

RODAMCO SVERIGE AB

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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1. CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

Consolidated statement of comprehensive income

(KSEK)	Notes	2019	2018
Gross rental income	14	1,573,827	1,690,517
Ground rents paid		-	(17)
Service charge income	15	443,514	
Service charge expenses	15	(443,525)	10
Property operating expenses	16	(168,423)	(125,806)
Net rental income		1,405,393	1,564,704
Corporate expenses		(156,835)	(157,177)
Development expenses		(1,644)	(7,259)
Administrative expenses	17	(158,479)	(164,436)
Acquisition related costs		(16,971)	
Acquisition and related costs	18	(16,971)	
Proceeds from disposal of investment properties		994	62,395
Carrying value of investment properties sold			(58,625)
Result on disposal of investment properties	19	994	3,770
Proceeds from disposal of shares		1,703,092	(346)
Carrying value of disposed shares		(1,575,482)	-
Result on disposal of shares	2.5.1	127,610	(346)
Valuation gains on assets		833,564	375,210
Valuation losses on assets		(577,737)	(16,219)
Valuation movements on assets	20	255,827	358,991
NET OPERATING RESULT BEFORE FINANCING COST		1,614,374	1,762,683
Result from non-consolidated companies		12	25
<i>Financial income</i>		26,324	60,256
<i>Financial expenses</i>		(277,362)	(384,313)
Net financing costs	21	(251,038)	(324,057)
Fair value adjustments of derivatives and debt	22	53,904	(32,359)
RESULT BEFORE TAX		1,417,252	1,406,292
Income tax expenses	23	(303,463)	(91,394)
NET RESULT FOR THE PERIOD		1,113,789	1,314,898
Non-controlling interests		(212)	(1,172)
NET RESULT (Owners of the parent)		1,114,001	1,316,070
Average number of shares (undiluted)		41,206,671	41,206,671
Net result for the period (Owners of the parent)		1,114,001	1,316,070
Net result for the period per share (Owners of the parent) (SEK)		27.03	31.94
Average number of shares (diluted)		41,206,671	41,206,671
Diluted net result per share (Owners of the parent) (SEK)		27.03	31.94
NET COMPREHENSIVE INCOME (KSEK)	Notes	2019	2018
NET RESULT FOR THE PERIOD		1,113,789	1,314,898
Foreign currency differences on translation of financial statements of subsidiaries		38,334	183,225
Cash flow hedge		-	-
Other comprehensive income which can be reclassified to profit or loss		38,334	183,225
Other comprehensive income reclassified to profit or loss		-	-
OTHER COMPREHENSIVE INCOME		38,334	183,225
NET COMPREHENSIVE INCOME		1,152,123	1,498,123
Non-controlling interests		(121)	(167)
NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)		1,152,244	1,497,955

Consolidated statement of financial position

(KSEK)	Notes	Dec. 31, 2019	Dec. 31, 2018
NON CURRENT ASSETS		34,354,687	33,595,517
Investment properties	1	34,348,280	33,578,844
<i>Investment properties at fair value</i>		<i>34,202,194</i>	<i>33,578,844</i>
<i>Investment properties at cost</i>		<i>146,086</i>	-
Other tangible assets	2	6,058	10,149
Goodwill		-	-
Intangible assets	3	-	-
Loans and receivables		-	-
Financial assets	4	349	349
Deferred tax assets	10	-	-
Derivatives at fair value	9	-	6,175
Shares and investments in companies under the equity method		-	-
CURRENT ASSETS		3,421,168	3,355,375
Assets held for sale		-	2,683,070
Trade receivables from activity	5	123,728	125,123
Other trade receivables	6	223,020	231,292
Tax receivables		47,895	52,667
Other receivables		41,511	65,089
Prepaid expenses		133,614	113,536
Cash and cash equivalents	7	3,074,420	315,890
Cash		2,977,868	243,904
Financial assets		96,552	71,986
TOTAL ASSETS		37,775,854	36,950,892
Shareholders' equity (Owners of the parent)		20,456,375	19,304,258
Share capital		1,648,267	1,648,267
Additional paid-in capital		11,739	11,739
Consolidated reserves		17,153,157	15,837,214
Foreign currency translation reserves		529,211	490,968
Consolidated result		1,114,001	1,316,070
Non-controlling interests		41,782	41,898
TOTAL SHAREHOLDERS' EQUITY		20,498,157	19,346,156
NON CURRENT LIABILITIES		14,764,722	12,399,136
Long-term bonds and borrowings	8	10,169,471	7,678,233
Derivatives at fair value	9	7,608	10,615
Deferred tax liabilities	10	4,466,354	4,615,228
Long-term provisions	11	-	-
Guarantee deposits		121,289	95,060
Amounts due on investments	12	-	-
CURRENT LIABILITIES		2,512,975	5,205,600
Amounts due to suppliers and other current debt		1,001,184	1,180,356
Amounts due to suppliers	13	68,884	117,994
Amounts due on investments	12	290,719	338,849
Sundry creditors	13	186,603	241,680
Other liabilities	13	454,978	481,833
Current borrowings and amounts due to credit institutions	8	1,475,428	4,020,416
Short-term provisions	11	36,363	4,828
TOTAL LIABILITIES AND EQUITY		37,775,854	36,950,892

Consolidated statement of cash flows

(KSEK)	Notes	2019	2018
Operating activities			
Net result		1,113,789	1,314,898
Depreciation & provisions ⁽¹⁾		41,247	(226)
Changes in value of property assets		(255,827)	(358,991)
Changes in value of financial instruments		(53,904)	32,359
Net capital gains/losses on sales of properties ⁽²⁾		(125,977)	(3,424)
Net financing costs		251,038	324,057
Income tax charge		303,463	91,393
Cash flow before net financing costs and tax		1,273,829	1,400,066
Income tax paid		(37,610)	(27,572)
Change in working capital requirement		(93,041)	(135,687)
Total cash flow from operating activities		1,143,178	1,236,807
Investment activities			
Property activities		1,908,098	(454,265)
Amounts paid for works and acquisition of property assets		(517,482)	(516,338)
Repayment of property financing		-	24
Disposal of shares/consolidated subsidiaries	24	2,424,586	(346)
Disposal of investment properties		994	62,395
Financial activities		-	-
Total cash flow from investment activities		1,908,098	(454,265)
Financing activities			
Distribution paid to parent company shareholders		(41,726)	(49,236)
New borrowings and financial liabilities	8	1,520,135	818,109
Repayment of borrowings and financial liabilities	8	(1,512,272)	(2,303,536)
Financial income		37,371	61,668
Financial expenses		(201,769)	(377,102)
Other financing activities		-	-
Total cash flow from financing activities		(198,261)	(1,850,097)
Change in cash and cash equivalents during the period		2,853,015	(1,067,555)
Cash at the beginning of the year		271,816	1,349,779
Effect of exchange rate fluctuations on cash held		(50,409)	(10,408)
Cash at period-end ⁽³⁾	25	3,074,422	271,816

⁽¹⁾ Includes straightlining of key money and lease incentives.

⁽²⁾ Includes capital gains/losses on property sales, disposals of short-term investment properties and disposals of operating assets.

⁽³⁾ Cash and equivalents include bank accounts and current accounts with terms of less than three months, less bank overdrafts.

The financial statements are presented in KSEK, rounded to the nearest hundred and, as a result, slight differences between rounded figures could exist in the different statements.

Consolidated statement of changes in equity

(KSEK)	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated net result	Foreign currency translation reserves ⁽¹⁾	Total Owners of the parent	Non-controlling interests	Total Shareholder's equity
Balance as at December 31, 2017	1,648,267	11,739	14,062,217	1,816,490	309,083	17,847,796	41,731	17,889,527
Profit or loss of the period	-	-	-	1,316,070	-	1,316,070	(1,172)	1,314,898
Other comprehensive income	-	-	-	-	181,885	181,885	1,340	183,225
Net comprehensive income	-	-	-	1,316,070	181,885	1,497,955	167	1,498,122
Earnings appropriation	-	-	1,816,490	(1,816,490)	-	-	-	-
Dividend related to 2018	-	-	-	-	-	-	-	-
Group contribution related to 2018	-	-	(41,727) ⁽²⁾	-	-	(41,727)	-	(41,726)
Other movements	-	-	233	-	-	233	-	233
Balance as at December 31, 2018	1,648,267	11,739	15,837,214	1,316,070	490,968	19,304,258	41,898	19,346,156
Profit or loss of the period	-	-	-	1,114,001	-	1,114,001	(212)	1,113,789
Other comprehensive income	-	-	-	-	38,243	38,243	91	38,334
Net comprehensive income	-	-	-	1,114,001	38,243	1,152,244	(121)	1,152,123
Earnings appropriation	-	-	1,316,070	(1,316,070)	-	-	-	-
Dividend related to 2019	-	-	-	-	-	-	-	-
Group contribution related to 2019	-	-	(15) ⁽²⁾	-	-	(15)	-	(15)
Other movements	-	-	(112)	-	-	(112)	5	(107)
Balance as at December 31, 2019	1,648,267	11,739	17,153,157	1,114,001	529,211	20,456,375	41,782	20,498,157

⁽¹⁾ The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

⁽²⁾ Corresponds to the Group contribution to Rodamco Northern Europe AB, the parent company of Rodamco Sverige AB.

Changes in share capital

The share capital consists of 41,206,671 authorised shares of which 41,206,671 shares are issued and fully paid up. The shares have a par value of SEK 40 each.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 General information

Rodamco Sverige AB, corporate registration number 556201-8654, with headquarters in Stockholm, is parent of a group. The company is registered in Sweden and the address of the company's headquarters in Stockholm is: Rodamco Sverige AB Box 7846 103 98 Stockholm. Visit Address: Mäster Samuelsgatan 20. Rodamco Sverige AB owns directly and indirectly, shares in the company that owns and manages shopping centres. Some of the larger shopping centres are Solna, Täby Centrum and Forum Nacka. The parent company provides corporate services to other companies in Rodamco Sverige AB group.

2.2 Accounting principles and consolidation methods

In accordance with EC regulation no. 1606/2002 of July 19, 2002, on the application of international accounting standards, Rodamco Sverige AB has prepared its consolidated financial statements for the financial year ending December 31, 2019 under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date.

These can be consulted on the website:

http://ec.europa.eu/finance/company-reporting/ifrs-financialstatements/index_en.htm.

2.2.1 IFRS basis adopted

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2018, except for the application of the new obligatory standards and interpretations described below.

Standards, amendments and interpretations effective as of January 1, 2019

- IFRS 16: Leases;
- IAS 19 A: Plan Amendment, Curtailment or Settlement;
- IAS 28 A: Long-term Interests in Associates and Joint Ventures;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- IFRS 9 A: Prepayment Features with Negative Compensation;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on December 12, 2017).

These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at December 31, 2019.

Application of IFRIC 23 as of January 1, 2019

IFRIC Interpretation 23, Uncertainty over Income Tax Treatments, (IFRIC 23) addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments.

The first time application of IFRIC 23 has no impact on the Sverige consolidated balance sheet and/or income statement.

Application of IFRS 16 as of January 1, 2019

The Group adopted the new IFRS 16 effective January 1, 2019. The Group has applied IFRS 16 using the modified retrospective approach, thus comparative information has not been restated.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Other than right-of-use relating to investment property, the right-of-use assets are depreciated over the contract period or over the useful lifetime, whichever is shorter.

The interest expenses related to these leases are presented in the Net financing result.

The only significant long term operating lease identified for the Group remains its headquarter lease contract which ended at the end of 2019.

As a result at initial application of IFRS 16, the Group has not recognized any new right-of-use assets and respective lease liabilities.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2019

The following text has been adopted by the European Union as at December 31, 2019, but not applied in advance by the Group:

- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018);
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.

The following texts were published by the IASB but have not yet been adopted by the European Union:

- IFRS 17: Insurance Contracts;
- IFRS 3 A: Business Combinations.

The measurement of the potential impacts of these texts on the consolidated accounts of the Group is on-going; no significant impacts are expected.

2.2.2 Estimates and assumptions

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by management, particularly with regards to the fair value of investment properties and financial instruments as well as the valuation of goodwill and intangible assets.

The actual amounts may differ from the estimates as the business environment may develop differently than assumed. In this case, the assumptions and, where necessary, the carrying amounts of the assets or liabilities affected are prospectively adjusted accordingly.

Assumptions and estimates are reviewed on an ongoing basis and are based on experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances.

The most significant estimates are set out in the following sections: for the valuation of investment properties in section 2.2 § 2.2.6 “Asset valuation methods” and section 2.6 note 1 “Investment properties”, for the goodwill and intangible assets, respectively in section 2.2 § 2.2.4 “Business combinations” and § 2.2.6 “Asset valuation methods” and for fair value of financial instruments in section 2.6 note 9 “Hedging instruments”. Actual future results or outcomes may differ from these estimates. The property portfolio and intangible assets used by the Shopping Centres and Offices segments are valued by independent appraisals.

2.2.3 Scope and methods of consolidation

The scope of consolidation includes all companies controlled by the Group and all companies in which the Group exercises joint control or significant influence.

According to IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group considers all facts and circumstances when assessing whether it controls an investee. The control over an investee is reassessed if facts and circumstances indicate that there are changes to one or more of the elements above mentioned.

The method of consolidation is determined by the type of control exercised:

- Control: the companies are fully consolidated.
- Joint control: it's the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.
 - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party shall account for the assets which it has rights to, liabilities which it has obligations for, revenues and expenses relating to its interests in a joint operation.
 - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

- Significant influence: consolidation under the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but it's not control or joint control of those policies. It's presumed where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, unless it can be clearly demonstrated that this is not the case.

2.2.4 Business combinations

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are booked as expenses. For the companies accounted for using the equity method, acquisition costs are capitalised in the value of the shares.

At the date of acquisition and in accordance with IFRS 3 Revised, identifiable assets, liabilities and contingent liabilities of the acquired company are valued individually at their market value regardless of their purpose based upon current vest estimates at such date. It is possible that further adjustments to initial evaluation may be recognised within twelve months of the acquisition in accordance with IFRS rules.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability will be recognised in income statement.

2.2.5 Foreign currency translation

Functional and presentation currency

The Group's entities can realise operations in a foreign currency which is not their own functional currency. These transactions in foreign currencies are translated into SEK at the spot exchange rate on the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currency are translated into functional currency at the exchange rate on that date. Foreign exchange differences arising on translation or on settlement of these transactions are recognised in the income statement account, with the exception of:

- unrealised translation results on net investments;
- unrealised translation results on intercompany loans that, in substance, form part of the net investment.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity, whereas those relating to the ineffective portion are recognised in the income statement account

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate on the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into SEK at exchange rates on the dates the fair value was determined, and are reported as part of the fair value gain or loss.

Group companies with a functional currency different from the presentation currency

The results and financial position of all the Group entities that have a functional currency different from the presentation currency, the SEK, are translated into the presentation currency as follows:

- the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into SEK at foreign exchange rates ruling at the accounting date;
- income and expenses are translated into SEK at rates approximating the foreign exchange rates ruling at the dates of the transactions;
- all resulting exchange rate differences are recognised as a separate component of equity (currency translation reserve);
- when a Group's company is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.2.6 Asset valuation methods

Investment properties (IAS 40 & IFRS 13)

Under the accounting treatment recommended by IAS 40, investment properties are shown at their market value. According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Expectations about future

improvements or modifications to be made to the property interest to reflect its highest and best use have to be considered in the appraisal, such as the renovation of or an extension to the property interest.

Unibail-Rodamco complies with the IFRS 13 fair value measurement rule and the position paper¹ on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

Transaction costs incurred for an asset deal are capitalised in the value of the investment property.

Investment Properties Under Construction (IPUC) are covered by IAS 40 and are eligible to be measured at fair value. In accordance with the Group's investment properties valuation method, they are measured at fair value by an external appraiser. Projects for which the fair value is not reliably determinable are measured at cost until such time that a fair value measurement becomes reliable, or until one year before the construction completion.

According to the Group, a development project is eligible for a fair value measurement once all three of the following criteria are fulfilled:

- all administrative authorisations needed to complete the project are obtained;
- the construction has started and costs are committed toward the contractor;
- substantial uncertainty in future rental income has been eliminated.

If the time to delivery is less than one year, the project is accounted for at fair value.

For the Investment Properties Under Construction whose fair value could be reliably measured, the difference between market value and cost value is entirely recognised in the income statement.

Properties under construction carried at cost are subject to impairment tests, determined on the basis of the estimated fair value of the project. The recoverable value of a project is assessed by the Development & Investment teams through the expected delivery date, expected development costs, and considering a market exit capitalisation rate and the expected net rents. When the estimated recoverable value is lower than net book value, an impairment provision is booked.

For properties measured at fair value, the market value adopted by the Group is determined on the basis of appraisals by independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. A discount is applied to the gross value in order to reflect disposal costs and transfer taxes², depending on the country and on the tax situation of the property.

For the Shopping Centres and Offices portfolios, the independent appraisers determine the fair market value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per m² and the fair market values established through actual market transactions.

Appraisers have been given access to all information relevant for valuations, such as the Group's rent rolls, including information on vacancy, break options, expiry dates and lease incentives, performance indicators (e.g., footfall and sales where available), letting evidence and the Group's cash flow forecasts from annually updated detailed asset business plans. Appraisers make their independent assessments of current and forward looking cash flow profiles and usually reflect risk either in the cash flow forecasts (e.g. future rental levels, growth, investment requirements, void periods, incentives) or in the applied required returns or discount rates.

The income statement for a given year (Y) records the change in value for each property, which is determined as follows:

market value Y – [market value Y-1 + amount of works and other costs capitalised in year Y].

Capitalised expenses include capital expenditures, evictions costs, capitalised financial interests, letting fees and other internal costs related to development projects.

Capital gains on disposals of investment properties are calculated by comparison with their latest market value recorded in the closing statement of financial position for the previous financial year.

Properties held for sale are identified separately in the statement of financial position.

Other tangible assets

Under the preferential method proposed by IAS 16, operating assets are valued at their historic cost, less cumulative depreciation and any decrease in value. Depreciation is calculated using the "component accounting" method, where each asset is broken down into major components based on their useful life. The four components of a property are the main structure, the facade, technical equipment and finishing fixtures and fittings, depreciated respectively over 60, 30, 20 and 15 years for Offices properties and 35, 25, 20 and 15 years for Shopping Centres assets.

¹ EPRA position paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

² Transfer taxes are valued on the assumption that the property is sold directly, even though the cost of these taxes can, in certain cases, be reduced by selling the property's holding company.

If the appraisal value of a property is lower than net book value, an impairment provision is booked.

Borrowing costs generated by construction projects (IAS 23)

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest costs capitalised are calculated using the Group's weighted average costs of borrowing applied to the average value of the work completed during each quarter, unless specific financing exists for the project. In this case, the specific interest costs of the project are capitalised.

Capitalisation of borrowing costs starts when an Investment Property Under Construction is recognised as an asset and ends when the project is transferred to standing investment property at the delivery date to the tenant or earlier when the project is technically completed.

Intangible assets (IAS 38)/Impairment of assets (IAS 36)

An intangible asset is recognised when it is identifiable and separable and can be sold, transferred, licensed, rented, or exchanged, either individually or as part of a contract with an attached asset or a liability, or which arises from contractual or other legal rights regardless of whether those rights are transferable or separable. After initial recognition, intangible assets are recognised at cost less any amortisation charges and impairment losses.

Intangible assets with a finite life are amortised on a linear basis over the life of the asset. The useful life of an asset is reviewed each year and an impairment test is carried out whenever there is an indication of impairment.

2.2.7 Financial instruments (IAS 32/IFRS 9/IFRS 7/IFRS 13)

The recognition and measurement of financial assets and liabilities are mainly defined by the standard IFRS 9.

IFRS 9 “Financial Instruments” supersedes IAS 39 “Financial Instruments: Recognition and Measurement” for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

The Group performed an inventory and analysis of the differences resulting from the provisions of this new standard. The assessment of the Group’s consolidated financial instruments and respective business models was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The adoption of IFRS 9 has changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss approach.

According to IFRS 9, the estimated depreciation corresponds to the amount which the company does not expect to recover. Though, when collecting a tenant deposit or obtaining a bank guarantee, the Group covers the possible future losses. The Group’s depreciation policy meets the simplified model of IFRS 9:

- The estimated losses are calculated on a homogenous segment of receivables;
- The rate of estimated loss reflect the best estimation of the expected future losses, on the considered client segment: the Group respects the notion of backtesting (comparison are performed with historical rates of losses) and if needed, the rates are adjusted to take into account any new trigger event;
- Historical data are reviewed to better reflect the actual situation and integrate the best estimates for the near future.

a) Classification and measurement of non-derivative financial assets and liabilities

Under IFRS 9, on initial recognition, a financial asset is classified and measured at amortised cost, at Fair Value through Other Comprehensive Income (FVOCI) or Fair Value Through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets for the Group:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, which are determined by comparing the net value of the asset to an external evaluation. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value through profit or loss except in the case of an irrevocable election to classify them at fair value through other comprehensive income that cannot be reclassified.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

Interest bearing financial liabilities are initially measured at fair value, less transaction costs directly attributable to the issue, and after initial booking at amortised cost using the effective interest rate.

Other non-derivatives financial liabilities are recognized at FVTPL.

b) Classification and measurement of financial derivatives and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to movements in interest and currency exchange rates.

All financial derivatives are recorded as financial assets or liabilities at fair value on the statement of financial position. Fair value variations of financial derivatives, apart from those designated as cash flow hedges or as net investment hedges (see below), are recognised in the income statement for the period.

Except for some currency derivatives, the Group has chosen not to use the hedge accounting proposed by IFRS 9. All such derivatives are therefore measured at their market value and any fair value variations are recorded in the income statement.

Regarding the currency derivatives, they aim at hedging the transactions done in a currency which is not the functional currency of the entity. They are usually designated as cash flow hedge.

Exposure to the credit risk of a particular counterparty

According to IFRS 13, valuation of derivatives has to take into account the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA, calculated for a given counterparty, is the product of:

- a. the total mark-to-market the Group has with this counterparty, in case it is positive;
- b. the probability of default of this counterparty over the average maturity, weighted by the nominal of the derivatives booked with them. This probability of default is taken from the Bloomberg model, based on market data and derived from the Credit Default Swaps of the banks;
- c. and the loss given default following market standard.

DVA based on the Group's credit risk, corresponds to the loss that the Group's counterparties may face in case of the Group's default. It is the product of:

- a. the total mark-to-market the Group has with a counterparty, in case it is negative;
- b. the probability of default of the Group over the average maturity, weighted by the nominal of the total portfolio of derivatives. The Group's probability of default is derived from the Credit Default Swaps of the Group and taken from Bloomberg model;
- c. and the loss given default following market standard.

2.2.8 Discounting of deferred payments

Long-term liabilities and receivables are discounted when this has a significant impact.

- Deferred payments on assets deals, share deals, acquisitions of lands have been discounted up to the payment date.
- Provisions for material liabilities taken under IAS 37 are discounted over the estimated duration of the disputes they cover.
- Guarantee deposits received from tenants have not been discounted given the negligible impact of discounting.

2.2.9 Taxes

The Group companies are taxable according to the tax rules of their country. In some countries, special tax regimes for public property companies exist.

Income tax and deferred tax

Corporate income tax

Corporate income tax is calculated using appropriate local rules and rates.

Deferred tax

Deferred taxes are recognised in respect of all temporary differences between the carrying amount and tax base of assets and liabilities at each financial year-end.

Deferred tax assets or liabilities are calculated based on total temporary differences and on tax losses carried forward, using the local tax rate that will apply on the expected reversal date of the concerned differences, if this rate has been set. Otherwise, they are calculated using the applicable tax rate in effect at the financial year-end date. Within a given fiscal entity or group and for a given tax rate, debit balances are booked to assets for the amount expected to be recoverable over a foreseeable period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

The main deferred tax liabilities relate to the mark-to-market of investment properties, resulting in the recognition of a deferred tax liability for non tax-exempt assets.

2.2.10 Employee benefits

Under IAS 19 Revised, a company must recognise all commitments made to its employees (i.e. current or future, formal or informal, cash payments or payments in kind). The cost of employee benefits must be recorded during the vesting period.

The Group has no commitments relating to long-term or post-employment benefits need to be accrued.

2.2.11 Business segment reporting

Segment information is presented in respect of the Group's divisions and geographical segments, based on the Group's management and internal reporting structure and in accordance to IFRS 8.

Contributions of affiliates are also presented according to the Group's divisions and geographical segments.

Business segments

The Group presents its result by segment: Shopping Centres and Offices.

Geographical segments

Geographical segments are determined on the basis of the Group's definition of a home region. A home region is defined as a region with more than €1 Bn in property investment, a local organisation dedicated to all three business lines: the "owner function" (asset selection and management including pipeline), Shopping Centres management, the finance function and a regional consolidated reporting.

The following are considered home regions based on specific operational and strategic factors:

- Nordics, including Sweden, Denmark and Finland;
- Spain is no more considered as a home region since the Group disposed of the shares of fully consolidated companies Proyectos Inmobiliarios Time Blue SLU and Unibail-Rodamco Steam SLU in Spain on December 19, 2016.

2.2.12 Earnings Per Share

The Earnings Per Share indicator is calculated by dividing net result (Owners of the parent) by the weighted average number of ordinary shares in circulation over the period.

2.2.13 Current and non-current assets and liabilities

In accordance with IAS 1 "Presentation of Financial Statements", assets and liabilities other than consolidated shareholders' equity are classified in the statement of financial position as "current" when they are due or payable within twelve months of the accounting date.

2.3 Business segment report

Consolidated income statement by segment

(KSEK)		2019			2018		
		Recurring activities	Non recurring activities ⁽¹⁾	Result	Recurring activities	Non recurring activities (1)	Result
SHOPPING CENTRES	Gross rental income	1,442,826		1,442,826	1,550,206	-	1,550,206
	Operating expenses & net service charges	(143,495)		(143,495)	(100,503)	-	(100,503)
	Net rental income	1,299,332	-	1,299,332	1,449,703	-	1,449,703
	Gains on sales of properties		127,857	127,857	-	4,682	4,682
	Valuation movements		262,023	262,023	-	296,414	296,414
TOTAL RESULT SHOPPING CENTRES		1,299,332	389,879	1,689,211	1,449,703	301,095	1,750,798
OFFICES & OTHERS	Gross rental income	131,001		131,001	140,311	-	140,311
	Operating expenses & net service charges	(24,939)		(24,939)	(25,310)	-	(25,310)
	Net rental income	106,062	-	106,062	115,001	-	115,001
	Gains on sales of properties		747	747	-	(1,258)	(1,258)
	Gains on sales of shares			-			-
	Valuation movements		(6,196)	(6,196)	-	62,577	62,577
TOTAL RESULT OFFICES & OTHERS		106,062	(5,449)	100,613	115,001	61,319	176,320
Other property services net operating profit		-	-	-	-	-	-
General expenses		(156,835)		(156,835)	(157,177)	-	(157,177)
Development costs		(1,644)		(1,644)	(7,259)	-	(7,259)
Acquisition and related costs		-	(16,971)	(16,971)	-	-	-
TOTAL OPERATING RESULT AND OTHER INCOME		1,246,915	367,459	1,614,374	1,400,268	362,414	1,762,682
Other net income		12	-	12	25	-	25
Financing result		(251,038)	53,904	(197,134)	(324,057)	(32,359)	(356,416)
RESULT BEFORE TAX		995,889	421,363	1,417,252	1,076,236	330,055	1,406,291
Income tax expenses		1,186	(304,650)	(303,463)	(23,493)	(67,901)	(91,394)
NET RESULT FOR THE PERIOD		997,075	116,713	1,113,789	1,052,743	262,155	1,314,898
Non-controlling interests		(192)	(20)	(212)	(1,056)	(115)	(1,172)
NET RESULT - OWNERS OF THE PARENT		997,267	116,733	1,114,001	1,053,800	262,270	1,316,070
Average number of shares		41,206,671			41,206,671		
RECURRING RESULT PER SHARE (SEK)		24.20			25.57		

⁽¹⁾ Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill as well as costs directly incurred during a business combination and other non-recurring items.

The income statement by segment is split between recurring and non recurring activities. The non-recurring result before tax consists of the valuation movements on investment properties, fair value adjustments on derivatives and debts, termination costs of financial instruments on the full cancelled commitment period when the maturity of the financial instrument is beyond the current period, bond tender premiums, currency gains/losses on revaluation of balance sheet items, the net result on disposals, impairment of goodwill or recognition of negative goodwill, as well as costs directly related to a business combination and other non-recurring items.

The income tax is also split between recurring taxes and non-recurring taxes.

Recurring tax is the outcome of:

- the amount of income tax effectively due on recurring income, after deduction of any tax losses;
- plus/minus changes in a deferred tax asset recognised on tax losses stemming from recurring income (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits);
- plus/minus changes in deferred tax assets not related to tax losses and deferred tax liabilities relating to recurring result (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits).

Reconciliation between the Results by segment and the income statement of the period (IFRS format) for 2019

(KSEK)	Shopping Centres	Offices & Others	Not allocated	TOTAL 2019
Gross rental income	1,442,826	131,001	-	1,573,827
Net rental income	1,299,332	106,062	-	1,405,393
Administrative expenses	-	-	(175,450)	(175,450)
Result on disposal of investment properties and shares	127,857	747	-	128,604
Valuation movements	262,023	(6,196)	-	255,827
Net operating result before financing cost	1,689,211	100,613	(175,450)	1,614,374
Result from non-consolidated companies			12	12
Net financing costs			(251,038)	(251,038)
Fair value adjustments of derivatives and debt & debt discounting			53,904	53,904
Result before tax			-	1,417,252
Income tax expenses			(303,463)	(303,463)
Net result for the period				1,113,789

Reconciliation between the Results by segment and the income statement of the period (IFRS format) for 2018

(KSEK)	Shopping Centres	Offices & Others	Not allocated	TOTAL 2018
Gross rental income	1,550,206	140,311	-	1,690,517
Net rental income	1,449,703	115,001	-	1,564,704
Administrative expenses	-	-	(164,436)	(164,436)
Result on disposal of investment properties and shares	4,682	(1,258)	-	3,424
Valuation movements	296,414	62,577	-	358,991
Net operating result before financing cost	1,750,799	176,320	(164,436)	1,762,683
Result from non-consolidated companies			25	25
Net financing costs			(324,057)	(324,057)
Fair value adjustments of derivatives and debt & debt discounting			(32,359)	(32,359)
Result before tax			-	1,406,292
Income tax expenses			(91,394)	(91,394)
Net result for the period				1,314,898

December 31, 2019
Statement of financial position by segment

(KSEK)	Shopping Centres	Offices & Others	Not allocated ⁽¹⁾	Dec. 31, 2019
Investment properties at fair value	32 537 558	1 664 636	-	34 202 194
Investment properties at cost	106 319	39 767	-	146 086
Other tangible assets	-	-	6 058	6 058
Other non current assets	349	-	-	349
Total non current assets	32 644 226	1 704 403	6 058	34 354 687
Properties or shares held for sale	-	-	-	-
Total current assets	344 282	2 466	3 074 420	3 421 168
Total Assets	32 988 508	1 706 869	3 080 478	37 775 854
Total Liabilities excluding shareholders' equity	5 624 935	1 327	11 651 435	17 277 697

⁽¹⁾ Relates to structure properties, furniture and equipments items.

Investments by segment

(KSEK)	Shopping Centres	Offices & Others	Total 2019
Investments in investment properties at fair value	390,439	15,044	405,483
Investment in tangible assets at cost ⁽¹⁾	40,336	22,860	63,196
Total investments	430,775	37,904	468,679

⁽¹⁾ Before transfer between category of investment property.

December 31, 2018

Statement of financial position by segment

(KSEK)	Shopping Centres	Offices & Others	Not allocated ⁽¹⁾	Dec. 31, 2018
Investment properties at fair value	31 923 056	1 655 788	-	33 578 844
Investment properties at cost	-	-	-	-
Other tangible assets	-	-	10 149	10 149
Other non current assets	349	-	6 175	6 524
Total non current assets	31 923 405	1 655 788	16 324	33 595 517
Properties or shares held for sale	2 683 070	-	-	2 683 070
Total current assets	3 028 501	10 869	316 005	3 355 375
Total Assets	34 951 906	1 666 657	332 329	36 950 892
Total Liabilities excluding shareholders' equity	5 847 189	1 278	11 756 269	17 604 736

⁽¹⁾ Relates to structure properties, furniture and equipments items.

Investments by segment

(KSEK)	Shopping Centres	Offices & Others	Total 2018
Investments in investment properties at fair value	424,613	19,778	444,391
Investment in tangible assets at cost ⁽¹⁾	-	-	-
Total investments	424,613	19,778	444,391

⁽¹⁾ Before transfer between category of investment property.

2.4 Scope of consolidation

2.4.1 List of the consolidated entities

List of consolidated companies	Country	Method ⁽¹⁾	% interest	% control	% interest
			Dec. 31, 2019	Dec. 31, 2019	Dec. 31, 2018
Rodamco Sverige AB	Sweden	FC	100.00	100.00	100.00
SHOPPING CENTRES					
Essential Whites SLU	Spain	FC	52.78	100.00	52.78
Eurostop KB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos H AB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos K AB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos L AB	Sweden	FC	100.00	100.00	100.00
Rodamco Arninge Centrum KB	Sweden	FC	100.00	100.00	100.00
Rodamco Centerpool AB	Sweden	FC	100.00	100.00	100.00
Rodamco Fisketorvet AB	Sweden	FC	100.00	100.00	100.00
Rodamco Forum Nacka KB	Sweden	FC	100.00	100.00	100.00
Rodamco Garage AB	Sweden	FC	100.00	100.00	100.00
Rodamco Handel AB	Sweden	FC	100.00	100.00	100.00
Rodamco Parkering AB	Sweden	FC	100.00	100.00	100.00
Rodamco Solna Centrum AB	Sweden	FC	100.00	100.00	100.00
Rodamco Täby Centrum KB	Sweden	FC	100.00	100.00	100.00
Rodamco Väsby Centrum AB	Sweden	-	Liquidated	Liquidated	Liquidated
SERVICES					
Rodamco Projekt AB	Sweden	FC	100.00	100.00	100.00
HOLDINGS AND OTHER					
Rodareal Oy	Finland	-	Sold	Sold	100.00
Anlos Fastighets AB	Sweden	FC	100.00	100.00	100.00
Eurostop AB	Sweden	FC	100.00	100.00	100.00
Eurostop Holding AB	Sweden	FC	100.00	100.00	100.00
Knölsvanen Bostads AB	Sweden	FC	100.00	100.00	100.00
Piren AB	Sweden	FC	100.00	100.00	100.00
Rodamco AB	Sweden	FC	100.00	100.00	100.00
Rodamco Anlos Holding AB	Sweden	FC	100.00	100.00	100.00
Rodamco Expand AB	Sweden	FC	100.00	100.00	100.00
Rodamco Nacka AB	Sweden	FC	100.00	100.00	100.00
Rodamco Scandinavia Holding AB	Sweden	FC	100.00	100.00	100.00
Rodamco Täby AB	Sweden	FC	100.00	100.00	100.00
New Tower Real Estate BV	The Netherlands	FC	51.11	51.11	51.11
Old Tower Real Estate BV	The Netherlands	FC	52.78	52.78	52.78

⁽¹⁾ FC: full consolidation method, JO: joint operations.

2.4.2 Assessment of the control

Jumbo

According to the governance in place, the Group is in a joint control in the companies owning the shopping centre Jumbo (Finland). Regarding the legal form of the mutual real estates companies and the terms of the contractual arrangements, the Group is in a joint arrangement on this asset under the norms IFRS 10 and 11. Hence they are consolidated as joint operations.

This asset is presented on the line “Assets held for sale” in the Consolidated statement of financial position as at December 31, 2018.

2.5 Highlights and comparability of the last two years

2.5.1 In 2019

On February 28, 2019, the Group completed the disposal of its 34% stake in the Jumbo shopping centre in Helsinki, to current co-owner Elo Mutual Pension Insurance Company.

The proceeds from disposal of shares amount to KSEK 1,703,092 and the 1,575,482 of carrying value of the disposal shares includes a goodwill of KSEK 204,316 leading to a disposal result of KSEK 127,610.

The net disposal price of K€248,600 of the underlying assets represents a premium to the December 31, 2018, book value and implies a net initial yield of almost 5%. Jumbo is one of the leading shopping centres in the Helsinki region with more than 85,000 sqm GLA and over 12 Mn visitors per year.

2.5.2 In 2018

The Group finalized the disposal of the non-core assets Eurostop Arlanda in Sweden that occurred in 2017 with the sale of Arlanda hotel.

In December 2018, Rodamco Sverige AB reimbursed SEK 2.2Bn of bonds including 2 tranches: a fixed 3.0% SEK 800Mn bond and a floating SEK 1.4Bn bond.

2.6 Notes and comments

2.6.1 Notes to the consolidated assets

Note 1 – Investment properties

In accordance with the preferred method provided under IAS 40, investment properties are stated at their market value as determined by independent appraisers.

The valuation principles of the assets by segment activity are described in section 2.2 “Accounting principles and consolidation methods” § 2.2.7 “Asset valuation methods”.

As at December 31, 2019, the outstanding balances of deferred lease incentives and key monies amortised over the firm term of the lease and deducted from the appraisal value represented KSEK 108,115.

The Group complies with the IFRS 13 fair value measurement and the position paper ¹ on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group’s assets, the Group believes it appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers’ assumptions on growth rates and exit yields, are used by appraisers to determine the fair value of Rodamco Sverige’s assets.

The following tables provide a number of quantitative elements in order to assess the fair valuation of the Nordic’s assets.

Shopping centre portfolio

All shopping centres are valued using the discounted cash flow and/or yield methodologies.

Shopping Centres - Dec. 31, 2019		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
Nordics	Max	5,3%	449	8,3%	5,2%	3,8%
	Min	3,7%	187	6,1%	3,9%	2,5%
	Weighted average	4,1%	375	6,5%	4,1%	3,4%

Net Initial Yield, Discount Rate and Exit yield weighted by Gross Market Value (GMV). Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled are not included in this table. Assets fully consolidated and in joint-control are included.

(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.

(b) Rate used to calculate the net present value of future cash flows.

(c) Rate used to capitalize the exit rent to determine the exit value of an asset.

(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Based on an asset value excluding estimated transfer taxes and transaction costs, the segment’s net initial yield as at December 31, 2019 came to 4.1% vs. 4.1% at year end 2018.

A change of +25 basis points (bps) in NIY, the main output of the appraisal models, would result in a downward adjustment of -K SEK1,950,402 (or -5.7%) of URW’s Shopping Centre portfolio value (excluding assets under development and the trademark).

Shopping Centres portfolio by region - Dec. 31, 2019	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Net Initial Yield (a) Dec. 31, 2019	Net Initial Yield (a) Dec. 31, 2018
Nordics	34,284	33,589	4.1%	4.1%

^(a) Annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development or not controlled, are not included in the calculation. Assets fully consolidated and in joint-control are included

¹ EPRA position paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

Vacancy rate

Potential rents from vacant space in operation in Nordics shopping centres amounted to KSEK 47,651 at December 31, 2019. This represents a final vacancy rate of 3.3% at year-end.

Investment Properties Under Construction (IPUC)

IPUC are eligible for revaluation except for those for which the fair value is not reliably determinable.

No IPUC is assessed at fair value in the consolidated statement of financial position at December 31, 2019.

Changes in investment properties at fair value

2019 change

(KSEK)	Dec. 31, 2018	Acquisitions	Capitalised expenses	Disposals / exit from the scope of consolidation ⁽¹⁾	Reclassification and transfer of category	Valuation movements	Discounting impact	Currency translation	Dec. 31, 2019
Shopping Centres	31,923,056	-	387,506	-	(86,073)	262,023	-	51,047	32,537,558
Offices	1,655,788	-	15,044	-	(1)	(6,196)	-	-	1,664,636
Total investment properties	33,578,844	-	402,550	-	(86,074)	255,827	-	51,047	34,202,194
Assets held for sale	2,478,754	-	2,933	(2,512,227)	-	-	-	30,540	-
Total	36,057,598	-	405,483	(2,512,227)	(86,074)	255,827	-	81,587	34,202,194

2018 change

(KSEK)	Dec. 31, 2017	Acquisitions	Capitalised expenses	Disposals / exit from the scope of consolidation ⁽¹⁾	Reclassification and transfer of category	Valuation movements	Discounting impact	Currency translation	Dec. 31, 2018
Shopping Centres	33,429,926	-	424,613	96	(2,479,251)	296,414	-	251,258	31,923,056
Offices	1,636,540	-	19,778	(58,718)	(4,388)	62,577	-	-	1,655,788
Total investment properties	35,066,466	-	444,391	(58,622)	(2,483,639)	358,991	-	251,258	33,578,844
Assets held for sale	-	-	-	-	2,478,754	-	-	-	2,478,754
Total	35,066,466	-	444,391	(58,622)	(4,885)	358,991	-	251,258	36,057,598

⁽¹⁾ Relates to the disposal of Arlanda hotel.

Changes in investment properties at cost

(KSEK)	Dec. 31, 2018	Acquisitions	Capitalised expenses	Disposals / exit from the scope of consolidation ⁽¹⁾	Reclassification and transfer of category	Impairment	Currency translation difference	Dec. 31, 2019
Gross value	-	-	63,196	-	84,987	-	(2,097)	146,086
Amortisation	-	-	-	-	-	-	-	-
Total investment properties at cost	-	-	63,196	-	84,987	-	(2,097)	146,086
Properties under promise or mandate of sale	-	-	-	-	-	-	-	-
Total	-	-	63,196	-	84,987	-	(2,097)	146,086

Note 2 – Other tangible assets

2019 Change

Net value (KSEK)	Dec. 31, 2018	Acquisitions and capitalised expenses	Disposals/ exits from the scope of consolidation	Currency translation	Depreciation	Other movements	Dec. 31, 2019
Gross value	28,436	672	(3,483)	40	-	-	25,665
Depreciation	(18,287)	-	814	(38)	(2,096)	-	(19,607)
Total	10,149	672	(2,669)	2	(2,096)	-	6,058

2018 Change

Net value (KSEK)	Dec. 31, 2017	Acquisitions and capitalised expenses	Disposals/ exits from the scope of consolidation	Currency translation	Depreciation	Other movements	Dec. 31, 2018
Gross value	26,859	1,318	(341)	119	-	481	28,436
Depreciation	(16,341)	-	341	(114)	(2,173)	-	(18,287)
Total	10,518	1,318	-	5	(2,173)	481	10,149

Note 3 – Intangible assets

Net value (KSEK)	Dec. 31, 2018	Acquisitions	Disposals/ exits from the scope of consolidation	Charges	Currency translation	Dec. 31, 2019
Gross value	7,388	-	-	-	1	7,389
Amortisation	(7,387)	-	-	-	-1	(7,389)
Total	0	-	-	-	-	0

2018 Change

Net value (KSEK)	Dec. 31, 2017	Acquisitions	Disposals/ exits from the scope of consolidation	Charges	Currency translation	Dec. 31, 2018
Gross value	7,384	-	-	-	4	7,388
Amortisation	(7,350)	-	-	(33)	(4)	(7,387)
Total	33	-	-	(33)	0	0

Note 4 – Financial assets

This item comprises the shares of non-consolidated companies.

Note 5 – Trade receivables from activity

All of these receivables are due within one year, except rent-free periods and step rents amortised over the firm term of the lease.

Trade related receivables (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Trade receivables	6,929	2,863
Doubtful accounts	52,373	39,549
Rent-free periods and step rents	108,115	114,822
Gross value	167,417	157,234
Provisions for doubtful accounts	(43,689)	(32,111)
Net	123,728	125,123

Breakdown of trade receivables by business line (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Shopping Centres	121,805	123,808
Offices & Others	1,923	1,315
Total	123,728	125,123

Changes in provisions for doubtful accounts (KSEK)	2019	2018
As of January 1	(32,111)	(42,595)
Currency translation adjustments	5	(40)
Change in scope of consolidation	1,379	-
Reclassifications	(1,516)	-
Additions	(11,446)	-
Use and reversal	-	10,524
As of December 31	(43,689)	(32,111)

Note 6 – Other trade receivables

All of these receivables are due within one year, except leaseholds.

Tax receivables (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Value-Added Tax and other	47,895	46,786
Corporate income tax	-	5,881
Total	47,895	52,667

Other receivables (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Receivables from suppliers	-	-
Other debtors	36,211	48,733
Receivables from partners	-	6
Accrued income receivables on caps and swaps	5,300	16,350
Gross value	41,511	65,089
Provisions	-	-
Net	41,511	65,089

Prepaid expenses (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Prepaid expenses	133,614	113,536
Total	133,614	113,536

Note 7 – Cash and cash equivalents

(KSEK)	Dec. 31, 2019	Dec. 31, 2018
Marketable securities ⁽¹⁾	96,552	71,986
Cash	4,288	40,586
Parent company cash pooling and credit facilities ⁽²⁾	2,973,580	203,318
Total	3,074,420	315,890

⁽¹⁾ This item comprises investments in money-market SICAV (marketable securities).

⁽²⁾ Variation between 2018 and 2019 corresponds mainly to the disposals of Jumbo

2.6.2 Notes to the consolidated liabilities

Note 8 – Current and non current financial liabilities

> Debt breakdown

Outstanding duration to maturity (KSEK)	Current			Non current		Total	Total
	Less than 1 year	1 year to 5 years	More than 5 years			Dec. 31, 2019	Dec. 31, 2018
Bonds and EMTNs	736	2,500,000	-			2,500,736	4,009,503
Principal debt	-	2,500,000	-			2,500,000	4,000,000
Accrued interest on bonds and EMTNs	5,416	-	-			5,416	16,615
Issuance costs	(4,680)	-	-			(4,680)	(7,112)
Bank borrowings	(3,546)	-	-			(3,546)	39,262
Principal debt	-	-	-			-	-
Accrued interest on borrowings	76	-	-			76	42
Borrowings issue fees	(3,622)	-	-			(3,622)	(4,854)
Bank overdrafts	-	-	-			-	44,061
Current accounts to balance out cash flow	-	-	-			-	13
Other financial liabilities	1,478,239	5,720,003	1,944,466			9,147,708	7,649,884
Parent company borrowings	1,500,000	5,713,716	1,949,466			9,163,182	7,652,506
Accrued interest on parent company borrowings	-	-	-			-	-
Charges and premiums on issues of parent company borrowings	(21,761)	-	-			(21,761)	(8,349)
Current accounts with non-controlling interests	-	6,287	-			6,287	5,727
Charges and premiums on current account with minority interests	-	-	-			-	-
Total	1,475,428	8,220,005	1,949,466			11,644,899	11,698,649

The variation of financial debt by flows breaks down as follows:

	Dec. 31, 2018	Cash flows ⁽¹⁾		Variation of accrued interests ⁽³⁾	Non-cash flows				Dec. 31, 2019
		Increase ⁽²⁾	Decrease		Scope movements	Currency translation	Fair value impact	Others ⁽⁴⁾	
Bonds and EMTNs	4,009,503	-	(1,500,000)	(11,199)	-	-	-	2,432	2,500,736
Bank borrowings	39,262	-	-	(5,605)	-	(55,818)	-	18,616	(3,546)
Other financial liabilities	7,649,884	1,482,039	-	5,640	-	10,144	-	-	9,147,708
Total	11,698,649	1,482,039	(1,500,000)	(11,164)	-	(45,673)	-	21,048	11,644,899

⁽¹⁾ The cash flows differ from those in the Consolidated statement of cash flows mainly due to the variation of guarantee deposits received.

⁽²⁾ Net of issuance costs and issue fees.

⁽³⁾ The variation of accrued interest is included in lines Financial income / Financial expenses of the Consolidated statement of cash flows.

⁽⁴⁾ Mainly variation of bank overdrafts and amortization of issuance costs and fees

> Maturity of current principal debt

(KSEK)	Current			Total
	Less than 1 month	1 month to 3 months	More than 3 months	Dec. 31, 2019
Bonds and EMTNs – principal debt	-	-	-	-
Bank borrowings – principal debt	-	-	-	-
Parent company borrowings	-	-	1,500,000	1,500,000
Total	-	-	1,500,000	1,500,000

As at December 31, 2019, Rodamco Sverige's average debt maturity was 3.8 years after taking into account the confirmed unused credit lines.

> *Characteristics of bonds and EMTNs*

Issue date	Rate	Amount at	Maturity
		Dec. 31, 2019 (KSEK)	
October 2016	Fixed rate 0.850% SEK	1,500,000	October 2021
June 2017	Float rate SEK (Stib3M + 80bps)	400,000	June 2022
June 2017	Fixed rate 0.875% SEK	600,000	June 2022
Total		2,500,000	

> *Covenants*

Bonds issued are not restricted by any covenant based on financial ratios which could lead to early repayment of the debt. Green bonds must be used to finance projects or assets that meet certain criteria.

No bank loans were subject to prepayment clauses linked to the Group's ratings, barring exceptional circumstances such as change in control.

There are no financial covenants in the EMTN program.

The majority of bank loans and credit facilities contains financial covenants such as LTV (Loan-to-Value) and ICR (Interest Coverage Ratio) ratios, as well as a prepayment clause in case of occurrence of a material adverse change.

> *Market value*

The market value of Rodamco Sverige's fixed-rate and index-linked debt is presented in the table below. The remainder of the Group's outstanding debt is variable-rate debt, which has its carrying value on the statement of financial position as the sum of the nominal amount and coupon accruals.

(KSEK)	Dec. 31, 2019		Dec. 31, 2018	
	Carrying value	Market value	Carrying value	Market value
Long term debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	11,226,232	11,168,924	10,073,294	13,285,018

Note 9 – Hedging instruments

Derivative instruments owned by the Group are stated at fair value and were recorded in the statement of financial position as at December 31, 2019, for a net amount of -KSEK 7,608.

Derivatives are valued by discounted estimated future cash flows based on the interest rate curve at the end of December 2019. The valuation has been cross-checked against valuations by banks.

(KSEK)	Dec. 31, 2018	Amounts recognised in the Statement of Comprehensive Income			Currency translation	Dec. 31, 2019
		Net financing costs	Fair value adjustments of derivatives	Other comprehensive income		
Assets						
Derivatives at fair value	6,175	-	(13,372)	-	7,197	-
- Without a hedging relationship	6,175	-	(13,372)	-	7,197	-
Liabilities						
Derivatives at fair value	(10,615)	-	3,007	-	-	(7,608)
- Without a hedging relationship	(10,615)	-	3,007	-	-	(7,608)
Net	(4,440)	-	(10,365)	-	7,197	(7,608)

Due to its use of derivatives to minimise its interest rate and currency risks, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. In accordance with IFRS 13, the derivatives' valuations have been corrected of the Credit Valuation Adjustment (CVA) on derivatives with a positive fair value and of the Debit Valuation Adjustment (DVA) on derivatives with a negative fair value. As at December 31, 2019, DVA amounted to -KSEK 33. The impact of the change in fair value of CVA on the non-recurring net result of the period amounted to +KSEK 16 and the one of DVA to -KSEK 108.

Note 10 – Deferred tax

2019 Change

(KSEK)	Dec. 31, 2018	Increase	Decrease	Currency translation	Change in scope of consolidation	Dec. 31, 2019
Deferred tax liabilities						
Deferred tax on investment properties	(4,615,228)	(265,854)	-	(11,826)	426,554	(4,466,354)
Deferred tax assets						
Tax loss carry-forward ⁽¹⁾	-	-	-	-	-	-
Total Deferred tax liabilities	(4,615,228)	(265,854)	-	(11,826)	426,554	(4,466,354)
Deferred tax assets						
Tax loss carry-forward	-	-	-	-	-	-
Total Deferred tax assets	-	-	-	-	-	-

⁽¹⁾ *Deferred tax assets and liabilities within a same tax group are offset.*

2018 Change

(KSEK)	Dec. 31, 2017	Increase	Decrease	Currency translation	Change in scope of consolidation	Dec. 31, 2018
Deferred tax liabilities						
Deferred tax on investment properties	(4,545,526)	(55,000)	23,629	(38,331)	-	(4,615,228)
Deferred tax assets						
Tax loss carry-forward ⁽¹⁾	32,450	-	(32,450)	-	-	-
Total Deferred tax liabilities	(4,513,076)	(55,000)	(8,821)	(38,331)	-	(4,615,228)
Deferred tax assets						
Tax loss carry-forward	-	-	-	-	-	-
Total Deferred tax assets	-	-	-	-	-	-

⁽¹⁾ *Deferred tax assets and liabilities within a same tax group are offset.*

Unrecognised deferred tax assets

As at December 31, 2019, there is no unrecognised deferred tax assets which was unchanged from December 31, 2018.

Note 11 – Provisions

2019 Change							
(KSEK)	Dec. 31, 2018	Allocations	Reversals used	Reversals not used	Change in scope of consolidation	Other movements	Dec. 31, 2019
Short term provisions	4,828	20,984	-	-	-	10,551	36,363
Provisions for litigation	4,828	20,984	-	-	-	10,551	36,363
Total	4,828	20,984	-	-	-	10,551	36,363

2018 Change							
(KSEK)	Dec. 31, 2017	Allocations	Reversals used	Reversals not used	Change in scope of consolidation	Other movements	Dec. 31, 2018
Short term provisions	13,536	-	-	(4,818)	-	(3,890)	4,828
Provisions for litigation	13,536	-	-	(4,818)	-	(3,890)	4,828
Total	13,536	-	-	(4,818)	-	(3,890)	4,828

Note 12 – Amounts due on investments

The amounts due on investments correspond mainly to amounts due on investments on development pipeline projects.

Note 13 – Amounts due to suppliers and other current debt

Trade payables by segment (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Shopping Centres	67,871	110,754
Others	1,013	7,240
Total	68,884	117,994

Sundry creditors⁽¹⁾ (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Due to customers	128,623	101,770
Due to partners	57,980	139,910
Total	186,603	241,680

⁽¹⁾ This item includes eviction costs.

Other liabilities (KSEK)	Dec. 31, 2019	Dec. 31, 2018
Prepaid income ⁽¹⁾	275,281	248,545
Social security liabilities	26,177	25,350
Value-added tax	94,756	96,837
Income tax due	34,626	97,700
Other tax liabilities	24,138	13,401
Total	454,978	481,833

⁽¹⁾ Mainly rents received in advance.

2.6.3 Notes to the consolidated statement of comprehensive income

Note 14 – Gross rental income

Gross rental income consists of rents and similar income (e.g. occupancy compensation, key money, parking revenues) invoiced for Shopping Centres and Offices properties over the period.

Under IAS 17 and SIC 15, the effects of rent-free periods, step rents, other rents incentives and key monies are spread over the fixed term of the lease.

The property management fees re-invoiced to the tenants are classified in gross rental income.

Charges invoiced to tenants are not included in rental income but deducted from net service charge expenses.

Note 15 – Net service charge expenses

According to IFRS 15, the Group presented separately service charge income and service charge expenses. Comparative figures have been restated accordingly.

The net of charges re-invoiced to tenants relates mainly to vacant premises.

Note 16 – Property operating expenses

These expenses comprise service charges borne by the owner, works-related expenses, litigation expenses, charges relating to doubtful accounts and expenses relating to property management.

Note 17 – Administrative expenses and audit fees

This item comprises Group administrative expenses and expenses relating to development projects.

Audit fees

(KSEK)	2019	2018
Ernst & Young, audit	(842)	(2,751)
Deloitte, audit	(2,723)	(51)
Total	(3,565)	(2,802)

Note 18 – Acquisitions costs

In 2019, acquisition and related costs amounted to KSEK (16,971) mainly due to the the rebranding costs of Mall of Scandinavia.

Note 19 – Result on disposal of investment properties

Proceeds from the disposal of investment properties correspond to the disposal price received net of disposal costs. The carrying value of disposed assets corresponds to the market value recorded on the closing statement of financial position for the previous financial year, plus works costs and capitalised expenses for the period and adjusted for reversals of remaining amounts of rent-free periods and step rents straightlined.

Note 20 – Valuation movements on assets

This item reflects changes in market valuation of investment properties.

(KSEK)	2019	2018
Shopping Centres	262,023	296,414
Offices & Others	(6,196)	62,577
Total	255,827	358,991

Note 21 – Net financing costs

(KSEK)	2019	2018
Other financial interest	248	305
Interest income on caps and swaps	26,076	59,951
Subtotal financial income	26,324	60,256
Interest on bonds	(33,093)	(74,843)
Interest and expenses on borrowings	(217,928)	(278,249)
Interest on partners' advances	(498)	(451)
Other financial interest	(7,919)	(15,044)
Interest expenses on caps and swaps	(17,924)	(15,726)
Financial expenses before capitalised financial expenses	(277,362)	(384,313)
Capitalised financial expenses	-	-
Subtotal financial expenses	(277,362)	(384,313)
Total net financial expenses	(251,038)	(324,057)

Note 22 – Fair value adjustments of derivatives and debt

During 2019, fair value adjustments of derivatives and debt mainly comprised:

- changes in fair value of derivatives (caps and swaps) which generated a loss of -KSEK 10,365;
- and the non recurring currency result following the translation into functional currency of monetary assets and liabilities denominated in foreign currency, at the exchange rate at the closing date, for a positive amount of +KSEK 64,269.

Note 23 – Income tax expenses

(KSEK)	2019	2018
Income tax expense recurring	(1,210)	(20,754)
- Allocation / reversal of provision concerning tax issues	-	-
- Other recurring results	(1,210)	(20,754)
Deferred tax expense / tax income recurring	2,396	(2,739)
Total recurring tax	1,186	23,493
Income tax expense non-recurring	(36,400)	(6,819)
Deferred tax expense / tax income non-recurring	(268,250)	(61,082)
Total non-recurring tax	(304,650)	(67,901)
Total tax	(303,463)	(91,394)

Reconciliation of effective tax rate	%	2019
Profit before tax, impairment of goodwill and result of associates		1,417,252
Income tax using the average tax rate	21.6%	(305,551)
Tax exempt profits (including SIIC and SOCIMI regime)	0.0%	(274)
Non deductible costs	(0.1%)	863
Other	(0.1%)	1,499
	21.4%	(303,463)

2.6.4 Notes to the consolidated statement of cash flows

The income tax is classified under cash flow from operating activities.

Net financial interest payments as well as cash flow relating to the purchase or sale of derivative instruments are classified as cash flow from financing activities.

Note 24 – Disposal of shares/consolidated subsidiaries

(€Mn)	2019	2018
Net price of shares sold	1,703,092	(346)
Cash and current accounts	721,494	-
Disposal of shares/consolidated subsidiaries	2,424,586	(346)

Note 25 – Reconciliation of cash at period-end on the statement of cash flows and cash on the statement of financial position

(KSEK)	2019	2018
Marketable securities	96,552	71,986
Parent company cash pooling and credit facilities	2,973,580	203,318
Cash	4,288	40,586
Current accounts to balance out cash flow	-	-
Bank overdrafts	2	(44,074)
Cash at period-end	3,074,422	271,816

2.7 Financial instruments

2.7.1 Carrying value of financial instruments per category in accordance with IFRS 9 standard

FAAC: Financial Asset at Amortised Cost

FAFVOCI: Financial Asset at Fair Value through Other Comprehensive Income

FAFVTPL: Financial Asset at Fair Value Through Profit or Loss

FLAC: Financial Liabilities at Amortised Cost

FLFVTPL: Financial Liabilities at Fair Value Through Profit or Loss

Dec. 31, 2019 (KSEK)	Categories in accordance with IFRS 9	Carrying Amount Dec. 31, 2019	Amounts recognised in statement of financial position according to IFRS 9			Fair value
			Amortised Cost	Fair value recognised in equity	Fair value recognised in profit & loss	
Assets						
Financial assets	FAAC	349	349	-	-	349
Derivatives at fair value	FAFVTPL	-	-	-	-	-
Trade receivables from activity ⁽¹⁾	FAAC	15,613	15,613	-	-	15,613
Other receivables ⁽²⁾	FAAC	41,511	41,511	-	-	41,511
Cash and cash equivalents	FAFVTPL	3,074,420	-	-	3,074,420	3,074,420
		3,131,893	57,473	-	3,074,420	3,131,893
Liabilities						
Financial debts	FLAC	11,644,899	11,644,899	-	-	11,587,591
Derivatives at fair value	FLFVTPL	7,608	-	-	7,608	7,608
Non current amounts due on investments	FLAC	-	-	-	-	-
Amounts due to suppliers and other current debt ⁽³⁾	FLAC	548,761	548,761	-	-	548,761
		12,201,268	12,193,660	-	7,608	12,143,960

Dec. 31, 2018 (KSEK)	Categories in accordance with IFRS 9	Carrying Amount Dec. 31, 2018	Amounts recognised in statement of financial position according to IFRS 9			Fair value
			Amortised Cost	Fair value recognised in equity	Fair value recognised in profit & loss	
Assets						
Financial assets	FAAC	349	349	-	-	349
Derivatives at fair value	FAFVTPL	6,175	-	-	6,175	6,175
Trade receivables from activity ⁽¹⁾	FAAC	10,301	10,301	-	-	10,301
Other receivables ⁽²⁾	FAAC	65,089	65,089	-	-	65,089
Cash and cash equivalents	FAFVTPL	315,890	-	-	315,890	315,890
		397,804	75,739	-	322,065	397,804
Liabilities						
Financial debts	FLAC	11,698,649	11,698,649	-	-	14,910,373
Derivatives at fair value	FLFVTPL	10,615	-	-	10,615	10,615
Non current amounts due on investments	FLAC	-	-	-	-	-
Amounts due to suppliers and other current debt ⁽³⁾	FLAC	658,266	658,266	-	-	658,266
		12,367,530	12,356,915	-	10,615	15,579,254

⁽¹⁾ Excluding rent-free periods and step rents.

⁽²⁾ Excluding prepaid expenses, service charges due and tax receivables.

⁽³⁾ Excluding prepaid income, service charges billed and tax liabilities.

“Trade receivables from activity”, “Other receivables”, “Cash and cash equivalents” and “Amounts due to suppliers and other current debt” mainly have short term maturity. Consequently, their carrying amounts at the reporting date approximate the fair value.

2.7.2 Fair value hierarchy of financial instruments

This table splits the financial instruments in assets or liabilities into three levels:

- Level 1: financial instruments quoted in an active market;
- Level 2: financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets;
- Level 3: financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

(KSEK)	Fair value measurement at Dec. 31, 2019			
	Total	Level 1	Level 2	Level 3
Assets				
<i>Fair value through profit or loss</i>				
Derivatives	-	-	-	-
Marketable securities	96,552	96,552	-	-
Total	96,552	96,552	-	-
Liabilities				
<i>Fair value through profit or loss</i>				
Derivatives	7,608	-	7,608	-
Total	7,608	-	7,608	-

Net gain/loss by category

2019	From interest	Net gain/loss
(KSEK)		
Financial instruments held for trading	8,151	8,151
Financial liabilities at amortised cost	(259,189)	(259,189)
	(251,038)	(251,038)
Capitalised expenses		-
Net financial expenses		(251,038)

2018	From interest	Net gain/loss
(KSEK)		
Financial instruments held for trading	44,225	44,225
Financial liabilities at amortised cost	(368,282)	(368,282)
	(324,057)	(329,931)
Capitalised expenses		-
Net financial expenses		(324,057)

The Group closely monitors its financial risk linked to its activity and the financial instruments it uses. The Group identifies and evaluates regularly its different risk exposures (liquidity, interest rates, currency exchange rates) in order to implement the adapted strategy when necessary.

2.7.3 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a Group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit story.

In the Shopping Centres segment, the risk of insolvency is spread widely across a large number of tenants.

When tenants sign their lease agreements, they are required to provide financial guarantees, such as a deposit, first-demand guarantee or a surety bond amounting to between three and six months' rent.

Payments for ancillary services provided by the Convention & Exhibition segment are generally received in advance, thereby reducing the risk of unpaid debt.

Late payment reminders are automatically issued in respect of late payments and penalties are applied. Such late payments are monitored by a special "default" Committee in each business segment which decides on the pre-litigation or litigation action to be taken.

2.7.4 Market risk

a. Liquidity risk

The following table shows the Group's contractually agreed interest payments and repayments of the non derivative financial liabilities and the derivatives with positive and negative fair values. Amounts in foreign currency were translated at the closing rate at the reporting date. The payments of the floating-rate interests have been calculated on the basis of the last interests rates published on December 31, 2019. Lines drawn as at December 31, 2019 are considered as drawn until maturity.

Commercial paper has been allocated at the earliest period of redemption even if they are rolled over. All other borrowings have been allocated by date of maturity.

(KSEK)	Carrying amount ⁽¹⁾	Less than 1 year		1 year to 5 years		More than 5 years	
	Dec. 31, 2019	Interest	Redemption	Interest	Redemption	Interest	Redemption
Bonds, borrowings and amounts due to credit institutions							
Bonds and EMTNs	(2,500,000)	(16,436)	-	(29,007)	(2,500,000)	-	-
Bank borrowings and other financial liabilities ⁽²⁾	(9,163,182)	(159,838)	(1,500,000)	(614,213)	(5,713,716)	(63,666)	(1,949,466)
Financial derivatives							
<i>Derivative financial liabilities</i>							
Interest rate derivatives without a hedging relationship	(7,608)	(4,427)	-	(2,823)	-	-	-
<i>Derivative financial assets</i>							
Interest rate derivatives without a hedging relationship	-	-	-	2,911	-	-	-

⁽¹⁾ Corresponds to the amount of principal debt (see section 2.6.2 note 8 "Current and non current financial liabilities").

⁽²⁾ Excludes current accounts with non-controlling interests.

As at December 31, 2019, the total amount of undrawn credit lines came to KSEK 1,750,000.

b. Counterparty risk

Due to its use of derivatives to minimise its interest and exchange rate risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, the Group relies solely on major international banks for its hedging operations.

c. Interest rate risk management

Rodamco Sverige AB is exposed to interest rate fluctuations on its variable rate loans. Group's strategy regarding interest rate risk is to minimise the impact that changes in rates could have on earnings and cash flow and optimise the overall cost of financing in the medium term. In order to implement this strategy, the Group uses notably derivatives (mainly caps and swaps) to hedge its interest rate exposure. The Group's market transactions are confined exclusively to those interest hedging activities.

> Average cost of Debt

Rodamco Sverige's average cost of debt in 2019 stands at 1.9 %.

> Interest rate hedging transactions

The outstanding debt as at December 31, 2019 was hedged at 72% against an increase in variable rates. The Group's interest policy is covered by a macro hedging policy at the level of the shareholder, Unibail-Rodamco Westfield SE.

> Measuring interest rate risk

(KSEK)	Outstanding total at Dec. 31, 2019	
	Fixed rate	Variable rate ⁽¹⁾
Financial liabilities	(11,256,295)	(406,886)
Financial assets	2,977,868	96,552
Net financial liabilities before hedging programme	(8,278,427)	(310,334)
Micro-hedging	2,100,000	(2,100,000)
Net financial liabilities after micro-hedging ⁽²⁾	(6,178,427)	(2,410,334)
Swap rate hedging ⁽³⁾		-
Net debt not covered by swaps		(2,410,334)
Cap and floor hedging		-
Hedging balance	-	(2,410,334)

⁽¹⁾ Including index-linked debt.

⁽²⁾ Partners' current accounts are not included in variable-rate debt.

⁽³⁾ Forward hedging instruments are not accounted for in this table.

Interest rate sensitivity is not calculated at level of Rodamco Sverige AB but at Unibail-Rodamco Westfield SE, the parent company.

d. Currency exchange rate risk management

Regarding exchange rate risk, the Group aims to limit its net exposure to an acceptable level by taking up debt in the same currency, by using derivatives and by buying or selling foreign currencies at spot or forward rates.

> Measuring currency exchange rate exposure

The Group has activities and investments in countries inside the euro-zone (e.g. in Finland). When converted into SEK, the income and value of the Group's net investment may be influenced by fluctuations in exchange rates against the SEK. For these entities, all the transactions are done into euro reducing the exchange effects on earnings volatility and net valuation of the investment.

The Group's currency risk exposure is covered at the level of the shareholder Unibail-Rodamco Westfield SE for which euro is the Group presentation currency.

2.8 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

2.9 Financial commitments and guarantees

All significant commitments are shown below. The Group does not have any complex commitment.

2.9.1 Commitments given

Commitments given (KSEK)	Description	Maturities	Dec. 31, 2019	Dec. 31, 2018
1) Commitments related to the scope of the consolidated Group			720	702
Commitments given as part of specific transactions	- Warranties and bank letters given in the course of the ordinary business	2019+	720	702
2) Commitments related to Group financing			-	-
Financial guarantees given	- Mortgages and first lien lenders ⁽¹⁾	-	-	-
3) Commitments related to Group operational activities			171,221	172,499
Commitments related to development activities	- Commitments subject to conditions precedent	2019 to 2021	160,800	160,800
Commitments related to operating contracts	- Rental of premises and equipment	2019 to 2022	10,421	11,699
Total commitments given			171,941	173,201

2.9.2 Commitments received

Commitments received (KSEK)	Description	Maturities	Dec. 31, 2019	Dec. 31, 2018
1) Commitments related to Group financing			4,250,000	5,750,000
Financial guarantees received	- Bank loans guaranteed by Rodamco Sverige AB's shareholder, Unibail-Rodamco SE ⁽¹⁾	2019 to 2022	2,500,000	4,000,000
	- Refinancing agreements obtained but not used	2019+	1,750,000	1,750,000
2) Commitments related to Group operational activities			1,104,277	1,098,603
Other contractual commitments received related to operations	- Other	2019 to 2020	662,286	662,286
Assets received as security, mortgage or pledge, as well as guarantees received	- Guarantees received from tenants	2019+	441,991	436,317
Total commitments received			5,354,277	6,848,603

⁽¹⁾ These agreements are concluded in coordination with Rodamco Sverige AB's ultimate shareholder, Unibail-Rodamco Westfield SE. They are usually accompanied by a requirement for Unibail-Rodamco Westfield SE to meet specific target ratios based on revalued shareholders' equity, Group portfolio valuation and debt. Certain credit lines are also subject to an early prepayment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. Based on current forecasts, excluding exceptional circumstances, these thresholds on target ratios are not expected to be attained during the current year.

Commitments relating to operating leases

General overview of the main provisions of lease agreements

In Sweden, commercial lease agreements are covered by Chapter 12 of the Code of Land Laws. There is no minimum term of the lease, however three to five years is standard practice with a right to prolong the lease. Rents are usually received quarterly in advance and exclude services charges which are invoiced separately, such as tax and costs for the operation of the shopping centre. However, some old leases historically still include all charges.

Minimum guaranteed rents under leases

As at December 31, 2019, minimum future rents due under leases until the next possible termination date break down as follows:

Minimum future rents per year (KSEK)			
Year	Shopping Centres	Offices	Total
2020	1,004,442	88,921	1,093,363
2021	823,771	65,770	889,540
2022	649,966	29,473	679,439
2023	465,577	14,811	480,389
2024	399,478	10,117	409,595
2025	335,218	7,884	343,102
2026	318,624	4,117	322,741
2027	295,975	1,695	297,670
2028	276,059	1,695	277,754
2029	257,857	376	258,233
2030	244,482	376	244,859
Total	5,071,451	225,235	5,296,686

2.9.3 Contingent liabilities

The Group is involved in an arbitration procedure with PEAB involving claims regarding the development of Mall of Scandinavia. The process involves claims by both sides and is expected to take time to resolve.

Based on the risk analysis as of December 31, 2019, no provision was recorded in the consolidated accounts.

2.10 Employee remuneration and benefits

2.10.1 Salaries and remuneration

(KSEK)	2019	2018
Payment and benefits	93,063	82,964
Social contributions	24,313	22,554
Pension expenses	18,067	13,738
Total	135,443	119,256

Salaries and remuneration by country	2019			2018		
	Board, MD and senior executives	Other employee	Total	Board, MD and senior executives	Other employee	Total
Sweden						
Parent Company	19 368	76 903	96 271	13 296	74 522	87 818
Subsidiaries	3 276	26 982	30 258	3 287	21 751	25 037
Sweden, Total	22 644	103 885	126 529	16 582	96 273	112 855
Subsidiaries abroad						
Denmark	-	8 914	8 914	-	6 401	6 401
Subsidiaries abroad, total	0	8 914	8 914	0	6 401	6 401
Group Total	22 644	112 799	135 443	16 582	102 674	119 256

2019						
Salaries and remuneration Senior executives	Salaries/Directors fee	Variable compensation	Other benefits	Pensions expenses	Other compensations	Total
Chairman	-	-	-	-	-	0
Board	-	-	-	-	-	0
Manager Director	4,402	1,656	-	1,322	-	7,380
Other senior executives	9,712	1,995	-	3,557	-	15,264
Total	14,114	3,651	-	4,879	-	22,644
2018						
Salaries and remuneration Senior executives	Salaries/Directors fee	Variable compensation	Other benefits	Pensions expenses	Other compensations	Total
Chairman	-	-	-	-	-	0
Board	-	-	-	-	-	0
Manager Director	4,031	1,800	-	1,083	-	6,914
Other senior executives	5,795	1,400	-	1,396	-	8,591
Total	9,826	3,200	-	2,479	-	15,505

2.10.2 Number of employees

The average number of employees of the Group's companies breaks down as follows:

Regions	2019	2018
Sweden	99	101
<i>Of which women</i>	57	63
Denmark	9	8
<i>Of which women</i>	6	7
Total	108	109

Number of people in the Management Board	2019	2018
Board	3	3
<i>Of which women</i>	-	-
Senior executives incl. MD	6	4
<i>Of which women</i>	1	2

2.10.3 Employee benefits

Pension Plan

The Group has only defined contribution plans. The Pension expense related to the cost that affected net income statement. The retirement age for employees of the company is 65 years.

Stock option plans

Members of the Board of Directors and other senior staff are granted stock-options and performance shares, whose plans are set up at Unibail Rodamco Westfield level.

The total expense recognized in the profit & loss account for share based payments in 2019 amounts to KSEK 6,337 compared to KSEK 4,924 in 2018.

2.11 Related party disclosures

The consolidated financial statements include all of the companies in the Group's scope of consolidation (see section 2.4 "Scope of consolidation").

The parent company is Rodamco Sverige AB.

Rodamco Sverige AB has a related party relationship with its shareholder Unibail-Rodamco Westfield SE and some of its subsidiaries.

Transactions with the major shareholder Unibail-Rodamco Westfield SE and its subsidiaries

The relation between Rodamco Sverige AB and its shareholder Unibail-Rodamco Westfield SE involves transactions including cost charges that are common practice and at arm's length. These cost charges include cost charges for management and stock option schemes among other cost charges.

The main related party transactions with Unibail-Rodamco Westfield SE and its subsidiaries are detailed below:

(KSEK)	Dec. 31, 2019	Dec. 31, 2018
Parent company borrowings ⁽¹⁾	9,163,182	7,652,506
Charges and premiums on issues of parent company borrowings	(21,761)	(8,349)
Accrued interests on parent company borrowings	-	-
Current accounts to balance out cash flows	-	-
Amounts due to suppliers and other current debt	68,942	98,490
Total liabilities	9,210,362	7,742,647
Trade receivables and other receivables	-	13
Current accounts receivables (cash-pooling)	2,973,580	203,318
Others	-	60
Total assets	2,973,580	203,391
Costs charges reinvoiced	(82,807)	(83,094)
Stock-option cost charges	(6,336)	(4,964)
Financial expenses	(212,258)	(273,024)
Net result	(301,401)	(361,081)

⁽¹⁾ Correspond to the loans provided by the parent company Unibail Rodamco SE to the Rodamco Europe subsidiaries. All these loans were concluded at market conditions.

Based on the financial performance of the parent company Unibail-Rodamco Westfield SE, no provision for doubtful accounts is needed.

All transactions between the Group and its related parties are done on an arm's length basis.

2.12 Post-closing events

The COVID-19 crisis continues to evolve rapidly. Lately several governments in the markets, in which the Group operates, have taken additional measures to contain the spread of the virus. These actions will affect Unibail-Rodamco-Westfield's operations. The group's primary focus is now on protecting the health and safety of its employees, tenants and visitors. Unibail-Rodamco-Westfield is closely monitoring the latest health guidelines issued by WHO, national, regional and local authorities and adapting its operations in accordance with this.

At this stage, it is too early to determine the impact of the situation on contractual commitments for the Group's resellers and other partners or to estimate the effect of any support measures that the Group may decide on. The Group has initiated an active dialogue with tenants on how to handle these challenges and has in some cases granted deferral of paying the rents. In addition, Unibail-Rodamco-Westfield actively reduces administrative costs, postpones non-essential investments and will make use of relevant measures provided by the authorities to help companies through the crisis. The number of bankruptcies in our shopping centers has increased during the first quarter of 2020 and we are following the trend closely.

Considering the situation, Unibail-Rodamco-Westfield has taken all the precautionary measures necessary to ensure its access to liquidity. The parent company can provide capital contributions if needed within the group. At any stage where Unibail-Rodamco-Westfield in Sweden would need to strengthen liquidity, this can be solved through loans globally within the group.

AUDITOR'S REPORT

To the general meeting of the shareholders of Rodamco Sverige AB
corporate identity number 556201-8654

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Rodamco Sverige AB for the financial year 2019-01-01 - 2019-12-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that,

in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investment properties

The Rodamco Sverige group's investment properties are reported at fair value and as of 31 December 2019 the property portfolio was valued to 34 202 Mkr. As of year-end all properties in the portfolio have been valued by an external appraiser. The valuation is performed through individual assessments of each property's future cash flows and yield. Changes in fair value can occur either due to macro- and microeconomic or property-specific factors. As the valuations are subject to material estimates and assessments that may have a significant impact on the group's financial performance and position, we have assessed this to be a key audit matter.

For additional information see section 2.2.6 and the group's note 1 in the annual report.

Our audit procedures

Our audit procedures included, but were not limited to:

- Review of the group's routines and processes to ensure the external appraiser receives correct input data and that the assessments made by the external appraiser are reasonable.
- Review of input data and calculations in the external property valuations and assessment of accuracy and completeness.
- Evaluation of competence and independence of the external appraiser.
- Review of the accuracy and completeness of relevant disclosures in the annual report.

Provisions for litigation and arbitrations

The Rodamco Sverige group is exposed to potential litigation and involved in arbitrations. The outcome of these litigations and arbitrations is uncertain and the accounting treatment is subject to a significant degree of judgement regarding future events. Due to this, we have assessed this to be a key audit matter.

For additional information see the group's note 11 and section 2.9.3 in the annual report.

Our audit procedures

Our audit procedures included, but were not limited to:

- Review of the group's routines and processes to

ensure material claims are captured and properly reflected in the financial statements.

- Collection of statements from the group's external legal counsels.
- Evaluation of the group's internal positions on ongoing litigation and arbitrations.
- Review of the accuracy and completeness of relevant disclosures in the annual report.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website:

www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Rodamco Sverige AB for the financial year 2019-01-01 - 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of my our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on page 2 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Rodamco Sverige AB by the general meeting of the shareholders on the 2019-06-24 and has been the company's auditor since 2019-06-24.

Stockholm 2020-04-30

Deloitte AB

Signature on Swedish original

Malin Lüning
Authorized Public Accountant

