

**RODAMCO SVERIGE AB**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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# 1. CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

## Consolidated statement of comprehensive income

(KSEK)	Notes	2020	2019
Gross rental income	13	1,346,323	1,573,827
Ground rents paid		(14)	-
Service charge income	14	393,120	443,514
Service charge expenses	14	(393,120)	(443,525)
Property operating expenses	15	(182,766)	(168,423)
<b>Net rental income</b>		<b>1,163,543</b>	<b>1,405,393</b>
Corporate expenses		(185,329)	(156,835)
Development expenses		(4,834)	(1,644)
<b>Administrative expenses</b>	16	<b>(190,163)</b>	<b>(158,479)</b>
Acquisition related costs		(162)	(16,971)
<b>Acquisition and related costs</b>	17	<b>(162)</b>	<b>(16,971)</b>
Proceeds from disposal of investment properties		177	994
Carrying value of investment properties sold		(225)	-
<b>Result on disposal of investment properties</b>	18	<b>(48)</b>	<b>994</b>
Proceeds from disposal of shares		(25)	1,703,092
Carrying value of disposed shares		-	(1,575,482)
<b>Result on disposal of shares</b>	2.2.2	<b>(25)</b>	<b>127,610</b>
Valuation gains on assets		-	833,564
Valuation losses on assets		(3,043,924)	(577,737)
<b>Valuation movements on assets</b>	19	<b>(3,043,924)</b>	<b>255,827</b>
<b>NET OPERATING RESULT BEFORE FINANCING COST</b>		<b>(2,070,779)</b>	<b>1,614,374</b>
Result from non-consolidated companies		(240)	12
<i>Financial income</i>		18,222	26,324
<i>Financial expenses</i>		(260,495)	(277,362)
Net financing costs	20	(242,273)	(251,038)
Fair value adjustments of derivatives and debt	21	26,891	53,904
<b>RESULT BEFORE TAX</b>		<b>(2,286,401)</b>	<b>1,417,252</b>
Income tax expenses	22	466,729	(303,463)
<b>NET RESULT FOR THE PERIOD</b>		<b>(1,819,672)</b>	<b>1,113,789</b>
Non-controlling interests		(604)	(212)
<b>NET RESULT (Owners of the parent)</b>		<b>(1,819,068)</b>	<b>1,114,001</b>
Average number of shares (undiluted)		41,206,671	41,206,671
Net result for the period (Owners of the parent)		(1,819,068)	1,114,001
<b>Net result for the period per share (Owners of the parent) (SEK)</b>		<b>(44.14)</b>	<b>27.03</b>
Average number of shares (diluted)		41,206,671	41,206,671
<b>Diluted net result per share (Owners of the parent) (SEK)</b>		<b>(44.14)</b>	<b>27.03</b>
<b>NET COMPREHENSIVE INCOME (KSEK)</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>NET RESULT FOR THE PERIOD</b>		<b>(1,819,672)</b>	<b>1,113,789</b>
Foreign currency differences on translation of financial statements of subsidiaries		(75,367)	38,334
Cash flow hedge		-	-
<b>Other comprehensive income which can be reclassified to profit or loss</b>		<b>(75,367)</b>	<b>38,334</b>
<b>Other comprehensive income reclassified to profit or loss</b>		<b>-</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(75,367)</b>	<b>38,334</b>
<b>NET COMPREHENSIVE INCOME</b>		<b>(1,895,039)</b>	<b>1,152,123</b>
Non-controlling interests		(982)	(121)
<b>NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)</b>		<b>(1,894,057)</b>	<b>1,152,244</b>

Consolidated statement of financial position

<b>(KSEK)</b>	<b>Notes</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
<b>NON CURRENT ASSETS</b>		<b>31,350,700</b>	<b>34,354,687</b>
<b>Investment properties</b>	1	<b>31,343,338</b>	<b>34,348,280</b>
<i>Investment properties at fair value</i>		<i>31,151,556</i>	<i>34,202,194</i>
<i>Investment properties at cost</i>		<i>191,782</i>	<i>146,086</i>
Other tangible assets	2	4,936	6,058
Financial assets	3	374	349
Derivatives at fair value	8	2,052	-
<b>CURRENT ASSETS</b>		<b>3,382,035</b>	<b>3,421,168</b>
<b>Trade receivables from activity</b>	4	<b>138,084</b>	<b>123,728</b>
<b>Other trade receivables</b>	5	<b>201,712</b>	<b>223,020</b>
Tax receivables		92,523	47,895
Other receivables		27,235	41,511
Prepaid expenses		81,954	133,614
<b>Cash and cash equivalents</b>	6	<b>3,042,239</b>	<b>3,074,420</b>
Cash		2,933,288	2,977,868
Financial assets		108,951	96,552
<b>TOTAL ASSETS</b>		<b>34,732,735</b>	<b>37,775,854</b>
<b>Shareholders' equity (Owners of the parent)</b>		<b>18,562,317</b>	<b>20,456,375</b>
Share capital		1,648,267	1,648,267
Additional paid-in capital		11,739	11,739
Consolidated reserves		18,267,157	17,153,157
Foreign currency translation reserves		454,222	529,211
Consolidated result		(1,819,068)	1,114,001
<b>Non-controlling interests</b>		<b>43,736</b>	<b>41,782</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>18,606,052</b>	<b>20,498,157</b>
<b>NON CURRENT LIABILITIES</b>		<b>12,491,219</b>	<b>14,764,722</b>
<b>Long-term bonds and borrowings</b>	7	<b>8,393,202</b>	<b>10,169,471</b>
Derivatives at fair value	8	-	7,608
Deferred tax liabilities	9	3,969,251	4,466,354
Guarantee deposits		128,766	121,289
<b>CURRENT LIABILITIES</b>		<b>3,635,464</b>	<b>2,512,975</b>
<b>Amounts due to suppliers and other current debt</b>		<b>1,134,580</b>	<b>1,001,184</b>
Amounts due to suppliers	12	89,711	68,884
Amounts due on investments	11	204,431	290,719
Sundry creditors	12	231,540	186,603
Other liabilities	12	608,898	454,978
<b>Current borrowings and amounts due to credit institutions</b>	7	<b>2,470,669</b>	<b>1,475,428</b>
<b>Short-term provisions</b>	10	<b>30,215</b>	<b>36,363</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>34,732,735</b>	<b>37,775,854</b>

Consolidated statement of cash flows

(KSEK)	Notes	2020	2019
<b>Operating activities</b>			
<b>Net result</b>		<b>(1 819 672)</b>	<b>1 113 789</b>
Depreciation & provisions <sup>(1)</sup>		20 946	41 247
Changes in value of property assets		3 043 924	(255 827)
Changes in value of financial instruments		(26 891)	(53 904)
Net capital gains/losses on sales of properties <sup>(2)</sup>		73	(125 977)
Net financing costs		242 273	251 038
Income tax charge		(466 729)	303 463
<b>Cash flow before net financing costs and tax</b>		<b>993 924</b>	<b>1 273 829</b>
Income tax paid		(5 405)	(37 610)
Change in working capital requirement		247 952	(93 041)
<b>Total cash flow from operating activities</b>		<b>1 236 471</b>	<b>1 143 178</b>
<b>Investment activities</b>			
<b>Property activities</b>		<b>(295 293)</b>	<b>1 908 098</b>
Amounts paid for works and acquisition of property assets		(295 451)	(517 482)
Repayment of property financing		-	-
Disposal of shares/consolidated subsidiaries	23	(19)	2 424 586
Disposal of investment properties		177	994
<b>Financial activities</b>		<b>-</b>	<b>-</b>
<b>Total cash flow from investment activities</b>		<b>(295 293)</b>	<b>1 908 098</b>
<b>Financing activities</b>			
Change in capital from company with non controlling shareholders		2 945	-
Distribution paid to parent company shareholders		(15)	(41 726)
New borrowings and financial liabilities	7	51 147	1 520 135
Repayment of borrowings and financial liabilities	7	(848 372)	(1 512 272)
Financial income		18 223	37 371
Financial expenses		(255 524)	(201 769)
<b>Total cash flow from financing activities</b>		<b>(1 031 596)</b>	<b>(198 261)</b>
<b>Change in cash and cash equivalents during the period</b>		<b>(90 417)</b>	<b>2 853 015</b>
<b>Cash at the beginning of the year</b>		<b>3 074 422</b>	<b>271 816</b>
<b>Effect of exchange rate fluctuations on cash held</b>		<b>58 234</b>	<b>(50 409)</b>
<b>Cash at period-end <sup>(3)</sup></b>	24	<b>3 042 239</b>	<b>3 074 422</b>

<sup>(1)</sup> Includes straightlining of key money and lease incentives.

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

<sup>(3)</sup> 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 <sup>(1)</sup>	Total Owners of the parent	Non-controlling interests	Total Shareholder's equity
<b>Balance as at December 31, 2018</b>	<b>1,648,267</b>	<b>11,739</b>	<b>15,837,214</b>	<b>1,316,070</b>	<b>490,968</b>	<b>19,304,258</b>	<b>41,898</b>	<b>19,346,156</b>
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
<b>Net comprehensive income</b>	-	-	-	<b>1,114,001</b>	<b>38,243</b>	<b>1,152,244</b>	<b>(121)</b>	<b>1,152,123</b>
Earnings appropriation	-	-	1,316,070	(1,316,070)	-	-	-	-
Dividend related to 2019	-	-	-	-	-	-	-	-
Group contribution related to 2019	-	-	(15) <sup>(2)</sup>	-	-	(15)	-	(15)
Other movements	-	-	(112)	-	-	(112)	5	(107)
<b>Balance as at December 31, 2019</b>	<b>1,648,267</b>	<b>11,739</b>	<b>17,153,157</b>	<b>1,114,001</b>	<b>529,211</b>	<b>20,456,375</b>	<b>41,782</b>	<b>20,498,157</b>
Profit or loss of the period	-	-	-	(1,819,068)	-	(1,819,068)	(604)	(1,819,672)
Other comprehensive income	-	-	-	-	(74,989)	(74,989)	(378)	(75,367)
<b>Net comprehensive income</b>	-	-	-	<b>(1,819,068)</b>	<b>(74,989)</b>	<b>(1,894,057)</b>	<b>(982)</b>	<b>(1,895,039)</b>
Earnings appropriation	-	-	1,114,001	(1,114,001)	-	-	-	-
Dividend related to 2020	-	-	-	-	-	-	-	-
Group contribution related to 2020	-	-	-	-	-	-	-	-
Increase in capital	-	-	-	-	-	-	2,936	2,936
Other movements	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2020</b>	<b>1,648,267</b>	<b>11,739</b>	<b>18,267,157</b>	<b>(1,819,068)</b>	<b>454,222</b>	<b>18,562,317</b>	<b>43,735</b>	<b>18,606,052</b>

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

<sup>(2)</sup> 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

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### 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 Highlights and comparability of the last two years

#### 2.2.1 In 2020

The COVID-19 pandemic has significantly impacted the Group's business in 2020.

#### **Tenant negotiations and rent relief**

From the start of the COVID-19 crisis, the Group first adopted a global policy of allowing temporary deferral of rents, before starting discussions with tenants about the terms of any support, such as rent relief, offered by the Group.

In Sweden and Denmark, the government created state subsidy programmes focused specifically on supporting retail tenants.

#### *Accounting principles*

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g. extension of a lease term or higher Sales Based Rent), IFRS 16 applies, under which, the relief is treated as a lease incentive which is straight-lined over the expected term of the lease as a reduction of the Gross Rental Income.

Rent reliefs for which a counterpart is expected and not yet signed are part of the receivables on which an expected credit loss is calculated.

As a reminder, the provision for doubtful debtors is recorded in the Net rental income as an Operating expense.

Rent reliefs signed or expected to be signed, granted without any counterpart from the tenants are considered as a reduction of the receivables and are charged to the income statement as a reduction of the Gross Rental Income in 2020.

As at December 31, 2020, rent relief signed or expected to be signed amounted to an estimated cash impact of KSEK 83,919. The full amount has been charged to the income statement during this period.

The Group carried out a detailed review of all the tenants receivables as at December 31, 2020, and the provision for doubtful debtors was estimated according to IFRS 9 (see note 2.7.3. "Credit risk").

The total accounts receivable (net of provision for doubtful debtors) from the Group's tenants increased by KSEK 14,356 vs. December 31, 2019. Over fiscal year 2020, -KSEK 28,644 of accounts receivable provision were charged to the income statement under the item "property operating expenses".

As at December 31, 2020, the provision for doubtful debtors amounted to -KSEK 57,458 compared to -KSEK 43,689 at the end of December 31, 2019.

#### **Valuation of investment properties**

As for each closing, investment properties have been valued by external independent appraisers as described in the note 2.3.6 "Asset valuation methods".

In 2020, valuation of investment properties decreased by KSEK 3,043,924.

## 2.2.2 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.

## 2.3 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, 2020 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](http://ec.europa.eu/finance/company-reporting/ifrs-financialstatements/index_en.htm).

### 2.3.1 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, 2019, except for the application of the new obligatory standards and interpretations described below.

#### *Standards, amendments and interpretations effective as of January 1, 2020*

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2;
- Amendments to IFRS 4: Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 3: Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards.

These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at December 31, 2020.

The amendment to IFRS 16 Leases, COVID-19-Related Rent Concessions, adopted on October 9, 2020, is effective from June 1, 2020.

#### *Standards, amendments and interpretations not mandatorily applicable as of January 1, 2020*

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

- IFRS 17: Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current;
- Amendments to:
  - IFRS 3: Business Combinations;
  - IAS 16: Property, Plant and Equipment;
  - IAS 37: Provisions, Contingent Liabilities and Contingent Assets;
  - Annual Improvements 2018-2020.

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

### 2.3.2 Estimates and assumptions

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by the management in the evolving context of the COVID-19 pandemic and of difficulties in assessing its impact and future prospects. In this context, management has taken into account these uncertainties on the basis of reliable information available at the date of the preparation of the consolidated financial statements, particularly with regards to doubtful debtors provisions and rent relief accruals, to the fair value of investment properties and financial instruments as well as the testing of goodwill and intangible assets.

Due to inherent uncertainties associated with estimates, the Group reviews those estimates based on regularly updated information. Actual results might eventually differ from estimates made at the date of the preparation of the consolidated financial statements.

The most significant estimates are set out in the following sections: for the valuation of investment properties in section 2.3 § 2.3.6 “Asset valuation methods” and section 2.6 note 1 “Investment properties”, for provision for doubtful debtors in note 2.7.3 “credit risk” 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 used by the Shopping Centres & Offices segments are valued by independent appraisers. 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 and incentives), in the applied required returns or discount rates or in the yield applied to capitalize the exit rent to determine an exit value.

### 2.3.3 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.

### 2.3.4 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.

### 2.3.5 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.

#### **2.3.6 Asset valuation methods**

##### ***Investment properties (IAS 40 & IFRS 13)***

In accordance with 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.

The Group complies with the IFRS 13 fair value measurement rule and the position paper<sup>1</sup> 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. Capitalised expenses include capital expenditures, evictions costs, capitalised financial interests, external letting fees invoiced by third parties and other internal costs related to development projects.

In accordance with IFRS 16 and IAS 40, the right-of-use assets arising from leased property which meet the definition of an investment property are measured at fair value.

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 a qualified external appraiser twice a year. 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.

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

For properties measured at fair value, the market value adopted by the Group is determined on the basis of appraisals by qualified independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. The gross value is reduced by disposal costs and transfer taxes<sup>1</sup>, depending on the country and on the tax situation of the property, in order to arrive at a net market value.

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 m<sup>2</sup> 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 confidential 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 and incentives, rent relief and lower variable rents in the context of the COVID-19 pandemic), in the applied required returns or discount rates and in the yield applied to capitalize the exit rent to determine an exit value.

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].

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 under construction carried at cost are subject to impairment tests, determined on the basis of the estimated recoverable value of the project. The recoverable value of a project is assessed, for significant projects by a qualified external appraiser and for others internally 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 recorded.

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.

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 or when an asset is available for sale.

### **2.3.7 Revenue recognition**

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<sup>1</sup> 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.

### Accounting treatment of investment property leases

Assets leased are recorded in the statement of financial position as investment property assets. Gross rental revenue is recorded on a straight-line basis over the expected term of the lease.

In case of an Investment Property Under Construction (IPUC), revenues are recognised once spaces are delivered to tenants.

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g. extension of a lease term or higher Sales Based Rent), IFRS 16 applies, under which, the relief is treated as a lease incentive which is straight-lined over the expected term of the lease as a reduction of the Gross Rental Income.

Rent reliefs for which a counterpart is expected and not yet signed are part of the receivables on which an expected credit loss is calculated.

Rent reliefs signed or expected to be signed, granted without any counterpart from the tenants are considered as a reduction of the receivables and are charged to the income statement as a reduction of the Gross Rental Income in 2020.

### Rents and key money

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

Under IFRS 16, the effects of rent-free periods, step rents, other rents incentives and key money are spread over the expected term of the lease.

## 2.3.8 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.

### **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 only uses derivative financial instruments to hedge exposure to movements in interest rate on its external debt.

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 are recognised in the income statement for the period.

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.

There is no currency derivatives aim at hedging Foreign exchange risk.

### **c) Accounting for impairment for financial assets**

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.

#### **2.3.9 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.

#### **2.3.10 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.

### 2.3.11 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.

### 2.3.12 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. The sole asset in Finland was disposed early 2019

### 2.3.13 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.

### 2.3.14 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.

## 2.4 Business segment report

### Consolidated income statement by segment

(KSEK)		2020			2019		
		Recurring activities	Non recurring activities <sup>(1)</sup>	Result	Recurring activities	Non recurring activities (1)	Result
SHOPPING CENTRES	Gross rental income	1,214,541		1,214,541	1,442,826		1,442,826
	Operating expenses & net service charges	(158,133)		(158,133)	(143,495)		(143,495)
	<b>Net rental income</b>	<b>1,056,407</b>	-	<b>1,056,407</b>	<b>1,299,332</b>	-	<b>1,299,332</b>
	Gains on sales of properties		(52)	(52)		127,857	127,857
	Valuation movements		(3,019,884)	(3,019,884)		262,023	262,023
	<b>TOTAL RESULT SHOPPING CENTRES</b>	<b>1,056,407</b>	<b>(3,019,936)</b>	<b>(1,963,528)</b>	<b>1,299,332</b>	<b>389,879</b>	<b>1,689,211</b>
OFFICES & OTHERS	Gross rental income	131,782		131,782	131,001		131,001
	Operating expenses & net service charges	(24,647)		(24,647)	(24,939)		(24,939)
	<b>Net rental income</b>	<b>107,135</b>	-	<b>107,135</b>	<b>106,062</b>	-	<b>106,062</b>
	Gains on sales of properties			-		747	747
	Gains on sales of shares			-			-
	Valuation movements		(24,061)	(24,061)		(6,196)	(6,196)
<b>TOTAL RESULT OFFICES &amp; OTHERS</b>	<b>107,135</b>	<b>(24,061)</b>	<b>83,074</b>	<b>106,062</b>	<b>(5,449)</b>	<b>100,613</b>	
	Other property services net operating profit	-	-	-	-	-	-
	General expenses	(185,329)	-	(185,329)	(156,835)	-	(156,835)
	Development costs	(4,834)	-	(4,834)	(1,644)	-	(1,644)
	Acquisition and related costs	-	(162)	(162)	-	(16,971)	(16,971)
<b>TOTAL OPERATING RESULT AND OTHER INCOME</b>		<b>973,379</b>	<b>(3,044,159)</b>	<b>(2,070,779)</b>	<b>1,246,915</b>	<b>367,459</b>	<b>1,614,374</b>
	Other net income	(240)	-	(240)	12	-	12
	Financing result	(242,273)	26,891	(215,382)	(251,038)	53,904	(197,134)
				-			-
<b>RESULT BEFORE TAX</b>		<b>730,867</b>	<b>(3,017,268)</b>	<b>(2,286,401)</b>	<b>995,889</b>	<b>421,363</b>	<b>1,417,252</b>
	Income tax expenses	24,746	441,983	466,729	1,186	(304,650)	(303,463)
<b>NET RESULT FOR THE PERIOD</b>		<b>755,613</b>	<b>(2,575,285)</b>	<b>(1,819,672)</b>	<b>997,075</b>	<b>116,713</b>	<b>1,113,789</b>
	Non-controlling interests	(594)	(10)	(604)	(192)	(20)	(212)
<b>NET RESULT - OWNERS OF THE PARENT</b>		<b>756,208</b>	<b>(2,575,275)</b>	<b>(1,819,068)</b>	<b>997,267</b>	<b>116,733</b>	<b>1,114,001</b>
Average number of shares		41,206,671			41,206,671		
<b>RECURRING RESULT PER SHARE (SEK)</b>		<b>18.35</b>			<b>24.20</b>		

<sup>(1)</sup> 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 2020**

(KSEK)	Shopping Centres	Offices & Others	Not allocated	TOTAL 2020
Gross rental income	1,214,541	131,782	-	1,346,323
<b>Net rental income</b>	<b>1,056,408</b>	<b>107,135</b>	-	<b>1,163,543</b>
Administrative expenses	-	-	(190,325)	(190,325)
Result on disposal of investment properties and shares	(73)	-	-	(73)
Valuation movements	(3,019,863)	(24,061)	-	(3,043,924)
<b>Net operating result before financing cost</b>	<b>(1,963,527)</b>	<b>83,074</b>	<b>(190,325)</b>	<b>(2,070,779)</b>
Result from non-consolidated companies			(240)	(240)
Net financing costs			(242,273)	(242,273)
Fair value adjustments of derivatives and debt & debt discounting			26,891	26,891
<b>Result before tax</b>				<b>(2,286,401)</b>
Income tax expenses			466,729	466,729
<b>Net result for the period</b>				<b>(1,819,672)</b>

**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
<b>Net rental income</b>	<b>1,299,332</b>	<b>106,062</b>	-	<b>1,405,393</b>
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
<b>Net operating result before financing cost</b>	<b>1,689,211</b>	<b>100,613</b>	<b>(175,450)</b>	<b>1,614,374</b>
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
<b>Result before tax</b>			-	<b>1,417,252</b>
Income tax expenses			(303,463)	(303,463)
<b>Net result for the period</b>				<b>1,113,789</b>

**December 31, 2020**
*Statement of financial position by segment*

(KSEK)	Shopping Centres	Offices & Others	Not allocated <sup>(1)</sup>	Dec. 31, 2020
Investment properties at fair value	29,502,082	1,649,474	-	<b>31,151,556</b>
Investment properties at cost	126,214	65,568	-	<b>191,782</b>
Other tangible assets	-	-	4,936	<b>4,936</b>
Other non current assets	349	-	2,077	<b>2,426</b>
<b>Total non current assets</b>	<b>29,628,645</b>	<b>1,715,042</b>	<b>7,013</b>	<b>31,350,700</b>
<b>Total current assets</b>	<b>338,948</b>	<b>5,576</b>	<b>3,037,511</b>	<b>3,382,035</b>
<b>Total Assets</b>	<b>29,967,593</b>	<b>1,720,618</b>	<b>3,044,525</b>	<b>34,732,735</b>
<b>Total Liabilities excluding shareholders' equity</b>	<b>5,261,431</b>	<b>1,040</b>	<b>10,864,212</b>	<b>16,126,683</b>

<sup>(1)</sup> Relates to structure properties, furniture and equipments items.



**Investments by segment**

(KSEK)	Shopping Centres	Offices & Others	Total 2020
Investments in investment properties at fair value	149,983	11,436	<b>161,419</b>
Investment in investment properties at cost <sup>(1)</sup>	24,123	27,964	<b>52,087</b>
<b>Total investments</b>	<b>174,106</b>	<b>39,400</b>	<b>213,506</b>

<sup>(1)</sup> Before transfer between category of investment property.

**December 31, 2019****Statement of financial position by segment**

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

<sup>(1)</sup> 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	<b>405,483</b>
Investment in investment properties at cost <sup>(1)</sup>	40,336	22,860	<b>63,196</b>
<b>Total investments</b>	<b>430,775</b>	<b>37,904</b>	<b>468,679</b>

<sup>(1)</sup> Before transfer between category of investment property.

## 2.5 Scope of consolidation

### 2.5.1 List of the consolidated entities

List of consolidated companies	Country	Method <sup>(1)</sup>	% interest	% control	% interest
			Dec. 31, 2020	Dec. 31, 2020	Dec. 31, 2019
Rodamco Sverige AB	Sweden	FC	100,00	100,00	100,00
<b>SHOPPING CENTRES</b>					
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
<b>SERVICES</b>					
Rodamco Projekt AB	Sweden	FC	100,00	100,00	100,00
<b>HOLDINGS AND OTHER</b>					
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	-	merged	merged	100,00
Rodamco Expand AB	Sweden	-	merged	merged	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

<sup>(1)</sup> FC: full consolidation method, JO: joint operations.

## 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 2.3 “Accounting principles and consolidation methods” § 2.3.6 “Asset valuation methods”.

As at December 31, 2020, the outstanding balances of deferred lease incentives and key monies amortised over the expected term of the lease and deducted from the appraisal value represented KSEK 96,271.

The Group complies with the IFRS 13 fair value measurement and the position paper <sup>1</sup> 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.

<b>Shopping Centres - Dec. 31, 2020</b>		Net Initial Yield	Rent in SEK per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
Nordics	Max	5.2%	4,226	8.5%	5.5%	5.6%
	Min	3.7%	1,808	6.3%	4.3%	3.8%
	Weighted average	4.1%	3,525	6.8%	4.5%	4.7%

<b>Shopping Centres - Dec. 31, 2019</b>		Net Initial Yield	Rent in SEK per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
Nordics	Max	5.3%	4,754	8.3%	5.2%	3.8%
	Min	3.7%	1,980	6.1%	3.9%	2.5%
	Weighted average	4.1%	3,971	6.5%	4.1%	3.4%

Net Initial Yield (NIY), Discount Rate (DR) 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, 2020 came to 4.1% vs. 4.1% at year end 2019.

A change of +25 basis points (bps) in NIY, the main output of the appraisal models, would result in a downward adjustment of -KSEK 1,786,710 (or -5.8%) of Rodamco Sverige’s Shopping Centre portfolio value.

A change of +25 basis points in Discount rate (DR) would have a negative impact of -KSEK 638,173 (or -2.1%) on Rodamco Sverige’s Shopping Centre portfolio value.

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

A change of +10 basis points in the Exit Capitalisation Rate (ECR) would have a negative impact of -KSEK 379,263 (or -1.2%) on Rodamco Sverige's Shopping Centre portfolio value.

A decrease of -5% in appraisers' Estimated Rental Value (ERV) assumptions for the leases to be signed during the model period would have a negative impact of -KSEK 1,163,429 Mn (or -3.8%) on Rodamco Sverige's Shopping Centre portfolio value.

Shopping Centre portfolio by region	Dec. 31, 2020				Dec. 31, 2019			
	Valuation including transfer taxes	Valuation excluding estimated transfer taxes	Net Initial Yield (a)	Potential Yield	Valuation including transfer taxes	Valuation excluding estimated transfer taxes	Net Initial Yield (a)	Potential Yield
	SEK Mn	SEK Mn			SEK Mn	SEK Mn		
Nordics	31 055	30 440	4,1%	4,5%	34 284	33 589	4,1%	4,3%

(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

### Vacancy rate

Potential rents from vacant space in operation in Nordics shopping centres amounted to KSEK 134,205 at December 31, 2020. This represents a final vacancy rate of 9.3% 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, 2020.

### Changes in investment properties at fair value

#### 2020 change

(KSEK)	Dec. 31, 2019	Acquisitions	Capitalised expenses	Disposals / exit from the scope of consolidation	Reclassification and transfer of category	Valuation movements	Discounting impact	Currency translation	Dec. 31, 2020
Shopping Centres	32,537,558	-	149,983	(225)	(2,539)	(3,019,863)	-	(162,832)	29,502,082
Offices	1,664,636	-	11,436	-	(2,537)	(24,061)	-	-	1,649,474
<b>Total investment properties</b>	<b>34,202,194</b>	<b>-</b>	<b>161,419</b>	<b>(225)</b>	<b>(5,076)</b>	<b>(3,043,924)</b>	<b>-</b>	<b>(162,832)</b>	<b>31,151,556</b>
Assets held for sale	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>34,202,194</b>	<b>-</b>	<b>161,419</b>	<b>(225)</b>	<b>(5,076)</b>	<b>(3,043,924)</b>	<b>-</b>	<b>(162,832)</b>	<b>31,151,556</b>

#### 2019 change

(KSEK)	Dec. 31, 2018	Acquisitions	Capitalised expenses	Disposals / exit from the scope of consolidation <sup>(1)</sup>	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
<b>Total investment properties</b>	<b>33,578,844</b>	<b>-</b>	<b>402,550</b>	<b>-</b>	<b>(86,074)</b>	<b>255,827</b>	<b>-</b>	<b>51,047</b>	<b>34,202,194</b>

<b>Assets held for sale</b>	<b>2,478,754</b>	<b>-</b>	<b>2,933</b>	<b>(2,512,227)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,540</b>	<b>-</b>
<b>Total</b>	<b>36,057,598</b>	<b>-</b>	<b>405,483</b>	<b>(2,512,227)</b>	<b>(86,074)</b>	<b>255,827</b>	<b>-</b>	<b>81,587</b>	<b>34,202,194</b>

<sup>(1)</sup> Relates to the disposal of Arlanda hotel.

*Changes in investment properties at cost*

(KSEK)	Dec. 31, 2019	Acquisitions	Capitalised expenses	Disposals / exit from the scope of consolidation (1)	Reclassifi- cation and transfer of category	Impairment	Currency translation difference	Dec. 31, 2020
Gross value	146,086	-	52,087	-	-	-	(6,390)	191,782
Amortisation	-	-	-	-	-	-	-	-
<b>Total investment properties at cost</b>	<b>146,086</b>	-	52,087	-	-	-	(6,390)	191,782
Properties under promise or mandate of sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>146,086</b>	-	52,087	-	-	-	(6,390)	191,782

*Note 2 – Other tangible assets*

**2020 Change**

Net value (KSEK)	Dec. 31, 2019	Acquisitions and capitalised expenses	Disposals/ exits from the scope of consolidation	Currency translation	Depreciation	Other movements	Dec. 31, 2020
Gross value	25,665	735	(175)	(111)	-	-	26,114
Depreciation	(19,607)	-	175	111	(1,857)	-	(21,178)
<b>Total</b>	<b>6,058</b>	<b>735</b>	<b>-</b>	<b>(0)</b>	<b>(1,857)</b>	<b>-</b>	<b>4,936</b>

**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)
<b>Total</b>	<b>10,149</b>	<b>672</b>	<b>(2,669)</b>	<b>2</b>	<b>(2,096)</b>	<b>-</b>	<b>6,058</b>

*Note 3 – Financial assets*

This item comprises the shares of non-consolidated companies.

*Note 4 – Trade receivables from activity*

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

<b>Trade related receivables (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Trade receivables	99,272	59,302
Rent-free periods and step rents	96,271	108,115
<b>Gross value</b>	<b>195,543</b>	<b>167,417</b>
Provisions for doubtful accounts	(57,458)	(43,689)
<b>Net</b>	<b>138,084</b>	<b>123,728</b>

<b>Breakdown of trade receivables by business line (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Shopping Centres	137,516	121,805
Offices & Others	568	1,923
<b>Total</b>	<b>138,084</b>	<b>123,728</b>

<b>Changes in provisions for doubtful accounts (KSEK)</b>	<b>2020</b>	<b>2019</b>
<b>As of January 1</b>	<b>(43,689)</b>	<b>(32,111)</b>
Currency translation adjustments	76	5
Change in scope of consolidation	-	1,379
Reclassifications	-	(1,516)
Additions	(28,644)	(11,446)
Use and reversal	14,799	-
<b>As of December 31</b>	<b>(57,458)</b>	<b>(43,689)</b>

*Note 5 – Other trade receivables*

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

<b>Tax receivables (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Value-Added Tax and other	92,523	47,895
Corporate income tax	-	-
<b>Total</b>	<b>92,523</b>	<b>47,895</b>

<b>Other receivables (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Receivables from suppliers	-	-
Other debtors	21,917	36,211
Receivables from partners	18	-
Accrued income receivables on swaps	5,300	5,300
<b>Gross value</b>	<b>27,235</b>	<b>41,511</b>
Provisions	-	-
<b>Net</b>	<b>27,235</b>	<b>41,511</b>

<b>Prepaid expenses (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Prepaid expenses	81,954	133,614
<b>Total</b>	<b>81,954</b>	<b>133,614</b>

*Note 6 – Cash and cash equivalents*

(KSEK)	Dec. 31, 2020	Dec. 31, 2019
Marketable securities <sup>(1)</sup>	108,951	96,552
Cash	174,035	4,288
Parent company cash pooling and credit facilities	2,759,253	2,973,580
<b>Total</b>	<b>3,042,239</b>	<b>3,074,420</b>

<sup>(1)</sup> This item comprises investments in money-market SICAV (marketable securities).

**2.6.2 Notes to the consolidated liabilities**

*Note 7 – 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, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
<b>Bonds and EMTNs</b>	<b>1,502,883</b>	<b>1,000,000</b>	-	<b>2,502,883</b>	<b>2,500,736</b>		
Principal debt	1,500,000	1,000,000	-	2,500,000	2,500,000		
Accrued interest on bonds and EMTNs	5,384	-	-	5,384	5,416		
Issuance costs	(2,501)	-	-	(2,501)	(4,680)		
<b>Bank borrowings</b>	<b>(2,308)</b>	-	-	<b>(2,308)</b>	<b>(3,546)</b>		
Principal debt	-	-	-	-	-		
Accrued interest on borrowings	85	-	-	85	76		
Borrowings issue fees	(2,393)	-	-	(2,393)	(3,622)		
Bank overdrafts	-	-	-	-	-		
Current accounts to balance out cash flow	-	-	-	-	-		
<b>Other financial liabilities</b>	<b>970,094</b>	<b>7,393,202</b>	-	<b>8,363,296</b>	<b>9,147,708</b>		
Parent company borrowings	938,104	7,389,559	-	8,327,663	9,163,182		
Accrued interest on parent company borrowings	46,459	-	-	46,459	-		
Charges and premiums on issues of parent company borrowings	(14,469)	-	-	(14,469)	(21,761)		
Current accounts with non-controlling interests	-	3,643	-	3,643	6,287		
<b>Total</b>	<b>2,470,669</b>	<b>8,393,202</b>	-	<b>10,863,871</b>	<b>11,644,899</b>		

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

	Dec. 31, 2019	Cash flows <sup>(1)</sup>		Variation of accrued interests <sup>(3)</sup>	Non-cash flows				Dec. 31, 2020
		Increase <sup>(2)</sup>	Decrease		Scope movements	Currency translation	Fair value impact	Others <sup>(4)</sup>	
<b>Bonds and EMTNs</b>	<b>2,500,736</b>	-	-	(32)	-	-	-	2,179	<b>2,502,883</b>
<b>Bank borrowings</b>	<b>(3,546)</b>	-	-	(7,198)	-	(73)	-	8,509	<b>(2,308)</b>
<b>Other financial liabilities</b>	<b>9,147,708</b>	419	(805,735)	7,206	-	(32,761)	-	45,459	<b>8,363,296</b>
<b>Total</b>	<b>11,644,898</b>	<b>419</b>	<b>(805,735)</b>	<b>(24)</b>	-	<b>(32,834)</b>	-	<b>57,147</b>	<b>10,863,871</b>

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

<sup>(2)</sup> Net of issuance costs and issue fees.

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

<sup>(4)</sup> Mainly reclassification of accrued interests, variation of bank overdrafts and amortization of issuance costs and fees.



> *Maturity of current principal debt*

(KSEK)	Current			Total Dec. 31, 2020
	Less than 1 month	1 month to 3 months	More than 3 months	
Bonds and EMTNs – principal debt	-	-	1,500,000	1,500,000
Parent company borrowings	-	-	938,103	938,103
<b>Total</b>	-	-	<b>2,438,103</b>	<b>2,438,103</b>

As at December 31, 2020, Rodamco Sverige's average debt maturity was 2.9 years after taking into account the confirmed unused credit lines.

> *Characteristics of bonds and EMTNs*

Issue date	Rate	Amount at Dec. 31, 2020 (KSEK)	Maturity
October 2016	Fixed rate 0.850% SEK	1,500,000	October 2021
June 2017	Fixed rate 0.875% SEK	600,000	June 2022
June 2017	Float rate SEK (Stib3M + 80bps)	400,000	June 2022
<b>Total</b>		<b>2,500,000</b>	

> *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, 2020		Dec. 31, 2019	
	Carrying value	Market value	Carrying value	Market value
<b>Long term debt</b>				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	10,404,314	10,634,714	11,226,232	11,168,924

*Note 8 – 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, 2020, for a net amount of KSEK 2,052.

These derivatives are swaps to hedge the KSEK 2,100,000 fixed interest external debt. Both swaps are measured at Fair Value and their exposition to the counterparty risk is not significant.

Derivatives are valued by discounted estimated future cash flows based on the interest rate curve at the end of December 2020. The valuation has been cross-checked against valuations by banks.

(KSEK)	Amounts recognised in the Statement of Comprehensive Income					Dec. 31, 2020
	Dec. 31, 2019	Net financing costs	Fair value adjustments of derivatives	Other comprehensive income	Currency translation	
<b>Assets</b>						
Derivatives at fair value	-	-	2,052	-	-	2,052
- Without a hedging relationship	-	-	2,052	-	-	2,052
<b>Liabilities</b>						
Derivatives at fair value	(7,608)	-	7,608	-	-	-
- Without a hedging relationship	(7,608)	-	7,608	-	-	-
<b>Net</b>	<b>(7,608)</b>	<b>-</b>	<b>9,660</b>	<b>-</b>	<b>-</b>	<b>2,052</b>

*Note 9 – Deferred tax*

**2020 Change**

(KSEK)	Dec. 31, 2019	Variation	Currency translation	Change in scope of consolidation	Dec. 31, 2020
<b>Deferred tax liabilities</b>					
Deferred tax on investment properties	(4,466,354)	472,134	24,969	-	(3,969,251)
<b>Deferred tax assets</b>					
Tax loss carry-forward <sup>(1)</sup>	-	-	-	-	-
<b>Total Deferred tax liabilities</b>	<b>(4,466,354)</b>	<b>472,134</b>	<b>24,969</b>	<b>-</b>	<b>(3,969,251)</b>
<b>Deferred tax assets</b>					
Tax loss carry-forward	-	-	-	-	-
<b>Total Deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Deferred tax assets and liabilities within a same tax group are offset.

**2019 Change**

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

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

**Unrecognised deferred tax assets**

As at December 31, 2020, there is no unrecognised deferred tax assets which was unchanged from December 31, 2019.

**Note 10 – Provisions****2020 Change**

(KSEK)	Dec. 31, 2019	Allocations	Reversals used	Reversals not used	Change in scope of consolidation	Other movements	Dec. 31, 2020
<b>Short term provisions</b>	<b>36,363</b>	-	<b>(5,989)</b>	-	-	<b>(159)</b>	<b>30,215</b>
Provisions for litigation	36,363	-	(5,989)	-	-	(159)	30,215
<b>Total</b>	<b>36,363</b>	-	<b>(5,989)</b>	-	-	<b>(159)</b>	<b>30,215</b>

**2019 Change**

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

### Note 11 – Amounts due on investments

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

### Note 12 – Amounts due to suppliers and other current debt

<b>Trade payables by segment (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Shopping Centres	89,507	67,871
Others	204	1,013
<b>Total</b>	<b>89,711</b>	<b>68,884</b>

<b>Sundry creditors<sup>(1)</sup> (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Due to customers	171,148	128,623
Due to partners	60,393	57,980
<b>Total</b>	<b>231,540</b>	<b>186,603</b>

<sup>(1)</sup> This item includes eviction costs.

<b>Other liabilities (KSEK)</b>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Prepaid income <sup>(1)</sup>	213,034	275,281
Social security liabilities	25,633	26,177
Value-added tax	163,937	94,756
Income tax due	42,415	34,626
Other tax liabilities	163,879	24,138
<b>Total</b>	<b>608,898</b>	<b>454,978</b>

<sup>(1)</sup> Mainly rents received in advance.

## **2.6.3 Notes to the consolidated statement of comprehensive income**

### Note 13 – 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 expected 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.

In 2020 gross rental income amounted to KSEK 1,346,323, a decrease of -14.5% compared to 2019. This decrease is mainly due to the negative impact of COVID-19 (rent relief, bankruptcies and increase of vacancy) and the impact of the disposal of Jumbo shopping centre in 2019 (see § 2.2.2).

### Note 14 – Net service charge expenses

According to IFRS 15, the Group presented separately service charge income and service charge expenses.

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

### Note 15 – 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 16 – Administrative expenses

In 2020, administrative expenses amounted to -KSEK 190,163.

This item comprises personnel costs, head office and Group administrative expenses, expenses relating to development projects and not capitalised. In 2020, this item includes KSEK 40.9 Mn (KSEK 38.5 Mn in 2019) of internal leasing fees previously capitalised.

Note 17 – Acquisitions costs

In 2020, acquisition and related costs amounted to -KSEK 162.

Note 18 – 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 19 – Valuation movements on assets

This item reflects changes in market valuation of investment properties.

(KSEK)	2020	2019
Shopping Centres	(3,019,863)	262,023
Offices & Others	(24,061)	(6,196)
<b>Total</b>	<b>(3,043,924)</b>	<b>255,827</b>

Note 20 – Net financing costs

(KSEK)	2020	2019
Other financial interest	222	248
Interest income on swaps	18,001	26,076
<b>Subtotal financial income</b>	<b>18,223</b>	<b>26,324</b>
Interest on bonds	(23,747)	(33,093)
Interest and expenses on borrowings	(209,067)	(217,928)
Interest on partners' advances	(419)	(498)
Other financial interest	(7,469)	(7,919)
Interest expenses on swaps	(19,794)	(17,924)
<b>Financial expenses before capitalised financial expenses</b>	<b>(260,496)</b>	<b>(277,362)</b>
Capitalised financial expenses	-	-
<b>Subtotal financial expenses</b>	<b>(260,496)</b>	<b>(277,362)</b>
<b>Total net financial expenses</b>	<b>(242,273)</b>	<b>(251,038)</b>

Note 21 – Fair value adjustments of derivatives and debt

During 2020, fair value adjustments of derivatives and debt mainly comprised:

- changes in fair value of derivatives (swaps) which generated a gain of +KSEK 9,660;
- 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 17,231.

*Note 22 – Income tax expenses*

(KSEK)	2020	2019
<b>Income tax expense recurring</b>	<b>278</b>	<b>(1,210)</b>
- Allocation / reversal of provision concerning tax issues	-	-
- Other recurring results	278	(1,210)
<b>Deferred tax expense / tax income recurring</b>	<b>24,468</b>	<b>2,396</b>
<b>Total recurring tax</b>	<b>24,746</b>	<b>1,186</b>
<b>Income tax expense non-recurring</b>	<b>(5,683)</b>	<b>(36,400)</b>
<b>Deferred tax expense / tax income non-recurring</b>	<b>447,666</b>	<b>(268,250)</b>
<b>Total non-recurring tax</b>	<b>441,983</b>	<b>(304,650)</b>
<b>Total tax</b>	<b>466,729</b>	<b>(303,463)</b>

<b>Reconciliation of effective tax rate</b>	<b>%</b>	<b>2020</b>
<b>Profit before tax, impairment of goodwill and result of associates</b>		<b>(2,286,401)</b>
Income tax using the average tax rate	21.5%	491,009
Tax exempt profits (including SOCIMI regime)	-	-
Non deductible costs	(0.1%)	(2,609)
Other	(0.9%)	(21,671)
	<b>20.4%</b>	<b>466,729</b>

**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 23 – Disposal of shares/consolidated subsidiaries*

(€Mn)	2020	2019
Net price of shares sold	(19)	1,703,092 <sup>(1)</sup>
Cash and current accounts	-	721,494
<b>Disposal of shares/consolidated subsidiaries</b>	<b>(19)</b>	<b>2,424,586</b>

*(1) disposal of stakes in Jumbo on February 28, 2019*

*Note 24 – Reconciliation of cash at period-end on the statement of cash flows and cash on the statement of financial position*

(KSEK)	2020	2019
Marketable securities	108,951	96,552
Parent company cash pooling and credit facilities	2,759,253	2,973,580
Cash	174,035	4,288
<b>Cash at period-end</b>	<b>3,042,239</b>	<b>3,074,422</b>

## 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, 2020 (KSEK)	Categories in accordance with IFRS 9	Carrying Amount Dec. 31, 2020	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	
<b>Assets</b>						
Financial assets	FAAC	374	374	-	-	374
Derivatives at fair value	FAFVTPL	2,052	-	-	2,052	2,052
Trade receivables from activity <sup>(1)</sup>	FAAC	41,813	41,813	-	-	41,813
Other receivables <sup>(2)</sup>	FAAC	27,217	27,217	-	-	27,217
Cash and cash equivalents	FAFVTPL	3,042,239	-	-	3,042,239	3,042,239
		<b>3,113,695</b>	<b>69,405</b>	-	<b>3,044,291</b>	<b>3,113,695</b>
<b>Liabilities</b>						
Financial debts	FLAC	10,863,871	10,863,871	-	-	11,094,271
Derivatives at fair value	FLFVTPL	-	-	-	-	-
Non current amounts due on investments	FLAC	-	-	-	-	-
Amounts due to suppliers and other current debt <sup>(3)</sup>	FLAC	528,238	528,238	-	-	528,238
		<b>11,392,109</b>	<b>11,392,109</b>	-	-	<b>11,622,509</b>

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	
<b>Assets</b>						
Financial assets	FAAC	349	349	-	-	349
Derivatives at fair value	FAFVTPL	-	-	-	-	-
Trade receivables from activity <sup>(1)</sup>	FAAC	15,613	15,613	-	-	15,613
Other receivables <sup>(2)</sup>	FAAC	41,511	41,511	-	-	41,511
Cash and cash equivalents	FAFVTPL	3,074,420	-	-	3,074,420	3,074,420
		<b>3,131,893</b>	<b>57,473</b>	-	<b>3,074,420</b>	<b>3,131,893</b>
<b>Liabilities</b>						
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 <sup>(3)</sup>	FLAC	548,761	548,761	-	-	548,761
		<b>12,201,268</b>	<b>12,193,660</b>	-	<b>7,608</b>	<b>12,143,960</b>

<sup>(1)</sup> Excluding rent-free periods and step rents.

<sup>(2)</sup> Excluding prepaid expenses, service charges due and tax receivables.

<sup>(3)</sup> 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, 2020			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
<i>Fair value through profit or loss</i>				
Derivatives	2,052	-	2,052	-
Marketable securities	108,951	108,951	-	-
<b>Total</b>	<b>111,003</b>	<b>108,951</b>	<b>2,052</b>	<b>-</b>
<b>Liabilities</b>				
<i>Fair value through profit or loss</i>				
Derivatives	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Net gain/loss by category

2020	From interest	Net gain/loss
(KSEK)		
Financial instruments held for trading	(1,793)	(1,793)
Financial liabilities at amortised cost	(240,480)	(240,480)
	<b>(242,273)</b>	<b>(242,273)</b>
Capitalised expenses		-
<b>Net financial expenses</b>		<b>(242,273)</b>

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)
	<b>(251,038)</b>	<b>(251,038)</b>
Capitalised expenses		-
<b>Net financial expenses</b>		<b>(251,038)</b>

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.

The Group's tenants may be impacted by Covid 19 depending on the restrictions in place, government support and their industry.

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.

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.

The Group's provision policy meets the simplified model of IFRS 9:

- The estimated losses are calculated on a homogeneous segment of receivables;
- The rate of estimated loss reflects the best estimation of the expected future losses, on the considered client segment: URW respects the notion of back testing (comparisons 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.

The Group applies the following rules to calculate the provision for doubtful accounts as at December 31, 2020:

- Receivables from tenants under bankruptcies proceedings were fully depreciated;
- Doubtful debt provisions are defined on the basis of an estimated default rate based on a forward looking approach. This percentage of default may be refined by the tenant segment and position of the Shopping Centre in its catchment area. Ultimately, this default is rationalised based on recent events like tenants bankruptcies in 2020 and also the evolution of shop closures in the past quarters;
- This percentage was applied on the amount of receivables from which security deposit and deferred amounts not yet due were deducted.

The amounts of tenants receivables and the related provisions for doubtful debtors increased significantly during the period due to the COVID-19 pandemic (see § 2.2.1).

Over fiscal year 2020, the Group has provisioned -KSEK 28,644 of doubtful receivables which have been charged to the income statement under the item "property operating expenses".

As at December 31, 2020, the gross amount of receivables amounted to KSEK 195,543 and the provision for doubtful debtors to -KSEK 57,458 Mn compared to KSEK 167,417 and -KSEK €43,689 Mn, respectively, at the end of December 2019.

### 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, 2020. Lines drawn as at December 31, 2020 are considered as drawn until maturity.

All other borrowings have been allocated by date of maturity.

(KSEK)	Carrying amount <sup>(1)</sup>	Less than 1 year		1 year to 5 years		More than 5 years	
	Dec. 31, 2020	Interest	Redemption	Interest	Redemption	Interest	Redemption
<b>Bonds, borrowings and amounts due to credit institutions</b>							
Bonds and EMTNs	(2,500,000)	(20,991)	(1,500,000)	(6,775)	(1,000,000)	-	-
Bank borrowings and other financial liabilities <sup>(2)</sup>	(8,327,663)	(165,885)	(938,104)	(452,208)	(7,389,559)	-	-
<b>Financial derivatives</b>							
<i>Derivative financial liabilities</i>							
Interest rate derivatives without a hedging relationship	-	-	-	-	-	-	-
<i>Derivative financial assets</i>							
Interest rate derivatives without a hedging relationship	2,052	1,620	-	3,312	-	-	-

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

<sup>(2)</sup> Excludes current accounts with non-controlling interests.

As at December 31, 2020, 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 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. The exposition to the counterparty risk is not significant (see Note 8 Hedging instruments)

#### **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 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 2020 stands at 2.83 %.

##### > Interest rate hedging transactions

The outstanding debt as at December 31, 2020 was hedged at 77% 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, 2020	
	Fixed rate	Variable rate <sup>(1)</sup>
Financial liabilities	(10,423,677)	(403,985)
Financial assets	2,933,288	108,951
<b>Net financial liabilities before hedging programme</b>	<b>(7,490,389)</b>	<b>(295,034)</b>
Micro-hedging	2,100,000	(2,100,000)
<b>Net financial liabilities after micro-hedging <sup>(2)</sup></b>	<b>(5,390,389)</b>	<b>(2,395,034)</b>
Swap rate hedging <sup>(3)</sup>		-
<b>Net debt not covered by swaps</b>		<b>(2,395,034)</b>
Cap and floor hedging		-
<b>Hedging balance</b>	<b>-</b>	<b>(2,395,034)</b>

<sup>(1)</sup> Including index-linked debt.

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

<sup>(3)</sup> 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 had activities and investments in countries inside the euro-zone (e.g. in Finland) in 2019. 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, 2020	Dec. 31, 2019
<b>1) Commitments related to the scope of the consolidated Group</b>			<b>682</b>	<b>720</b>
Commitments given as part of specific transactions	- Warranties and bank letters given in the course of the ordinary business	2020+	682	720
<b>2) Commitments related to Group operational activities</b>			<b>273 469</b>	<b>171 221</b>
Commitments related to development activities	- Properties under construction: residual commitments for works contracts and forward purchase agreements	2020+	27 965	-
	- Commitments subject to conditions precedent	2020+	160 800	160 800
Commitments related to operating contracts	- Commitments for construction works	2020+	65 941	-
	- Rental of premises and equipment	2020+	18 763	10 421
<b>Total commitments given</b>			<b>274 151</b>	<b>171 941</b>

### 2.9.2 Commitments received

Commitments received (KSEK)	Description	Maturities	Dec. 31, 2020	Dec. 31, 2019
<b>1) Commitments related to Group financing</b>			<b>4 250 000</b>	<b>4 250 000</b>
Financial guarantees received	- Bank loans guaranteed by Rodamco Sverige AB's shareholder, Unibail-Rodamco SE <sup>(1)</sup>	2021 to 2022	2 500 000	2 500 000
	- Refinancing agreements obtained but not used	2020+	1 750 000	1 750 000
<b>2) Commitments related to Group operational activities</b>			<b>1 110 106</b>	<b>1 104 277</b>
Other contractual commitments received related to operations	- Other	2020+	662 286	662 286
Assets received as security, mortgage or pledge, as well as guarantees received	- Guarantees received from tenants	2020+	447 820	441 991
<b>Total commitments received</b>			<b>5 360 106</b>	<b>5 354 277</b>

- (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.

## 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, 2020, minimum future rents due under leases until the next possible termination date break down as follows:

<b>Minimum future rents per year (KSEK)</b>			
<b>Year</b>	<b>Shopping Centres</b>	<b>Offices</b>	<b>Total</b>
2021	993,354	92,244	1,085,598
2022	794,969	51,199	846,169
2023	566,455	15,893	582,348
2024	419,785	11,932	431,717
2025	332,123	9,036	341,160
2026	314,319	5,230	319,549
2027	287,037	1,568	288,604
2028	267,222	1,568	268,790
2029	246,986	222	247,209
2030	232,122	222	232,345
2031	229,276	222	229,498
<b>Total</b>	<b>4,683,648</b>	<b>189,337</b>	<b>4,872,985</b>

### 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, 2020, no provision was recorded in the consolidated accounts.

## 2.10 Employee remuneration and benefits

### 2.10.1 Salaries and remuneration

(KSEK)	2020	2019
Payment and benefits	85,470	84,874
Social contributions	23,194	24,295
Pension expenses	17,067	17,361
<b>Total</b>	<b>126,535</b>	<b>126,529</b>

Salaries and remuneration by country	2020			2019		
	Board, MD and senior executives	Other employee	Total	Board, MD and senior executives	Other employee	Total
<b>Sweden</b>						
Parent Company	17,856	81,732	<b>99,588</b>	19,368	76,903	<b>96,271</b>
Subsidiaries	825	17,658	<b>18,483</b>	3,276	18,068	<b>21,344</b>
<b>Sweden, Total</b>	<b>18,682</b>	<b>99,389</b>	<b>118,071</b>	<b>22,644</b>	<b>94,971</b>	<b>117,615</b>
<b>Subsidiaries abroad</b>						
Denmark	-	8,463	<b>8,463</b>	-	8,914	<b>8,914</b>
<b>Subsidiaries abroad, total</b>	<b>0</b>	<b>8,463</b>	<b>8,463</b>	<b>0</b>	<b>8,914</b>	<b>8,914</b>
<b>Group Total</b>	<b>18,682</b>	<b>107,853</b>	<b>126,535</b>	<b>22,644</b>	<b>103,885</b>	<b>126,529</b>

2020						
Salaries and remuneration Senior executives	Salaries/ Directors fee	Variable compensation	Other benefits	Pensions expenses	Other compensations	Total
Chairman	-	-	-	-	-	-
Board	-	-	-	-	-	-
Manager Director	3,934	1,500	-	1,633	-	<b>7,067</b>
Other senior executives	8,095	1,125	-	2,394	-	<b>11,614</b>
<b>Total</b>	<b>12,029</b>	<b>2,625</b>	<b>-</b>	<b>4,027</b>	<b>-</b>	<b>18,682</b>
2019						
Salaries and remuneration Senior executives	Salaries/ Directors fee	Variable compensation	Other benefits	Pensions expenses	Other compensations	Total
Chairman	-	-	-	-	-	-
Board	-	-	-	-	-	-
Manager Director	4,402	1,656	-	1,322	-	<b>7,380</b>
Other senior executives	9,712	1,995	-	3,557	-	<b>15,264</b>
<b>Total</b>	<b>14,114</b>	<b>3,651</b>	<b>-</b>	<b>4,879</b>	<b>-</b>	<b>22,644</b>

### 2.10.2 Number of employees

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

Regions	2020	2019
Sweden	102	99
<i>Of which women</i>	<i>64</i>	<i>57</i>
Denmark	11	9
<i>Of which women</i>	<i>8</i>	<i>6</i>
<b>Total</b>	<b>113</b>	<b>108</b>

  

Number of people in the Management Board	2020	2019
Board	4	3
<i>Of which women</i>	<i>1</i>	<i>-</i>
Senior executives incl. MD	6	6
<i>Of which women</i>	<i>1</i>	<i>1</i>

### 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 2020 amounts to KSEK 3,864 compared to KSEK 6,337 in 2019.

### 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)	31.12.2020	31.12.2019
Parent company borrowings <sup>(1)</sup>	8,327,663	9,163,182
Charges and premiums on issues of parent company borrowings	(14,469)	(21,761)
Accrued interests on parent company borrowings	46,459	-
Current account to balance out cash flow	-	-
Amounts due to suppliers and other current debt <sup>(2)</sup>	60,595	68,942
<b>Total liabilities</b>	<b>8,420,248</b>	<b>9,210,362</b>
Trade receivables and other receivables	7	-
Current accounts receivables (cash-pooling) <sup>(3)</sup>	2,759,253	2,973,580
<b>Total assets</b>	<b>2,759,260</b>	<b>2,973,580</b>
Costs charges reinvoiced	(66,348)	(82,807)
Stock-option cost charges	(3,937)	(6,336)
Financial expenses	(204,682)	(212,258)
Financial income	-	-
<b>Net result</b>	<b>(274,967)</b>	<b>(301,401)</b>

<sup>(1)</sup> Correspond to the loans provided by the parent company Unibail-Rodamco Westfield 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 pandemic is likely to continue to affect operations during the first half of 2021, and 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 assess the impact of any support measures the group may decide on. The company continues to have an active dialogue with the tenants on how to handle these challenges and has in some cases granted a deferral of rent payments.

The company continues to actively reduce administrative costs, postpone investments and will take part in relevant measures provided by the authorities to help companies through the crisis.

The group's primary focus is now on protecting the health and safety of its employees, tenants and visitors in the shopping centers. Unibail Rodamco Westfield closely monitors the latest health guidelines issued by WHO, national, regional and local authorities and adjusts activities accordingly. Unibail Rodamco Westfield has taken all necessary precautions to ensure its access to liquidity. The parent company can provide capital injections if the need arises within the group.

On March 2021, the arbitral tribunal issued its first separate award in phase 1 of the arbitral proceedings regarding Westfield Mall Of Scandinavia. The outcome was overall positive for URW and that confirms the chosen accounting treatment of the risk in the Financial Statements. The legal process will continue under 2021.

## 2.13 Relationship with statutory auditors

### Audit fees

(KSEK)	2020	2019
Ernst & Young, audit	-	(842)
Deloitte, audit	(2,034)	(2,723)
<b>Total</b>	<b>(2,034)</b>	<b>(3,565)</b>



## 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 2020-01-01 - 2020-12-31 with the exception of the Corporate Governance Statement on pages 2-3 .

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 2020 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 2020 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. Our opinion does not include the Corporate Governance Statement on pages 2-3. 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 2020 the property portfolio was valued to 31 152 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 2.3.6 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 statutory administration report, the group's note 10 and section 2.9.3 in the annual report.

#### *Our audit procedures*

Our audit procedures included, but were not limited to:

- 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](http://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 2020-01-01 - 2020-12-31 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](http://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 2020-04-30 and has been the company's auditor since 2019-06-24.

Stockholm 2021-04-29

Deloitte AB

*Signature on Swedish original*

Malin Lüning  
Authorized Public Accountant