RODAMCO SVERIGE AB
CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

1. CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

Consolidated statement of comprehensive income

(KSEK)	Notes	2015	2014
Gross rental income	18	1,627,612	1,518,590
Ground rents paid		(131)	(52)
Net service charge expenses	19	(4,346)	(5,249)
Property operating expenses	20	(224,959)	(210,881)
Net rental income		**1,398,176**	**1,302,408**
Corporate expenses		(116,608)	(82,262)
Development expenses		(2,397)	(771)
Administrative expenses	21	**(119,005)**	**(83,033)**
Proceeds from disposal of investment properties		(1,421)	578,638
Carrying value of investment properties sold		(1,597)	(524,122)
Result on disposal of investment properties	22	**(3,018)**	**54,517**
Proceeds from disposal of shares		951,507	-
Carrying value of disposed shares		(911,113)	-
Result on disposal of shares	2.5.1	**40,394**	**-**
Valuation gains on assets		4,484,507	1,969,193
Valuation losses on assets		(57,632)	(219,977)
Valuation movements on assets	23	**4,426,875**	**1,749,217**
NET OPERATING RESULT BEFORE FINANCING COST		**5,743,423**	**3,023,108**
Result from non-consolidated companies		-	9
Financial income		*44,161*	*39,196*
Financial expenses		*(504,436)*	*(694,645)*
Net financing costs	24	(460,275)	(655,449)
Fair value adjustments of derivatives and debt	25	(367)	92,811
Profit on disposal of associates	2.5.1	256,721	-
Share of the result of associates	26	40,118	129,062
RESULT BEFORE TAX		**5,579,619**	**2,589,540**
Income tax expenses	27	(1,186,055)	(664,811)
NET RESULT FOR THE PERIOD		**4,393,564**	**1,924,729**
Non-controlling interests	28	377,916	268,094
NET RESULT (Owners of the parent)		**4,015,648**	**1,656,635**

NET COMPREHENSIVE INCOME (KSEK)		2015	2014
NET RESULT FOR THE PERIOD		**4,393,564**	**1,924,729**
Foreign currency differences on translation of financial statements of subsidiaries		(29,650)	(151,591)
Cash flow hedge		12,302	(8,240)
OTHER COMPREHENSIVE INCOME - which can be reclassified to profit or loss		**(17,348)**	**(159,831)**
OTHER COMPREHENSIVE INCOME - reclassified to profit or loss		**(49,319)**	**-**
NET COMPREHENSIVE INCOME		**4,326,897**	**1,764,898**
Non-controlling interests		366,905	295,986
NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)		**3,959,992**	**1,468,912**

Average number of shares (undiluted)		41,206,671	41,206,671
Net result for the period (Owners of the parent)		4,015,648	1,656,635
Net result for the period per share (Owners of the parent) (SEK)		**97.45**	**40.20**
Average number of diluted shares		41,206,671	41,206,671
Diluted net result per share (Owners of the parent) (SEK)		**97.45**	**40.20**

Consolidated statement of financial position

(KSEK)	**Notes**	**31.12.2015**	**31.12.2014**
NON CURRENT ASSETS		**38,961,134**	**32,475,179**
Investment properties	1	**38,592,679**	**32,114,450**
Investment properties at fair value		*38,012,050*	*31,540,764*
Investment properties at cost		*580,629*	*573,686*
Other tangible assets	2	6,987	8,116
Goodwill	3	182,384	183,458
Intangible assets	4	283	388
Loans and receivables	5	42,908	42,439
Financial assets	6	275	275
Deferred tax assets	13	35,069	37,898
Derivatives at fair value	12	100,549	82,651
Shares and investments in companies under equity method	7	-	5,504
CURRENT ASSETS		**1,222,406**	**3,515,231**
Properties or shares held for sale (1)	1	**-**	**2,850,960**
Trade receivables from activity	8	**145,850**	**68,839**
Other trade receivables	9	**223,211**	**306,202**
Tax receivables		61,894	160,982
Other receivables		53,910	55,281
Prepaid expenses		107,407	89,940
Cash and cash equivalents	10	**853,346**	**289,230**
Cash		789,567	268,268
Financial assets		63,779	20,962
TOTAL ASSETS		**40,183,540**	**35,990,410**
Shareholders' equity (Owners of the parent)		**14,581,759**	**10,695,405**
Share capital		1,648,267	1,648,267
Additional paid-in capital		11,739	11,739
Consolidated reserves		8,841,398	7,247,389
Hedging and foreign currency translation reserves		64,708	131,375
Consolidated result		4,015,648	1,656,635
Non-controlling interests		**1,257,526**	**862,454**
TOTAL SHAREHOLDERS' EQUITY		**15,839,285**	**11,557,859**
NON CURRENT LIABILITIES		**18,498,256**	**17,252,503**
Long-term bonds and borrowings	11	**14,047,131**	**13,855,757**
Derivatives at fair value	12	-	-
Deferred tax liabilities	13	4,258,369	3,241,543
Guarantee deposits		144,886	105,203
Amounts due on investments	15	47,870	50,000
CURRENT LIABILITIES		**5,845,999**	**7,180,048**
Amounts due to suppliers and other current debt		**1,415,508**	**1,349,025**
Amounts due to suppliers	16	65,657	45,536
Amounts due on investments	15	809,148	779,872
Sundry creditors	16	254,591	287,267
Other liabilities	16	286,112	236,349
Current borrowings and amounts due to credit institutions	11	**4,245,375**	**5,530,143**
Tax and social security liabilities	17	**167,543**	**291,341**
Short-term provisions	14	**17,573**	**9,540**
TOTAL LIABILITIES AND EQUITY		**40,183,540**	**35,990,410**

(1) *In 2014, comprise KSEK 1,568,346 of investment properties held for sale and KSEK 1,282,614 of shares in companies under the equity method held for sale.*

Consolidated statement of cash flows

Consolidated statement of cash flows (in KSEK)	Notes	2015	2014
Operating activities			
Net result		**4,393,564**	**1,924,729**
Depreciation & provisions		19,187	(2,601)
Changes in value of property assets		(4,426,875)	(1,749,217)
Changes in value of financial instruments		367	(92,810)
Net capital gains/losses on sales of properties [(1)]		(37,334)	(53,960)
Net capital gains/losses on disposal of shares of associates		(256,721)	-
Income from companies under the equity method		(40,118)	(129,062)
Dividend income from non-consolidated companies		-	(9)
Net financing costs		460,275	655,449
Income tax charge		1,186,055	664,811
Cash flow before net financing costs and tax		**1,298,400**	**1,217,331**
Dividend income and result from companies under equity method or non consolidated		3,338	3,026
Income tax paid		(32,571)	(43,422)
Change in working capital requirement		(41,593)	274,293
Total cash flow from operating activities		**1,227,574**	**1,451,228**
Investment activities			
Property activities		**845,336**	**(1,678,032)**
Amounts paid for works and acquisition of property assets		(2,128,524)	(1,996,346)
Disposal of shares/consolidated subsidiaries	29	1,473,079	-
Disposal of shares of associates/non-consolidated subsidiaries	30	1,502,202	-
Disposal of investment properties		(1,421)	318,315
Financial activities		**(2,543)**	**4,652**
Acquisition of financial assets		(2,814)	(2,680)
Disposal of financial assets		271	7,332
Total cash flow from investment activities		**842,793**	**(1,673,380)**
Financing activities			
Change in capital from company with non controlling shareholders		28,096	-
Distribution paid to parent company shareholders		(61,557)	(177,798)
New borrowings and financial liabilities		113,598	4,052,215
Repayment of borrowings and financial liabilities		(690,217)	(2,435,060)
Financial income		(500,192)	27,063
Financial expenses		44,161	(675,032)
Other financing activities		-	(32)
Total cash flow from financing activities		**(1,066,111)**	**791,356**
Change in cash and cash equivalents during the period		**1,004,256**	**569,205**
Cash at the beginning of the year		**(1,513,453)**	**(2,023,247)**
Effect of exchange rate fluctuations on cash held		**8,459**	**(59,410)**
Cash at period-end [(2)]	31	**(500,738)**	**(1,513,453)**

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

(2) *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	Hedging & foreign currency translation reserves (1)	Total Owners of the parent	Non-controlling interests	Total Shareholder's equity
Balance as at December 31, 2013	**1,648,267**	**11,739**	**6,508,275**	**897,354**	**(28,456)**	**9,037,179**	**566,468**	**9,603,647**
Profit or loss of the period	-	-	-	1,656,635	-	**1,656,635**	268,094	**1,924,729**
Other comprehensive income	-	-	-	-	159,831	**159,831**	27,892	**187,723**
Net comprehensive income	**-**	**-**	**-**	**1,656,635**	**159,831**	**1,816,466**	**295,986**	**2,112,452**
Earnings appropriation	-	-	897,354	(897,354)	-	**-**	-	**-**
Group contribution related to 2013	-	-	(88,896) (2)	-	-	**(88,896)**	-	**(88,896)**
Group contribution related to 2014	-	-	(69,344) (2)	-	-	**(69,344)**	-	**(69,344)**
Balance as at December 31, 2014	**1,648,267**	**11,739**	**7,247,389**	**1,656,635**	**131,375**	**10,695,405**	**862,454**	**11,557,859**
Profit or loss of the period	-	-	-	4,015,648	-	**4,015,648**	377,916	**4,393,564**
Other comprehensive income	-	-		-	(66,667)	**(66,667)**	(11,012)	**(77,679)**
Net comprehensive income	**-**	**-**	**-**	**4,015,648**	**(66,667)**	**3,948,981**	**366,905**	**4,315,885**
Earnings appropriation	-	-	1,656,635	(1,656,635)	-	**-**	-	**-**
Group contribution related to 2015	-	-	(61,557) (2)	-	-	**(61,557)**	-	**(61,557)**
Other movements	-	-	(1,069)	-	-	**(1,069)**	28,167	**27,098**
Balance as at December 31, 2015	**1,648,267**	**11,739**	**8,841,398**	**4,015,648**	**64,708**	**14,581,759**	**1,257,526**	**15,839,285**

(1) *The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.*

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

Changes in share capital

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

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 General information

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

2.2 Accounting principles and consolidation methods

In accordance with EC regulation no. 1606/2002 of July 19, 2002, on the application of international accounting standards, Rodamco Sverige AB has prepared its consolidated financial statements for the financial year ending December 31, 2015 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/internal_market/accounting/ias/index_en.htm

2.2.1 IFRS basis adopted

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2014, except for the application of the new obligatory standards and interpretations described below.

Standards, amendments and interpretations effective as of January 1, 2015

- IFRIC 21: Levies;
- Improvements to IFRSs (2011-2013 cycle).

These standards and amendments do not have a significant impact on the Group's accounts as at December 31, 2015.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2015

The following norms and amendments have been adopted by the European Union as at December 31, 2015 but with a later effective date of application and were not applied in advance:

- IAS 19 A: Defined Benefit Plans – Employee contributions;
- Improvements to IFRSs (2010-2012 cycle).

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

- IFRS 9: Financial instruments;
- IFRS 11 A: Accounting for acquisition of interests in Joint operation;
- IAS 16 A and IAS 38 A: Clarification of acceptable methods of depreciation and amortization;
- IFRS 15: Revenue from contracts with customers;
- Improvements to IFRSs (2012-2014 cycle);
- IAS 1 A: Disclosure initiative;
- IFRS 10 A, IFRS 12 A and IAS 28 A: Investment entities: applying the consolidation exception.

The measurement of the potential impacts of these texts on the consolidated accounts of the Group is on-going. On IFRS 9 & IFRS 15, the Group does not expect significant impacts on the financial statements.

2.2.2 Estimates and assumptions

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

The most significant estimates are set out in the following sections: for the valuation of investment properties in section 2.2 § 2.2.7 “Asset valuation methods” and section 2.6 note 1 “Investment properties”, for the goodwill and intangible assets, respectively in section 2.2 § 2.2.5 “Business combinations” and § 2.2.7 “Asset valuation methods” and for fair value of financial instruments in section 2.6 note 12 “Hedging instruments”. Actual future results or outcomes may differ from these estimates. The property portfolio and intangible assets used by the Shopping Centres and Offices segments are valued by independent appraisals.

2.2.3 Options selected under IFRS 1

When adopting IFRS for the first time, IFRS 1 grants certain exemptions with regards to the application of other IFRS. These exemptions are optionally applied.

The exemptions applied relate mainly to business combinations, where the application of IFRS 3 “Business combinations” retrospectively to business combinations which occurred prior to the transition to IFRS is optional. The Group has chosen to use this exemption.

The Group has chosen not to apply other options provided by IFRS 1.

2.2.4 Scope and methods of consolidation

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

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

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

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

- Control: the companies are fully consolidated.
- Joint control: it’s the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.
    - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party shall account for the assets which it has rights to, liabilities which it has obligations for, revenues and expenses relating to its interests in a joint operation.
    - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.
- Significant influence: consolidation under the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but it’s not control or joint control of those policies. It’s presumed where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, unless it can be clearly demonstrated that this is not the case.

2.2.5 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. The Group continues to measure the non-controlling interest 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. The analysis and appraisals required for the initial valuation of these items, as well as any corrections based on new information, may be carried out within 12 months of the date of acquisition.

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.

Goodwill

Goodwill only arises upon a business combination and is initially measured as the residual cost of the business combination after recognising the acquiree's identifiable assets, liabilities, and contingent liabilities. Subsequently the goodwill is carried at cost and is subject to regular reviews by the Group and impairment tests at least once per year or whenever there is an indication of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units expected to benefit from the acquisition. The recoverable amount of a cash-generating unit is determined using the most appropriate method, most commonly the discounted cash flows method, and is applied to the full cash-generating unit rather than each legal entity.

Goodwill may arise on acquiring an asset via a share deal, where the Group inherits the fiscal basis of the assets. As IFRS require recognition of deferred taxes on a nominal basis, while share transactions are based on market value of these taxes, a difference may appear that is reflected in the goodwill. Therefore, in this case the impairment test consists in a comparison between the accounting value of the Goodwill and the potential tax optimisation existing at the date of reporting.

Under IFRS 3 Revised, acquisition of additional shares from non-controlling shareholders are regarded as equity transactions and therefore no additional goodwill is recognised.

Consequently, when non-controlling shareholders have an agreement to sell, non-controlling interests are reclassified as debt at the present value of the exercise price. The difference between the latest value and the net carrying value of the non-controlling interests is recognised as equity – Owners of the parent. Any subsequent change in debt is also accounted for as equity – Owners of the parent. Income from non-controlling interests and dividends are booked in equity – Owners of the parent.

2.2.6 Foreign currency translation

Functional and presentation currency

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

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

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

Group companies with a functional currency different from the presentation currency

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

2.2.7 Asset valuation methods

Investment properties (IAS 40 & IFRS 13)

Under the accounting treatment recommended by IAS 40, investment properties are shown at their market value. According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Expectations about future improvements or modifications to be made to the property interest to reflect its highest and best use have to be considered in the appraisal, such as the renovation of or an extension to the property interest.
The valuation methods used by the external appraisers of the Group's real estate assets were not impacted by the adoption of IFRS 13.

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

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

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

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

For properties measured at fair value, the market value adopted by the Group is determined on the basis of appraisals by independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. A discount is applied to the gross value in order to reflect disposal costs and transfer taxes [1], depending on the country and on the tax situation of the property.

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

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

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

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

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

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

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

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[1] *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.*

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.

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

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

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

Intangible assets with an indefinite useful life are not amortised but their life span is reviewed each year. These assets are subject to impairment tests annually or whenever there is an indication of impairment, which consists of comparing the book value with the recoverable amount of the intangible. The recoverable amount of an asset or a cash-generating unit is the maximum between its fair value less disposal costs and its value in use. It is assessed on the basis of the present value of expected future cash flows from the continued use of the asset and its terminal value. Impairment tests are carried out by grouping assets together into cash-generating units. In the case of reduction in value, a corresponding impairment charge is recognised in the income statement.

2.2.8 Leasing

Leases are classified as finance leases when they transfer substantially all risks and rewards of ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

Ground leaseholds

Based on the analysis of existing contracts, IAS 17 and IAS 40, a leasehold may be classified as either an operating lease or a finance lease. The classification is made on a contract-by-contract basis and depends on the risks and rewards transferred to the Group.
For the leaseholds recognised as operating leases, rental payments are recognised as expenses in the income statement. Rental payments made at the beginning of the contract are classified as prepaid expenses and expensed over the life of the contract.
Buildings constructed on land under a lease agreement are recognised in accordance with the accounting principles described in § 2.2.7.

Revenue recognition

- **Accounting treatment of investment properties leases**

Assets leased as operating leases are recorded on the statement of financial position as investment property assets. Rental revenue is recorded on a straight-line basis over the firm duration of the lease.

- **Rents and key money**

Under IAS 17 and SIC 15, the financial impacts of terms set out in the lease agreement are spread over the fixed duration of the lease starting from the date the premises are made available to the tenant. This applies to rent-free periods, step rents and key money.

- **Eviction costs**

Compensation payments to evicted tenants may be capitalised, in view of securing higher rentals through new lease agreements on improved terms and which ultimately enhance or at least maintain asset performance.

- **Delivery of an Investment Property**

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

2.2.9 Financial instruments (IAS 32/IAS 39/IFRS 7/IFRS 13)

The recognition and measurement of financial assets and liabilities are mainly defined by the standard IAS 39.

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

Loans and receivables

Loans and receivables, acquired or granted, not held for the purpose of trading or sale, are recorded on the statement of financial position as "Loans and receivables". After initial recording, they are measured at amortised cost based on the effective interest rate. They may be subject to impairment when necessary.

Financial assets

They comprise shares on non-consolidated companies. After initial recording, they are measured at amortised cost. They may be subject to impairment when necessary.

Financial assets available for sale

These are non-derivative financial assets held for an undetermined period that may be sold by the Group at any time. They are measured at their fair value at the accounting date and recorded as available for sale investments. Interest accrued or received on fixed-income securities is recorded as income based on the effective interest rate. Changes in market value other than income are recorded in other comprehensive income. Fair value variations are recorded in the income statement if the asset is sold or significantly impaired.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured after initial booking at amortised cost using the effective interest rate.

In certain cases, IAS 39 permits financial liabilities to be designated at fair value upon initial recording.

b) Classification and measurement of financial derivatives and hedge accounting

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

All financial derivatives are recorded as financial assets or liabilities at fair value on the statement of financial position. Fair value variations of financial derivatives, apart from those designated as cash flow hedges are recognised in the income statement for the period.
Except for currency derivatives, the Group has chosen not to use the hedge accounting proposed by IAS 39. All such derivatives are therefore measured at their market value and any fair value variations are recorded in the income statement.

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

Exposure to the credit risk of a particular counterparty

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

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

a. the total mark-to-market the Group has with this counterparty, in case it is positive;
b. the probability of default of this counterparty over the average maturity, weighted by the nominal of the derivatives booked with them. This probability of default is taken from the Bloomberg model, based on market data and derived from the Credit Default Swaps of the banks;
c. and the loss given default set at 60% following market standard.

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

a. the total mark-to-market the Group has with a counterparty, in case it is negative;
b. the probability of default of the Group over the average maturity, weighted by the nominal of the total portfolio of derivatives. The Group's probability of default is derived from the Credit Default Swaps of the Group and taken from Bloomberg model;
c. and the loss given default set at 60% following market standard.

2.2.10 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 and ground leases have been discounted up to the payment date.
- Provisions for material liabilities taken under IAS 37 are discounted over the estimated duration of the disputes they cover.
- Guarantee deposits received from tenants have not been discounted given the negligible impact of discounting.

2.2.11 Taxes

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

Income tax and deferred tax

Corporate income tax

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

Deferred tax

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

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

2.2.12 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.

Post-employment benefits

Pension schemes may be defined contribution schemes.

Under defined benefit schemes, the employer makes a formal or implied commitment to an amount or level of benefits and therefore carries the medium- or long-term risk. A provision is booked to liabilities to cover all of these pension commitments. This provision is assessed regularly by independent actuaries using the projected unit credit method, which takes into account demographic assumptions, early retirements, salary increases and discount and inflation rates.

In the majority of the Group companies, pensions due under the various compulsory retirement schemes to which employers contribute are managed by specialist external organisations. Defined contributions paid into these various compulsory retirement schemes are recognised in the income statement for the period.

Long-term benefits

These are benefits paid to employees more than 12 months after the end of the financial year during which the corresponding service was provided. The same valuation method is used as for post-employment benefits.

Except for the provision for retirement allowances, no commitments relating to long-term or post-employment benefits need to be accrued.

2.2.13 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.
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:

- Spain;
- Central Europe, including the Czech Republic;
- Nordic, including Sweden, Denmark and Finland.

2.2.14 Earnings Per Share

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

2.2.15 Current and non-current assets and liabilities

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

2.3 Business segment report

Consolidated income statement by segment

(KSEK)		2015 Recurring activities	2015 Non recurring activities [1]	2015 Result	2014 Recurring activities	2014 Non recurring activities [1]	2014 Result
SHOPPING CENTRES	Gross rental income	1,182,128	-	1,182,128	1,055,146	-	1,055,146
	Operating expenses & net service charges	(190,385)	-	(190,385)	(172,748)	-	(172,748)
	Net rental income	**991,743**	**-**	**991,743**	**882,398**	**-**	**882,398**
	Gains on sales of properties	-	38,676	38,676	-	(897)	(897)
	Valuation movements	-	3,309,859	3,309,859	-	1,005,788	1,005,788
	Result Shopping Centres Nordic	**991,743**	**3,348,535**	**4,340,278**	**882,398**	**1,004,891**	**1,887,289**
	Gross rental income	305,195	-	305,195	328,602	-	328,602
	Operating expenses & net service charges	(14,473)	-	(14,473)	(22,296)	-	(22,296)
	Net rental income	**290,722**	**-**	**290,722**	**306,305**	**-**	**306,305**
	Gains on sales of properties	-	(1,300)	(1,300)	-	55,414	55,414
	Valuation movements	-	972,078	972,078	-	730,988	730,988
	Result Shopping Centres Spain	**290,722**	**970,778**	**1,261,500**	**306,305**	**786,402**	**1,092,707**
	Gross rental income	-	-	-	-	-	-
	Operating expenses & net service charges	-	-	-	-	-	-
	Net rental income	**-**	**-**	**-**	**-**	**-**	**-**
	Contribution of affiliates	41,772	(1,655)	40,118	80,490	48,572	129,062
	Gains on sales of properties	-	256,721	256,721	-	-	-
	Valuation movements	-	-	-	-	-	-
	Result Shopping Centres Central Europe	**41,772**	**255,066**	**296,838**	**80,490**	**48,572**	**129,062**
	TOTAL RESULT SHOPPING CENTRES	**1,324,237**	**4,574,379**	**5,898,616**	**1,269,194**	**1,839,864**	**3,109,058**
OFFICES	Gross rental income	140,289	-	140,289	134,842	-	134,842
	Operating expenses & net service charges	(24,578)	-	(24,578)	(21,138)	-	(21,138)
	Net rental income	**115,711**	**-**	**115,711**	**113,704**	**-**	**113,704**
	Valuation movements	-	144,938	144,938	-	12,441	12,441
	TOTAL RESULT OFFICES	**115,711**	**144,938**	**260,649**	**113,704**	**12,441**	**126,145**
	Other net income	-	-	-	9	-	9
TOTAL OPERATING RESULT AND OTHER INCOME		**1,439,948**	**4,719,317**	**6,159,265**	**1,382,907**	**1,852,305**	**3,235,212**
	General expenses	(116,608)	-	(116,608)	(82,262)	-	(82,262)
	Development costs	(2,397)	-	(2,397)	(771)	-	(771)
	Financing result	(460,275)	(367)	(460,642)	(655,449)	92,811	(562,639)
				-			-
RESULT BEFORE TAX		**860,669**	**4,718,950**	**5,579,619**	**644,425**	**1,945,116**	**2,589,540**
	Income tax expenses	(56,030)	(1,130,025)	(1,186,055)	(62,810)	(602,001)	(664,811)
NET RESULT FOR THE PERIOD		**804,639**	**3,588,925**	**4,393,564**	**581,614**	**1,343,115**	**1,924,729**
	Non-controlling interests	28,097	349,816	377,916	(9,305)	277,399	268,094
NET RESULT - OWNERS OF THE PARENT		**776,542**	**3,239,110**	**4,015,648**	**590,919**	**1,065,716**	**1,656,635**
Average number of shares		41,206,671			41,206,671		
RECURRING RESULT PER SHARE (SEK)		**18.85**			**14.34**		

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

The income statement by segment is split between recurring and non recurring activities. The non-recurring result before tax consists of the valuation movements on investment properties, fair value adjustments on derivatives and debts, termination costs of financial instruments, 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 2015

(KSEK)	Shopping Centres				Offices	Not allocated	TOTAL 2015
	Spain	Central Europe	Nordic	Total Shopping Centres			
Gross rental income	305,195	-	1,182,128	1,487,323	140,289	-	1,627,612
Net rental income	**290,722**	**-**	**991,743**	**1,282,465**	**115,711**	**-**	**1,398,176**
Administrative expenses	**-**	**-**	**-**	**-**	**-**	**(119,005)**	**(119,005)**
Result on disposal of investment properties and shares	**(1,300)**	**-**	**38,676**	**37,377**	**-**	**-**	**37,377**
Valuation movements	**972,078**	**-**	**3,309,859**	**4,281,937**	**144,938**	**-**	**4,426,875**
Net operating result before financing cost	**1,261,500**	**-**	**4,340,278**	**5,601,778**	**260,649**	**(119,005)**	**5,743,423**
Profit on disposal of associates	-	256,721	-	256,721	-	-	256,721
Share of the result of associates & income on financial assets	-	40,118	-	40,118	-	-	40,118
Result from non-consolidated companies						-	-
Net financing costs						(460,275)	(460,275)
Fair value adjustments of derivatives and debt & debt discounting						(367)	(367)
Result before tax						**-**	**5,579,619**
Income tax expenses						(1,186,055)	(1,186,055)
Net result for the period							**4,393,564**

Reconciliation between the Results by segment and the income statement of the period (IFRS format) for 2014

(KSEK)	Shopping Centres				Offices	Not allocated	TOTAL 2014
	Spain	Central Europe	Nordic	Total Shopping Centres			
Gross rental income	328,602	-	1,055,146	1,383,748	134,842	-	1,518,590
Net rental income	**306,305**	**-**	**882,398**	**1,188,704**	**113,704**	**-**	**1,302,408**
Administrative expenses	**-**	**-**	**-**	-	**-**	**(83,033)**	**(83,033)**
Result on disposal of investment properties and shares	**55,414**	**-**	**(897)**	**54,517**	**-**	**-**	**54,517**
Valuation movements	**730,988**	**-**	**1,005,788**	**1,736,776**	**12,441**	**-**	**1,749,217**
Net operating result before financing cost	**1,092,707**	**-**	**1,887,289**	**2,979,996**	**126,145**	**(83,033)**	**3,023,108**
Share of the result of associates & income on financial assets	-	129,062	-	129,062	-	-	129,062
Result from non-consolidated companies						9	9
Net financing costs						(655,449)	(655,449)
Fair value adjustments of derivatives and debt & debt discounting						92,811	92,811
Result before tax						**-**	**2,589,540**
Income tax expenses						(664,811)	(664,811)
Net result for the period							**1,924,729**

December 31, 2015

Statement of financial position by segment

(KSEK)	Shopping Centres				Offices	Not allocated [(1)]	31.12.2015
	Spain	Central Europe	Nordic	Total Shopping Centres			
Investment properties at fair value	6,333,260	-	29,830,829	**36,164,089**	1,847,961	-	**38,012,050**
Investment properties at cost	580,629	-	-	**580,629**	-	-	**580,629**
Other tangible assets	-	-	-	**-**	-	6,987	**6,987**
Goodwill	-	-	182,384	**182,384**	-	-	**182,384**
Intangible assets	-	-	-	**-**	-	283	**283**
Shares and investments in companies under the equity method	-	-	-	**-**	-	-	**-**
Other non current assets	42,908	-	275	**43,183**	-	135,618	**178,801**
Total non current assets	**6,956,796**	**-**	**30,013,488**	**36,970,285**	**1,847,961**	**142,889**	**38,961,134**
Properties or shares held for sale	-	-	-	-	-	-	-
Total current assets	**26,373**	**-**	**332,190**	**358,563**	**10,497**	**853,346**	**1,222,406**
Total Assets	**6,983,170**	**-**	**30,345,678**	**37,328,848**	**1,858,458**	**996,234**	**40,183,540**
Total Liabilities excluding shareholders' equity	**831,549**	**-**	**5,215,681**	**6,047,230**	**1,249**	**18,295,776**	**24,344,255**

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

Investments by segment

(KSEK)	Shopping Centres			Offices	Not allocated	31.12.2015
	Nordic countries	Spain	Total Shopping Centres			
Investments in investment properties at fair value	2,103,404	19,186	2,122,589	25,669	-	2,148,258
Investment in tangible assets at cost [(1)]	-	10,453	10,453	-	1,109	11,562
Total investments	**2,103,404**	**29,639**	**2,133,042**	**25,669**	**1,109**	**2,159,820**

(1) *Before transfer between category of investment property.*

December 31, 2014

Statement of financial position by segment

(KSEK)	Shopping Centres				Offices	Not allocated (1)	31.12.2014
	Spain	Central Europe	Nordic	Total Shopping Centres			
Investment properties at fair value	5,388,123	-	24,476,082	**29,864,206**	1,676,558	-	**31,540,764**
Investment properties at cost	573,686	-	-	**573,686**	-	-	**573,686**
Other tangible assets	-	-	-	**-**	-	8,116	**8,116**
Goodwill	-	-	183,458	**183,458**	-	-	**183,458**
Intangible assets	-	-	-	**-**	-	388	**388**
Shares and investments in companies under the equity method	-	5,504	-	**5,504**	-	-	**5,504**
Other non current assets	42,439	-	275	**42,714**	-	120,549	**163,263**
Total non current assets	**6,004,249**	**5,504**	**24,659,815**	**30,669,567**	**1,676,558**	**129,054**	**32,475,179**
Properties or shares held for sale	-	1,282,614	1,568,346	**2,850,960**	-	-	**2,850,960**
Total current assets	**55,096**	**1,287,729**	**1,868,089**	**3,210,914**	**10,522**	**293,796**	**3,515,231**
Total Assets	**6,059,344**	**1,293,232**	**26,527,904**	**33,880,480**	**1,687,080**	**422,850**	**35,990,410**
Total Liabilities excluding shareholders' equity	**571,759**	**2,733**	**4,518,304**	**5,092,796**	**1,741**	**19,338,013**	**24,432,551**

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

Investments by segment

(KSEK)	Shopping Centres			Offices	Not allocated	31.12.2014
	Nordic countries	Spain	Total Shopping Centres			
Investments in investment properties at fair value	551,979	79,854	631,833	42,147	-	673,980
Investment in tangible assets at cost (1)	1,665,624	13,456	1,679,080	-	1,479	1,680,559
Total investments	**2,217,603**	**93,310**	**2,310,913**	**42,147**	**1,479**	**2,354,539**

(1) *Before transfer between category of investment property.*

2.4 Scope of consolidation

2.4.1 List of the consolidated entities

List of consolidated companies	Country	Method [(1)]	% interest Dec. 31, 2015	% control Dec. 31, 2015	% interest Dec. 31, 2014
Rodamco Sverige AB	Sweden	FC	100.00	100.00	100.00
SHOPPING CENTRES					
Pankrac Shopping Center ks	Czech Republic	-	Sold	Sold	75.00
Autopaikat Oy	Finland	JO	34.29	34.29	34.29
Kiinteistö Oy Vantaanportin Liikekeskus	Finland	JO	21.40	21.40	21.40
Kiinteistö Oy Vantaanportin Liiketilat	Finland	JO	60.00	60.00	60.00
Essential Whites SLU	Spain	FC	52.78	100.00	52.78
Promociones Immobiliarias Gardiner SLU	Spain	FC	52.78	100.00	52.78
Proyectos Immobiliarios Time Blue SLU	Spain	FC	51.11	100.00	51.11
Unibail-Rodamco Steam SLU	Spain	FC	51.11	100.00	51.11
Eurostop KB	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 Nova Lund KB	Sweden	-	Sold	Sold	100.00
Rodamco Nova Lund 2 AB	Sweden	-	Sold	Sold	100.00
Rodamco Nova Lund 3 AB	Sweden	-	Sold	Sold	100.00
Rodamco Parkering AB	Sweden	FC	100.00	100.00	100.00
Rodamco Solna Centrum AB	Sweden	FC	100.00	100.00	100.00
Rodamco Täby Centrum KB	Sweden	FC	100.00	100.00	100.00
Rodamco Väsby Centrum AB	Sweden	FC	100.00	100.00	100.00
SERVICES					
EKZ 11 sro	Czech Republic	-	Sold	Sold	75.00
Rodamco Management AB	Sweden	-	Liquidated	Liquidated	100.00
Rodamco Projekt AB	Sweden	FC	100.00	100.00	100.00
HOLDINGS AND OTHER					
Rodamco Pankrac as	Czech Republic	-	Sold	Sold	100.00
Rodareal Oy	Finland	FC	100.00	100.00	100.00
Anlos Fastighets AB	Sweden	FC	100.00	100.00	100.00
Eurostop AB	Sweden	FC	100.00	100.00	100.00
Eurostop Holding AB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos H BV	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos K BV	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos L BV	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Helsingborg Östra AB	Sweden	-	Liquidated	Liquidated	100.00
Fastighetsbolaget Helsingborg Västra AB	Sweden	-	Liquidated	Liquidated	100.00
Knölsvanen Bostads AB	Sweden	FC	100.00	100.00	100.00
Piren AB	Sweden	FC	100.00	100.00	100.00
Rodamco Handel AB	Sweden	FC	100.00	100.00	100.00
Rodamco AB	Sweden	FC	100.00	100.00	100.00
Rodamco Expand AB	Sweden	FC	100.00	100.00	100.00
Rodamco Holding AB	Sweden	-	Sold	Sold	100.00
Rodamco Invest AB	Sweden	-	Liquidated	Liquidated	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
Rodamco Tumlaren AB	Sweden	-	Sold	Sold	100.00
New Tower Real Estate BV	The Netherlands	FC	51.11	51.11	51.11
Old Tower Real Estate BV	The Netherlands	FC	52.78	52.78	52.78

(1) *FC: full consolidation method, JO: joint operations, EM-A: associates under the equity method.*

2.4.2 Assessment of the control

Centrum Pankrac

The Group holds 75 % of the companies owning the shopping centre Pankrac (Prague). The asset is fully managed by the partner. According to the agreements existing with the partner and its involvement in the management of the shopping centre, the Group has considered that it has a significant influence on this asset under the new norms IFRS 10 and 11. Hence, they are accounted for using the equity method.
Further to the agreement with Atrium European Real Estate entered into on January 22, 2015, the Group completed the disposal of its 75% stake in Arkady Pankrac (Prague) on June 30, 2015.

Jumbo

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

2.5 Highlights and comparability of the last two years

2.5.1 In 2015

Disposals of Shopping centres

During 2015, the Group disposed of fully consolidated companies in Sweden (Novalund). Share deals amounted to KSEK 951,507 total net disposal price and a net positive result of KSEK 40,394.
Arkady Pankrac (Prague), accounted for using the equity method, was disposed during the period. Result on disposal of shares of companies accounted for using the equity method amounted to KSEK 256,721.

Openings of shopping centres

The Group inaugurated the new shopping centre Mall of Scandinavia (Stockholm) on November 12, 2015.

2.5.2 In 2014

Disposals of Shopping centres

The Group divested, through an asset deal, a shopping centre in Spain for a net disposal price of KSEK 578,839.

2.6 Notes and comments

2.6.1 Notes to the consolidated assets

Note 1 – Investment properties

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

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

As at December 31, 2015, the outstanding balances of deferred lease incentives and key monies amortised over the firm term of the lease and deducted from the appraisal value represented KSEK 55,876.

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

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

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

Shopping centre portfolio

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

Shopping Centres - December 31, 2015		Net initial yield	Rent in SEK per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
	Max	9.8%	4,962	9.8%	7.8%	5.5%
Nordic	Min	4.1%	1,062	6.7%	4.5%	2.2%
	Weighted average	4.6%	3,343	7.2%	4.8%	4.5%

Net initial yield, discount rate and exit yield weighted by gross market values.
(a) Average annual rent (minimum guaranteed rent + sales based rent) per asset per m².
(b) Rate used to calculate the net present value of future cash flows.
(c) Rate used to capitalise 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, 2015 came to 4.6% vs. 4.9% at year end 2014.

A change of +25 basis points in net initial yield would result in an adjustment of -KSEK 1,600,550 (-5.2%) of the Nordic shopping centre portfolio value (excluding assets under development or consolidated under equity method), including transfer taxes and transaction costs.

Shopping Centre portfolio by region - December 31, 2015	Valuation including transfer taxes in MSEK	Valuation excluding estimated transfer taxes in MSEK	Net inital yield Dec. 31, 2015 (a)	Net inital yield Dec. 31, 2014 (a)
Nordic	30,749	30,224	4.6%	4.9%

(a) Annualised contracted rent (including latest indexation) and other incomes for the next 12 months, net of operating expenses, divided by the value net of estimated transfer taxes and transaction costs. Shopping centres under development or held by companies accounted for using the equity method are not included in the calculation.

Vacancy rate

Potential rents from vacant space in operation in Nordic shopping centres amounted to KSEK 57,969 at December 31, 2015. This represents a final vacancy rate of 3.8% at year-end.

[1] EPRA Position Paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

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 consolidation statement of financial position at December 31,2015.

Assets still stated at cost were subject to an impairment test as at December 31, 2015. No impairment was booked during the period.

Changes in investment properties at fair value

2015 change

(KSEK)	31/12/2014	Capitalised expenses [(1)]	Disposals [(2)]	Reclassification and transfer of category	Valuation movements	Discounting impact	Currency translation	31/12/2015
Shopping Centres	29,864,206	2,114,606	(1,486)	(796)	4,281,938	(2,130)	(92,250)	36,164,089
Offices	1,676,558	25,669	-	796	144,938	-	-	1,847,961
Total investment properties	**31,540,764**	**2,140,275**	**(1,486)**	**-**	**4,426,876**	**(2,130)**	**(92,250)**	**38,012,050**
Properties held for sale	1,568,346	7,983	(1,576,329)	-	-	-	-	-
Total	**33,109,110**	**2,148,258**	**(1,577,815)**	**-**	**4,426,876**	**(2,130)**	**(92,250)**	**38,012,050**

(1) *Capitalised expenses related mainly to shopping centres notably Mall of Scandinavia (Stockholm).*
(2) *Relates to the disposal of a shopping centre in Sweden (see section 2.5 "Highlights and comparability of the last two years", § 2.5.2).*

2014 change

(KSEK)	31/12/2013	Capitalised expenses	Disposals	Reclassification and transfer of category	Valuation movements	Discounting impact	Currency translation	31/12/2014
Shopping Centres	24,677,038	631,833	(524,125)	2,912,736	1,736,776	-	429,948	29,864,206
Offices	1,575,554	42,147	-	46,416	12,441	-	-	1,676,558
Total investment properties	**26,252,592**	**673,980**	**(524,125)**	**2,959,152**	**1,749,217**	**-**	**429,948**	**31,540,764**
Properties held for sale	-	-	-	1,568,346	-	-	-	1,568,346
Total	**26,252,592**	**673,980**	**(524,125)**	**4,527,498**	**1,749,217**	**-**	**429,948**	**33,109,110**

Changes in investment properties at cost

2015 Change

(KSEK)	31/12/2014	Capitalised expenses	Reclassification and transfer of category	Currency translation	31/12/2015
Gross value	573,686	10,453	-	(3,510)	580,629
Amortisation	-	-	-	-	-
Total investment properties at cost	**573,686**	**10,453**	**-**	**(3,510)**	**580,629**

2014 Change

(KSEK)	31/12/2013	Capitalised expenses	Reclassification and transfer of category	Currency translation	31/12/2014
Gross value	3,400,172	1,679,080	(4,527,498)	21,932	573,686
Amortisation	-	-	-	-	-
Total investment properties at cost	**3,400,172**	**1,679,080**	**(4,527,498)**	**21,932**	**573,686**

Note 2 – Other tangible assets

2015 Change

Net value (KSEK)	31/12/2014	Acquisitions and capitalised expenses	Changes in the scope of consolidation	Currency translation	Depreciation	Other movements	31/12/2015
Gross value	27,357	1,109	(58)	(23)	-	(237)	28,148
Depreciation	(19,241)	-	48	24	(2,186)	194	(21,161)
Total	**8,116**	**1,109**	**(10)**	**1**	**(2,186)**	**(43)**	**6,987**

2014 Change

Net value (KSEK)	31/12/2013	Acquisitions and capitalised expenses	Changes in the scope of consolidation	Currency translation	Depreciation	Other movements	31/12/2014
Gross value	26,323	1,479	-	127	-	(572)	27,357
Depreciation	(16,814)	-	-	(114)	(2,328)	15	(19,241)
Total	**9,509**	**1,479**	**-**	**13**	**(2,328)**	**(557)**	**8,116**

Note 3 – Goodwill

2015 Change

(KSEK)	31/12/2014	Currency translation	31/12/2015
Gross value	183,458	(1,074)	182,384
Impairment	-		-
Total	**183,458**	**(1,074)**	**182,384**

The impairment test which consists of comparing the net value of this goodwill with the amounts of tax optimisation as determined at the date of reporting was carried out. No impairment was recognised as at December 31, 2015.

2014 Change

(KSEK)	31/12/2013	Currency translation	31/12/2014
Gross value	176,360	7,098	183,458
Impairment	-		-
Total	**176,360**	**7,098**	**183,458**

Note 4 – Intangible assets

2015 Change

Net value (KSEK)	**31/12/2014**	**Acquisitions**	**Charges**	**Currency translation**	**31/12/2015**
Gross value	7,994	24	-	-	8,018
Amortisation	(7,605)	-	(129)	-	(7,734)
Total	**388**	**24**	**(129)**	**-**	**283**

2014 Change

Net value (KSEK)	**31/12/2013**	**Acquisitions**	**Charges**	**Currency translation**	**31/12/2014**
Gross value	7,800	192	-	2	7,994
Amortisation	(7,485)	-	(120)	-	(7,605)
Total	**315**	**192**	**(120)**	**2**	**388**

Note 5 – Loans and receivables

(KSEK)	**31/12/2015**			**31/12/2014**		
	Gross	**Provision**	**Net**	**Gross**	**Provision**	**Net**
Receivables from affiliates	-	-	-	1,799	-	1,799
Deposits paid	42,908	-	42,908	40,641	-	40,641
Total	**42,908**	**-**	**42,908**	**42,439**	**-**	**42,439**

Note 6 – Financial assets

This item comprises the shares of non-consolidated companies.

Note 7 – Shares and investments in companies under the equity method

These shares and investments were those in the 2 companies accounted for using the equity method which were under significant influence and were disposed in 2015.
The list of these companies is given in section 2.4 "Scope of consolidation".

(KSEK)	**31/12/2015**	**31/12/2014**
Shares in shopping centres companies	-	1,288,118
Loans granted to shopping centres companies	-	-
Total shares and investments in companies under the equity method	**-**	**1,288,118**
Of which shares and investments in companies whose properties held for sale	-	1,282,614
Total shares and investments in companies under the equity method (excluding held for sale)	**-**	**5,504**

Associates

Associates are those entities in which the Group has a significant influence.

Further to the agreement with Atrium European Real Estate entered into on January 22, 2015, the Group completed the disposal of its 75% stake in Arkady Pankrac (Prague) on June 30, 2015.

The main items of the statements of financial position and income statement of associates are presented in the tables below. These items are stated in group share including restatements for consolidation purposes.

(KSEK)	31/12/2015	31/12/2014
Investment properties	-	1,436,905
Other non current assets	-	7,853
Current assets	-	52,775
Total assets	**-**	**1,497,533**
Restated shareholders' equity	-	1,288,123
Deferred tax liabilities	-	152,209
Other non current liabilities	-	10,521
Current liabilities	-	46,680
Total liabilities	**-**	**1,497,533**

(KSEK)	2015	2014
Net rental income	42,677	81,928
Change in fair value of investment properties	(877)	64,484
Net result	40,118	129,062

Note 8 – Trade receivables from activity

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

Trade related receivables (KSEK)	31/12/2015	31/12/2014
Trade receivables	63,715	25,396
Doubtful accounts	48,677	38,555
Rent-free periods and step rents	75,442	39,755
Gross value	**187,834**	**103,706**
Provisions for doubtful accounts	(41,984)	(34,867)
Net	**145,850**	**68,839**

Breakdown of trade receivables by business line (KSEK)	31/12/2015	31/12/2014
Shopping Centres	144,241	67,395
Offices	1,609	1,444
Total	**145,850**	**68,839**

Changes in provisions for doubtful accounts (KSEK)	2015	2014
As of January 1	**(34,867)**	**(40,040)**
Currency translation adjustments	(19)	(416)
Change in scope of consolidation	3,478	-
Additions	(17,223)	(3,536)
Use and reversal	6,648	9,125
As of December 31	**(41,984)**	**(34,867)**

Note 9 – Other trade receivables

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

Tax receivables (KSEK)	**31/12/2015**	**31/12/2014**
Value-Added Tax and other	49,572	103,497
Corporate income tax	12,322	57,485
Total	**61,894**	**160,982**

Other receivables (KSEK)	**31/12/2015**	**31/12/2014**
Receivables from suppliers	2,277	-
Other debtors	37,163	40,877
Receivables from partners	2,006	1,940
Accrued income receivables on caps and swaps	12,464	12,464
Gross value	**53,910**	**55,281**
Provisions	-	-
Net	**53,910**	**55,281**

Prepaid expenses (KSEK)	**31/12/2015**	**31/12/2014**
Prepaid expenses	107,407	89,940
Total	**107,407**	**89,940**

Note 10 – Cash and cash equivalents

(KSEK)	**31/12/2015**	**31/12/2014**
Available-for-sale investments [1]	63,779	20,962
Cash	194,452	76,752
Current account to balance out cash flow	595,115	191,516
Total	**853,346**	**289,230**

(1) *This item comprises investments in money-market SICAV (marketable securities). There were no unrealised capital gains or losses on the portfolio.*

2.6.2 Notes to the consolidated liabilities

Note 11 – 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**	**31/12/2015**	**31/12/2014**
Bonds and EMTNs	**6,994**	**3,700,000**	**-**	**3,706,994**	**3,706,086**
Principal debt	-	3,700,000	-	3,700,000	3,700,000
Accrued interest on bonds and EMTNs	13,126	-	-	13,126	14,087
Issuance costs	(6,132)	-	-	(6,132)	(8,001)
Bank borrowings	**2,614,756**	**1,091,390**	**-**	**3,706,147**	**4,625,860**
Principal debt	1,259,355	1,091,390	-	2,350,746	2,813,702
Accrued interest on borrowings	2,089	-	-	2,089	10,745
Borrowings issue fees	(771)	-	-	(771)	(1,271)
Bank overdrafts	586,441	-	-	586,441	1,074,810
Current accounts to balance out cash flow	767,642	-	-	767,642	727,874
Other financial liabilities	**1,623,625**	**7,355,300**	**1,900,440**	**10,879,365**	**11,053,954**
Parent company borrowings	1,617,287	5,464,625	1,900,440	8,982,352	9,152,755
Accrued interest on parent company borrowings	7,167	-	-	7,167	1,112
Charges and premiums on issues of parent company borrowings	(424)	-	-	(424)	(2,177)
Current accounts with non-controlling interests	-	1,890,676	-	1,890,676	1,903,224
Charges and premiums on current account with minority interests	(405)	-	-	(405)	(960)
Total	**4,245,375**	**12,146,691**	**1,900,440**	**18,292,506**	**19,385,900**

> Maturity of current principal debt

(KSEK)	**Current**			**Total**
	Less than 1 month	**1 month to 3 months**	**More than 3 months**	**31/12/2015**
Bank borrowings – principal debt	3,261	101	1,255,993	1,259,355
Parent company borrowings	378,403	-	1,238,885	1,617,287
Total	**381,664**	**101**	**2,494,878**	**2,876,643**

As at December 31, 2015, Rodamco Sverige's average debt maturity was 3.3 years after taking into account the confirmed unused credit lines.

> Characteristics of bonds and EMTNs

Issue date	**Rate**	**Amount at 31/12/2015** (KSEK)	**Maturity**
December 2013	Fixed rate 3 % SEK	800,000	December 2018
December 2013	Float rate SEK (Stib3M + 100bps)	1,400,000	December 2018
June 2014	Fixed rate 2.25 % SEK	850,000	June 2019
June 2014	Float rate SEK (Stib3M + 78bps)	650,000	June 2019
Total		**3,700,000**	

> *Covenants*

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

No bank loans were subject to prepayment clauses linked to the Group's ratings, barring exceptional circumstances such as change in control.
There are no financial covenants in the EMTN program.

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

> *Market value*

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

(KSEK)	31/12/2015		31/12/2014	
	Carrying value	**Market value**	**Carrying value**	**Market value**
Long term debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	9,008,526	9,609,519	9,113,802	9,767,609

<u>Note 12 – Hedging instruments</u>

Derivative instruments owned by the Group are stated at fair value and were recorded in the statement of financial position as at December 31, 2015, for KSEK 100,549 as assets.

Derivatives are valued by discounted estimated future cash flows based on the interest rate curve at the end of December 2015. The valuation has been cross-checked against valuations by banks.

		Amounts recognised in the Statement of Comprehensive Income			
(KSEK)	**31/12/2014**	**Net financing costs**	**Fair value adjustments of derivatives and debts**	**Other comprehensive income**	**31/12/2015**
Assets					
Derivatives at fair value	**82,651**	**(10,581)**	**16,177**	**12,302**	**100,549**
- Cash flow hedge	*6,820*	*(10,581)*	-	*12,302*	*8,541*
- No hedge accounting	*75,831*	-	*16,177*	-	*92,008*
Liabilities					
Derivatives at fair value	-	-	-	-	-
- Cash flow hedge	-	-	-	-	-
- No hedge accounting	-	-	-	-	-

Due to its use of derivatives to minimise its interest rate and currency risks, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. In accordance with IFRS 13, the derivatives' valuations have been corrected of the Credit Valuation Adjustment (CVA) on derivatives with a positive fair value and of the Debit Valuation Adjustment (DVA) on derivatives with a negative fair value. As at December 31, 2015, CVA amounted to -KSEK 2,117. The impact of the change in fair value of CVA on the non-recurring net result of the period amounted to +KSEK 2,310.

Note 13 – Deferred tax

2015 Change

(KSEK)	**31/12/2014**	**Increase**	**Decrease**	**Currency translation**	**Change in scope of consolidation**	**31/12/2015**
Deferred tax liabilities						
Deferred tax on investment properties	(3,366,310)	(1,114,913)	108,215	13,630	-	(4,359,378)
Other deferred tax						
Tax loss carry-forward [(1)]	124,768	-	(23,759)	-	-	101,009
Total Deferred tax liabilities	**(3,241,543)**	**(1,114,913)**	**84,457**	**13,630**	**-**	**(4,258,369)**
Deferred tax assets						
Tax loss carry-forward	37,898	1,507	(19)	(185)	(4,132)	35,069
Total Deferred tax assets	**37,898**	**1,507**	**(19)**	**(185)**	**(4,132)**	**35,069**

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

2014 Change

(KSEK)	**31/12/2013**	**Increase**	**Decrease**	**Currency translation**	**Changes in scope of consolidation**	**31/12/2014**
Deferred tax liabilities						
Deferred tax on investment properties	(2,743,467)	(605,657)	22,091	(39,277)	-	(3,366,310)
Other deferred tax						
Tax loss carry-forward	146,590	-	(21,822)	-	-	124,768
Total Deferred tax liabilities	**(2,596,878)**	**(605,657)**	**269**	**(39,277)**	**-**	**(3,241,543)**
Deferred tax assets						
Tax loss carry-forward	32,913	3,566	-	1,419	-	37,898
Total Deferred tax assets	**32,913**	**3,566**	**-**	**1,419**	**-**	**37,898**

Unrecognised deferred tax assets

As at December 31, 2015, there is no unrecognised deferred tax assets which was unchanged from December 31, 2014.

Note 14 – Provisions

2015 Change

(KSEK)	31/12/2014	Allocations	Reversals not used	Change in scope of consolidation	Other movements	31/12/2015
Short term provisions	**9,540**	**6,500**	**(200)**	**(66)**	**1,799**	**17,573**
Provisions for litigation	9,540	6,500	(200)	(66)	1,799	17,573
Total	**9,540**	**6,500**	**(200)**	**(66)**	**1,799**	**17,573**

2014 Change

(KSEK)	31/12/2013	Allocations	Reversals not used	Change in scope of consolidation	Other movements	31/12/2014
Short term provisions	**7,936**	**1,200**	**(300)**	**-**	**704**	**9,540**
Provisions for litigation	7,936	1,200	(300)	-	704	9,540
Total	**7,936**	**1,200**	**(300)**	**-**	**704**	**9,540**

Note 15 – Amounts due on investments

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

Note 16 – Amounts due to suppliers and other current debt

Trade payables by segment (KSEK)	31/12/2015	31/12/2014
Shopping Centres	55,209	37,755
Others	10,448	7,781
Total	**65,657**	**45,536**

Sundry creditors(1) (KSEK)	31/12/2015	31/12/2014
Due to customers	87,278	92,243
Due to partners	167,313	195,024
Total	**254,591**	**287,267**

(1) *This item includes eviction costs.*

Other liabilities (KSEK)	31/12/2015	31/12/2014
Prepaid income (1)	286,112	236,349
Total	**286,112**	**236,349**

(1) *Mainly rents received in advance.*

Note 17 – Tax and social security liabilities

(KSEK)	31/12/2015	31/12/2014
Social security liabilities	21,186	19,542
Value-added tax	100,704	196,660
Income tax due	42,998	72,628
Other tax liabilities	2,655	2,511
Total current	**167,543**	**291,341**

2.6.3 Notes to the consolidated statement of comprehensive income

Note 18 – 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 and key monies are spread over the fixed term of the lease.
The property management fees re-invoiced to the tenants are classified in gross rental income.

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

Note 19 – Net service charge expenses

These expenses are net of charges re-invoiced to tenants and relate mainly to vacant premises.

(KSEK)	**2015**	**2014**
Service charge income	377,609	315,217
Service charge expenses	(381,955)	(320,466)
Total	**(4,346)**	**(5,249)**

Note 20 – 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 21 – Administrative expenses

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

Audit fees

(KSEK)	**2015**	**2014**
Ernst & Young, revision	(2,727)	(3,119)
Deloitte, revision	(178)	(427)
Ernst & Young, other	(85)	(150)
Total	**(2,990)**	**(3,696)**

Note 22 – 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 23 – Valuation movements on assets

This item reflects changes in market valuation of investment properties.

(KSEK)	**2015**	**2014**
Shopping Centres	4,281,937	1,736,776
Offices	144,938	12,441
Total	**4,426,875**	**1,749,217**

Note 24 – Net financing costs

(KSEK)	2015	2014
Other financial interest	796	3,839
Interest income on caps and swaps	43,365	35,357
Subtotal financial income	**44,161**	**39,196**
Interest on bonds	(64,951)	(66,370)
Interest and expenses on borrowings	(423,494)	(505,358)
Interest on partners' advances	(90,310)	(132,878)
Other financial interest	(12,752)	(54,381)
Interest expenses on caps and swaps	(24,844)	(40,638)
Financial expenses before capitalised financial expenses	**(616,351)**	**(799,625)**
Capitalised financial expenses	111,915	104,980
Subtotal financial expenses	**(504,436)**	**(694,645)**
Total net financial expenses	**(460,275)**	**(655,449)**

Note 25 – Fair value adjustments of derivatives and debt

During 2015, fair value adjustments of derivatives and debt mainly comprised:

- changes in fair value of derivatives (caps and swaps) which generated a gain of KSEK 16,177;
- 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 negative amount of -KSEK 16,544.

Note 26 – Share of the result of associates

The contribution of affiliates corresponds to KSEK 41,772 as recurring activities and -KSEK 1,654 as non recurring activities which comprise mainly the fair value on the underlying investment properties.

Note 27 – Income tax expenses

(KSEK)	2015	2014
Income tax expense recurring	(33,712)	(43,422)
Income tax expense non-recurring	(123,374)	-
Deferred tax expense	(1,028,969)	(621,389)
Total tax	**(1,186,055)**	**(664,811)**

Reconciliation of effective tax rate	%	2015
Profit before tax, impairment of goodwill and result of associates		**5,539,501**
Income tax using the average tax rate	23.2%	(1,284,439)
Tax exempt profits	(1.6%)	90,472
Tax exempt profits booked in Equity	0.0%	(9)
Non deductible costs	0.8%	(46,747)
Effect of non-recognized tax losses	0.0%	(159)
Effect of change in tax rates	(0.6%)	33,909
Effect of currency translation in tax	(0.3%)	16,074
Other	(0.1%)	4,844
	21.4%	**(1,186,055)**

Note 28 – Non-controlling interests

For 2015, this item mainly comprised non-controlling interests in shopping centre in Spain.

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.

Interests received on loans granted to companies accounted for using the equity method are classified in cash flow from operating activities.

Note 29 – Disposal of shares/consolidated subsidiaries

(€Mn)	**2015**	**2014**
Net price of shares sold	1,076,111	-
Cash and current accounts	396,968	-
Disposal of shares/consolidated subsidiaries (1)	**1,473,079**	**-**

(1) *In 2015, corresponds mainly to the share deal's disposal of Nova Lund shopping centre (Lund).*

Note 30 – Disposal of shares of associates/non-consolidated subsidiaries

(€Mn)	**2015**	**2014**
Net price of shares sold	1,184,373	-
Current accounts	317,829	-
Disposal of shares of associates/non-consolidated subsidiaries (1)	**1,502,202**	-

(1) *In 2015, refers to the disposal of the Group's 75% stake in Arkady Pankrac (Prague).*

Note 31 – Reconciliation of cash at period-end on the statement of cash flows and cash on the statement of financial position

(KSEK)	**2015**	**2014**
Available-for-sale investments	63,779	20,962
Parent company cash pooling and credit facilities	595,115	191,516
Cash	194,452	76,752
Current accounts to balance out cash flow	(767,642)	(727,874)
Bank overdrafts	(586,441)	(1,074,810)
Cash at period-end	**(500,738)**	**(1,513,453)**

2.7 Financial instruments

2.7.1 Carrying value of financial instruments per category in accordance with IAS 39 standard

L&R: Loans and Receivables
AfS: Available for Sale financial assets
FAFVPL: Financial Assets at Fair Value through Profit and Loss
FLAC: Financial Liabilities measured At Cost
FLFVPL: Financial Liabilities at Fair Value through Profit and Loss

31/12/2015 (KSEK)	**Categories in accordance with IAS 39**	**Carrying Amount 31/12/2015**	**Amounts recognised in statement of financial position according to IAS 39**			**Fair value**
			Amortised Cost	**Fair value recognised in equity**	**Fair value recognised in profit & loss**	
Assets						
Loans	L&R	42,908	42,908	-	-	42,908
Financial assets	L&R	275	275	-	-	275
Derivatives at fair value	FLFVPL	100,549	-	(6,365)	106,914	100,549
Trade receivables from activity (1)	L&R	70,408	70,408	-	-	70,408
Other receivables (2)	L&R	53,910	53,910	-	-	53,910
Cash and cash equivalents	FAFVPL	853,346	-	-	853,346	853,346
		1,121,395	**167,500**	**(6,365)**	**960,260**	**1,121,395**
Liabilities						
Financial debts	FLAC	18,292,505	18,292,505	-	-	18,893,498
Guarantee deposits	FLAC	144,886	144,886	-	-	144,886
Non current amounts due on investments	FLAC	47,870	47,870	-	-	47,870
Amounts due to suppliers and other current debt (3)	FLAC	1,129,920	1,129,920	-	-	1,129,920
		19,615,181	**19,615,181**	**-**	**-**	**20,216,174**

(1) *Excluding rent-free periods and step rents.*
(2) *Excluding prepaid expenses, service charges due and tax receivables.*
(3) *Excluding prepaid income, service charges billed and tax liabilities.*

31/12/2014 (KSEK)	**Categories in accordance with IAS 39**	**Carrying Amount 31/12/2014**	**Amounts recognised in statement of financial position according to IAS 39**			**Fair value**
			Amortised Cost	**Fair value recognised in equity**	**Fair value recognised in profit & loss**	
Assets						
Loans	L&R	42,439	42,439	-	-	42,439
Financial assets	L&R	275	275	-	-	275
Derivatives at fair value	FLFVPL	82,651	-	(18,667)	101,318	82,651
Trade receivables from activity	L&R	29,084	29,084	-	-	29,084
Other receivables	L&R	55,281	55,281	-	-	55,281
Cash and cash equivalents	FAFVPL	289,230	-	-	289,230	289,230
		498,960	**127,079**	**(18,667)**	**390,548**	**498,960**
Liabilities						
Financial debts	FLAC	19,385,900	19,385,900	-	-	20,039,707
Guarantee deposits	FLAC	105,203	105,203	-	-	105,203
Non current amounts due on investments	FLAC	50,000	50,000	-	-	50,000
Amounts due to suppliers and other current debt	FLAC	1,112,676	1,112,676	-	-	1,112,676
		20,653,779	**20,653,779**	**-**	**-**	**21,307,586**

"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 31/12/2015			
	Total	Level 1	Level 2	Level 3
Assets				
Fair value through profit or loss				
Derivatives	106,914	-	106,914	-
Available-for-sale investments	63,779	63,779	-	-
Fair value through equity				
Derivatives	(6,365)	-	(6,365)	-
Total	**164,328**	**63,779**	**100,549**	**-**
Liabilities				
Fair value through profit or loss				
Derivatives	-	-	-	-
Total	**-**	**-**	**-**	**-**

Net gain/loss by category

2015	**From interest**	**From subsequent measurement**			**Net gain/loss**
(KSEK)		At fair value	Currency translation	Impairment/ reversal of impairment	
Financial instruments held for trading	18,521	-	-	-	18,521
Financial liabilities at amortised cost	(590,711)	-	-	-	(590,711)
	(572,190)	**-**	**-**	**-**	**(572,190)**
Capitalised expenses					111,915
Net financial expenses					**(460,275)**

2014	**From interest**	**From subsequent measurement**			**Net gain/loss**
(KSEK)		At fair value	Currency translation	Impairment/ reversal of impairment	
Financial instruments held for trading	(5,281)	-	-	-	(5,281)
Financial liabilities at amortised cost	(755,148)	-	-	-	(755,148)
	(760,429)	**-**	**-**	**-**	**(760,429)**
Capitalised expenses					104,980
Net financial expenses					**(655,449)**

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 equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a Group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit story.
In the Shopping Centres segment, the risk of insolvency is spread widely across a large number of tenants.
When tenants sign their leasing agreements, they are required to provide financial guarantees, such as deposit, first-demand guarantee or 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-litigious or litigious action to be taken.
The Group applies the following rules to calculate the provision for doubtful accounts:
- 50 % of receivables due for more than three months (calculation after preliminary deduction of deposits and bank guarantee);
- 100 % of receivables due for more than six months.

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, 2015. Lines drawn as at December 31, 2015 are considered as drawn until maturity.

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

(KSEK)	**Carrying amount** (1)	**Less than 1 year**		**1 year to 5 years**		**More than 5 years**	
	31/12/2015	Interest	Redemp-tion	Interest	Redemp-tion	Interest	Redemp-tion
Bonds, borrowings and amounts due to credit institutions							
Bonds and EMTNs	(3,700,000)	(57,534)	-	(132,913)	(3,700,000)	-	-
Bank borrowings and other financial liabilities (2)	(11,333,097)	(357,701)	(2,876,643)	(770,637)	(6,556,015)	(306,361)	(1,900,440)
Financial derivatives							
Derivative financial assets							
Interest rate derivatives without a hedging relationship	8,541	(7,726)	14,906	-	8,541		
Currency and interest rate derivatives in connection with fair value and cash flow hedges	92,008	33,190	-	83,554	92,008		

(1) *Corresponds to the amount of principal debt (see section 2.6.2 note 11 "Current and non current financial liabilities").*
(2) *Excludes current accounts with non-controlling interests.*

As at December 31, 2015, the total amount of undrawn credit lines came to KSEK 1,750,000.

b. Counterparty risk

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

c. Interest rate risk management

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

> Average cost of Debt

Rodamco Sverige's average cost of debt in 2015 stands at 3.3 %.

> Interest rate hedging transactions

The outstanding debt as at December 31, 2015 was hedged at 42% 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 SE.

> Measuring interest rate risk

(KSEK)	**Outstanding total at 31/12/2015**	
	Fixed rate	**Variable rate** (1)
Financial liabilities	(9,015,082)	(7,372,098)
Financial assets	789,567	63,779
Net financial liabilities before hedging programme	**(8,225,515)**	**(7,308,319)**
Micro-hedging	-	-
Net financial liabilities after micro-hedging (2)	**(8,225,515)**	**(7,308,319)**
Swap rate hedging (3)		(1,635,094)
Net debt not covered by swaps		**(8,943,414)**
Cap and floor hedging		-
Hedging balance	**-**	**(8,943,414)**

(1) *Including index-linked debt.*
(2) *Partners' current accounts are not included in variable-rate debt.*
(3) *Forward hedging instruments are not accounted for in this table.*

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

d. Currency exchange rate risk management

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

> Measuring currency exchange rate exposure

The Group has activities and investments in countries inside the euro-zone (e.g. in Spain, Finland and Czech Republic). 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 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	31/12/2015	31/12/2014
1) Commitments related to the scope of the consolidated Group			**3,224**	**528**
Commitments given as part of specific operations	- liability warranties	2016+	3,224	528
2) Commitments related to Group financing			**2,350,745**	**2,813,694**
Financial guarantees given	- mortgages and first lien lenders [(1)]	2016 to 2018	2,350,745	2,813,694
3) Commitments related to Group operational activities			**281,249**	**975,772**
Commitments related to development activities	- properties under construction: residual commitments for works contracts and forward purchase agreements [(2)]	2016+	268,302	961,387
Commitments related to operating contracts	- rental of premises and equipment	2016 to 2020	9,014	14,385
	- other	2016	3,933	-
Total commitments given			**2,635,219**	**3,789,993**

(1) Discloses the outstanding balances at the reporting date of the debts and credit lines which are guaranteed by mortgages. The gross amount of mortgages contracted, before taking into account subsequent debt reimbursement and unused credit lines, was KSEK 2,378,427 as at December 31, 2015 (KSEK 2,848,015 as at December 31, 2014).

(2) Includes commitments related to the construction of new or extension of existing shopping centres and offices, particularly Mall of Scandinavia and Täby Centrum in Stockholm.

2.9.2 Commitments received

Commitments received (KSEK)	Description	Maturities	31/12/2015	31/12/2014
1) Commitments related to Group financing			**8,445,906**	**8,489,054**
Financial guarantees received	- bank loans guaranteed by Rodamco Sverige AB's shareholder, Unibail-Rodamco SE [(1)]	2016 to 2018	6,695,906	6,723,054
	- refinancing agreements obtained but not used	2016+	1,750,000	1,766,000
2) Commitments related to Group operational activities			**341,554**	**208,012**
Other contractual commitments received related to operations	- bank guarantees on works and others	2016+	1,548	510
Assets received as security, mortgage or pledge, as well as guarantees received	- guarantees received from tenants	2016+	340,006	207,502
Total commitments received			**8,787,460**	**8,697,066**

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

Commitments relating to operating leases

General overview of the main provisions of lease agreements

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

In the Czech Republic, commercial lease agreements are regulated mainly by Act No. 116/1990 Coll. on the lease and sublease of non-residential premises. A commercial lease can be entered into either for a definite term or for an indefinite term with a right to terminate. Unless such option is granted, the lessee has no legal right to renewal.
Rents are expressed in euros, and are usually paid in Czech crown quarterly in advance.

In Spain, commercial lease agreements are covered mainly by The Urban Lease Act, passed on 24 November 1994. In this regard, parties may freely agree almost all the clauses of the agreement except for the legal deposit which has to be mandatory delivered by the tenant amounting two months rent. The term of most of the leases may be freely agreed by the parties and usually comes to five years in the Group's shopping centres. The rents are usually received monthly in advance.

Minimum guaranteed rents under leases

As at December 31, 2015, minimum future rents due under leases until the next possible termination date break down as follows:

Minimum future rents per year (KSEK)			
Year	Shopping Centres	Offices	Total
2016	1,488,066	77,146	1,565,212
2017	1,318,183	54,033	1,372,216
2018	1,064,655	35,364	1,100,019
2019	907,838	24,121	931,959
2020	605,331	4,768	610,099
2021	438,273	4,768	443,041
2022	379,179	2,691	381,870
2023	309,295	2,480	311,776
2024	285,958	2,480	288,439
2025	225,876	2,144	228,020
2026	214,655	110	214,765
Beyond	26	0	26
Total	**7,237,336**	**210,105**	**7,447,441**

2.10 Employee remuneration and benefits

2.10.1 Salaries and remuneration

(KSEK)	2015	2014
Payment and benefits	64,962	61,818
Social contributions	18,744	17,573
Pension expenses	10,611	9,934
Total	**94,317**	**89,325**

	2015			2014		
Salaries and remuneration by contry	**Board, MD and senior executives**	**Other employee**	**Total**	**Board, MD and senior executives**	**Other employee**	**Total**
Sweden						
Parent Company	13,809	60,801	**74,610**	5,414	55,778	**61,192**
Subsidiaries	-	14,022	**14,022**	9,020	13,754	**22,774**
Sweden, Total	**13,809**	**74,823**	**88,632**	**14,434**	**69,532**	**83,966**
Subsidiaries abroad						
Denmark	-	5,685	**5,685**	-	5,195	**5,195**
Czech republic	-	-	-	-	164	**164**
Subsidiaries abroad, total	-	**5,685**	**5,685**	-	**5,359**	**5,359**
Group Total	**13,809**	**80,508**	**94,317**	**14,434**	**74,891**	**89,325**

2015

Salaries and remuneration Senior executives	**Salaries/ Directors fee**	**Variable compen-sation**	**Other benefits**	**Pensions expenses**	**Other compensations**	**Total**
Chairman	-	-	-	-	-	-
Board	-	-	-	-	-	-
Manager Director	2,911	1,787	-	631	-	**5,329**
Other senior executives	5,671	1,135	-	1,674	-	**8,480**
Total	**8,582**	**2,922**	-	**2,305**	-	**13,809**

2014

Salaries and remuneration Senior executives	**Salaries/ Directors fee**	**Variable compen-sation**	**Other benefits**	**Pensions expenses**	**Other compensations**	**Total**
Chairman	-	-	-	-	-	-
Board	-	-	-	-	-	-
Manager Director	2,579	1,100	-	640	-	**4,319**
Other senior executives	6,371	1,940	-	1,804	-	**10,115**
Total	**8,950**	**3,040**	-	**2,444**	-	**14,434**

2.10.2 Number of employees

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

Regions	2015	2014
Sweden	93	99
Of which women	*55*	*54*
Denmark	7	7
Of which women	*4*	*5*
Total	**100**	**106**

Number of people in the Management Board	2015	2014
Board	3	3
Of which women	-	-
Senior executives incl. MD	6	5
Of which women	*2*	*1*

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's level.

The total expense recognized in the profit & loss account for share based payments in 2015 amounts to KSEK 5,181 compared to KSEK 3,698 in 2014.

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 SE and some of its subsidiaries.

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

The relation between Rodamco Sverige AB and its shareholder Unibail-Rodamco 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 SE and its subsidiaries are detailed below:

(KSEK)	31/12/2015	31/12/2014
Parent company borrowings [1]	8,982,352	9,152,755
Charges and premiums on issues of parent company borrowings	(424)	(2,177)
Accrued interests on parent company borrowings	7,167	1,112
Current accounts to balance out cash flows [2]	767,642	727,874
Amounts due to suppliers and other current debt	167,306	195,024
Total liabilities	**9,924,043**	**10,074,588**
Trade receivables and other receivables	2,005	1,941
Current accounts receivables (cash-pooling)	595,115	191,516
Total assets	**597,120**	**193,457**
Costs charges reinvoiced	(91,378)	(77,127)
Stock-option cost charges	(5,181)	(3,698)
Financial expenses	(383,961)	(490,049)
Net result	**(480,520)**	**(570,874)**

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

(2) *Current accounts (cash pooling) with an average interest rate Euribor 3M on which a margin is applied and with an immediate maturity.*

Based on the financial performance of the parent company Unibail-Rodamco 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

None.

TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Rodamco Sverige AB for the year 2015.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

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

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

Opinions

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 2015 and of its financial performance and its cash flows 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 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Rodamco Sverige AB for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

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. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the profit 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.

Stockholm 30/6 2016

Ernst & Young AB

Fredric Hävrén

Authorized Public Accountant