjer | 4 | -1 099 | -1 099 | -1 099 |
| Overkursfond | | 1 782 168 | 1 782 168 | 784 687 |
| Sum innskutt egenkapital | | 1 811 471 | 1 811 472 | 811 472 |
| Opptjent egenkapital | | | | |
| Fond for verdiendring | | 3 892 320 | 4 049 670 | 3 050 165 |
| Annen egenkapital | | 2 093 690 | 2 308 801 | 2 458 817 |
| Sum opptjent egenkapital | | 5 986 011 | 6 358 471 | 5 508 983 |
| Sum egenkapital henført til eierne av morselskapet | | 7 797 482 | 8 169 943 | 6 320 454 |
| Minoritetsinteresser | | 2 611 | 5 790 | 3 531 |
| Sum egenkapital | | 7 800 093 | 8 175 733 | 6 323 985 |
| Gjeld | | | | |
| Langsiktig gjeld og langsiktige forpliktelser | | | | |
| Pensjonsforpliktelser | 15 | 13 902 | 10 972 | 5 173 |
| Gjeld til kredittinstitusjoner | 16 | 14 611 912 | 11 452 987 | 9 294 754 |
| Obligasjonslån | 16 | 400 000 | 700 000 | 300 000 |
| Øvrig langsiktig gjeld | 16 | 79 978 | 176 696 | 227 150 |
| Utsatt skatt | 17 | 1 965 279 | 1 762 843 | 1 479 747 |
| Sum langsiktig gjeld og langsiktige forpliktelser | | 17 071 071 | 14 103 498 | 11 306 824 |
| Kortsiktig gjeld og kortsiktige forpliktelser | | | | |
| Leverandørgjeld | | 294 600 | 302 434 | 144 088 |
| Skyldig offentlige avgifter | | 41 510 | 49 001 | 10 706 |
| Betalbar skatt | 17 | 4 501 | 67 656 | 65 950 |
| Gjeld til kredittinstitusjoner | 16 | 500 000 | 763 724 | 1 309 036 |
| Annen kortsiktig gjeld | 18, 22 | 832 745 | 400 905 | 664 970 |
| Sum kortsiktig gjeld og kortsiktige forpliktelser | | 1 673 356 | 1 583 720 | 2 194 748 |
| Sum gjeld | | 18 744 427 | 15 687 218 | 13 501 572 |
| SUM EGENKAPITAL OG GJELD | | 26 544 520 | 23 862 950 | 19 825 557 |

Oslo, 10. juni 2009

