

# Year-end report

## January–December 2021

## Statement by the CEO

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- > Rental revenue increased 6% (0) to a total of SEK 7,425 million (7,006). In comparable property holdings, the increase in rental revenue was 2% (negative: 1).
- > New lettings corresponding to 124,000 square metres (119,000) and an annual rent of SEK 592 million (535) were contracted. Net lettings amounted to SEK 132 million (negative: 136) for the quarter and negative SEK 56 million (negative: 18) for the full year.
- > The price change after renegotiations averaged 8% compared with 7% last year. Renegotiations were completed in the year corresponding to an annual rent of SEK 1,326 million (977).
- > The occupancy rate was 91.4% (91.9) at the end of the period. Of total vacancies, 1.1 percentage points (2.0) were attributable to ongoing projects and development properties.
- > Operating surplus increased 7% (0), totalling SEK 5,533 million (5,189). For comparable property holdings, the increase in operating surplus was 2% (0).
- > Profit before value changes and tax rose to SEK 4,391 million (3577).
- > The change in the property value amounted to SEK 15,255 million (1,083), corresponding to a 9.5% (0.8) increase in value. The change in value was primarily due to the downward adjustment of yield requirements.
- > At the end of the period, the portfolio value amounted to SEK 181,575 million (162,420).
- > The value change in financial instruments amounted to SEK 938 million (167), which was mainly due to the increase in long-term market interest rates.
- > Profit after tax amounted to SEK 16,359 million (3,714).
- > A dividend of SEK 4,000 million (2,000) has been proposed to the Annual General Meeting.

Rental revenue    Operating surplus    Value change  
in properties    Occupancy rate

**+6%**    **+7%**    **+9.5%**    **91%**

Amounts in SEK million	Jan–Dec 2021	Jan–Dec 2020	Oct–Dec 2021	Oct–Dec 2020
Rental revenue	7,425	7,006	1,913	1,772
Operating surplus	5,533	5,189	1,413	1,314
Profit before value changes and tax	4,391	3,577	1,134	1,057
Change in value of investment properties	15,255	1,083	7,176	1,946
Profit after tax	16,359	3,714	6,681	2,265
Cash flow from operating activities	3,947	3,818	1,024	1,385
Market value of properties	181,575	162,420	181,575	162,420
Occupancy rate, %	91.4	91.9	91.4	91.9
Surplus ratio, %	75	74	74	74
Interest coverage ratio, multiple	5.2	4.4	5.5	4.7
Loan-to-value (LTV) ratio, %	39	41	39	41
Closing EPRA NRV, SEK m	110,515	94,656	110,515	94,656
Closing EPRA NTA, SEK m	102,179	87,735	102,179	87,735
Closing EPRA NDV, SEK m	83,118	69,450	83,118	69,450
Environmental certification of investment portfolio, share of total area, %	92	92	92	92
Environmental certification, of investment portfolio, share of market value, %	94	92	94	92
Energy intensity on closing date, kWh/sq. m., rolling 12 months	83	83	83	83

# Strong results and increased revenue

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## Strong results

We posted strong results for 2021 with increased rental revenue, a higher operating surplus and strong value growth in the portfolio. This was despite the pandemic casting a continued shadow over society throughout the year and the fourth wave we are seeing at time of writing, with all the strains that entails for many people, organisations and businesses.

At the same time, I have noted a positive force within society as a whole, but particularly in businesses and companies that are prospering and who are now prepared to take more forward-looking decisions. This was clearly visible in the large volume of new contracts signed in the fourth quarter, which resulted in positive net lettings of SEK 132 million. This essentially compensates for the increased volume of notices to vacate we noted in the first half of the year. The volume of renegotiated contracts is also higher than usual, totalling SEK 1.3 billion for the full year.

## Focus on meeting customers

We focused on meeting our customers in the autumn. We are noting considerable interest in discussing how to design premises to support the business needs as well as the hybrid work approach currently being adopted by many. The dialogue outcomes vary and, as yet, no single clear trend has emerged from our lettings to tenants. Some need greater areas, while others need to downsize. Some remain unchanged, while others move laterally to obtain a better location or a more efficient product. What most have in common, however, is a strong belief in the future and many are in the midst of a growth phase. This means that the office's importance as a tool for attracting skills and talent is growing. This favours Vasakronan, which has a strong

offering and thus excellent possibilities to deliver both location and quality.

It is also clear, from dialogues with our customers, that more flexible solutions have grown in importance and where our full-service offerings Smart & Klart and Arena provide a strong response to this demand. Furthermore, I have noted that a large proportion of longer contracts continue to be signed and we are maintaining the average contract duration in the portfolio.

## New businesses at street level

We continue to develop our areas and it is gratifying to see how we are actively helping to create more attractive locations in our four cities. Following a rough period with few new retail or other street-level businesses, I am noting a clear trend shift in our city centre locations. Not least in central Stockholm, where we signed a number of new leases at the end of the year.

For example, Svenssons in Lamnhult is establishing a new retail concept in Sergelhusen, and Mango and Champion are both opening flagship stores on Hamngatan in the spring.

Sergelgatan is also starting to take form and it is exciting to see how the location together with our vision for the street are attracting exciting new experience concepts that boost the whole. Soon Paradox will open a 1,000 square metre interactive museum with optical illusions and other attractions. Another example is "Spirit of..." which will sign an agreement during the quarter and offer visitors a 2,700 square metre palette of experiences in various formats, whether one is looking for an exhibition, good food and drink, a library or a shop full of inspiration.



“Our projects are progressing as planned and several have been completed during the year, which also contributed positively to value growth.”

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**Strong value growth**

The majority of the good results for the year stem from high unrealised value growth in the portfolio and moreover, this is the twelfth consecutive year where we have reported a positive change in value. The value increase in the management portfolio was partly attributable to a more stable lettings market and the positive results we are noting in our renegotiations. However, the main effect stems from the record strong transaction market which confirms that there is a willingness to pay for property. In combination with good access to capital, this continues to depress yield requirements and drive value growth.

Our projects are progressing as planned and several have been completed during the year, which also contributed positively to value growth. For example, during the quarter we welcomed the Swedish Tax Agency, which has moved into two of our development properties: Nya Kronan in Sundbyberg and Magasin X in Uppsala.

**Good access to financing on favourable terms**

Over the year, we lowered the average interest rate to 1.3%, thereby reducing our total borrowing cost despite increased debt. This was mainly attributable to completing new borrowing and refinancing with lower credit margins. Our strong ownership structure and sustainable business model is clearly attractive both for Swedish and for foreign bond investors.

In recent months, inflation has increased which has some impact on our operations. We have noted higher costs for materials and some cost increases in our daily operations driven by, inter alia, higher electricity prices and other price

increases. However, the increased costs are offset by the fact that rental revenue is largely adjusted for inflation. Whether the inflation is permanent and whether it will have a long-term effect on the market and interest rates remains to be seen. Either way, I am confident given Vasakronan's low interest-rate risk financing structure and given that we are well prepared for a market with higher interest rates.

**A sustainable business model**

Sustainability topics are rising in importance and have long been part of our business model. Most of our properties have the highest environmental certification, which the vast majority of our customers now require.

I would like to take this opportunity to highlight our involvement in SthlmFlex, which, simply put, is a marketplace for electricity. The fourth quarter, as we know, was impacted by a turbulent electricity market with very high electricity prices and major capacity shortages in the transmission grid. We will probably have to get used to such market fluctuations, which are a societal challenge that we can help solve. As a result of years of systematic work to digitalise our buildings, we can start connecting our properties for real and adapt our electricity use over time. This comprises a business opportunity, where we can lower our power costs and, through SthlmFlex, get paid for the power we don't need.

This type of approach together with innovative energy saving measures are just one of the reasons why, despite facing very stiff competition, Vasakronan is ranked as the global sector leader in the office/retail segment of the Global Real Estate Sustainability Benchmark, GRESB.

**Well positioned**

The past year's results show that Vasakronan continued to deliver on its mission. We are achieving this through a strong delivery focus in parallel with leveraging the development opportunities in our property portfolio. We are well positioned going forward, with an attractive and well-managed property portfolio in prime locations, a range of premises and services that matches well with customer demand, and highly experienced employees.

When the restrictions eased in the autumn, it was wonderful to see how quickly everything came back to life. Our own and customers' offices filled with staff, people enjoyed being able to meet in person and to move freely in stores, go to restaurants and enjoy the cultural offering. Our city centres came back to life. Naturally, my hope just now is that the current restrictions are temporary and that the optimism, determination and confident outlook that I so clearly noted the emergence of in the fourth quarter will continue. I feel hopeful.

Stockholm, 3 February 2022

**Johanna Skogestig,**  
*Chief Executive Officer*

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## New lettings and renegotiations

During the quarter, new lettings corresponding to 41,000 square metres (19,000) and an annual rent of SEK 218 million (82) were signed. The majority of these new lettings were in Stockholm. At the Klara Zenit property, a three-year lease for 4,800 square metres has been signed with Arc Arise Consulting Group. At Klara C on Vasagatan, Upsales Nordic has signed a three-year lease for 1,900 square metres and E-work group signed a six-year lease for 1,400 square metres. On Sergelgatan, which is currently undergoing a transformation, a seven-year lease has been signed with “Spirit of...”, which will be opening a 2,700 square metre adventure centre at the end of 2022.

A five-year lease has been signed at Sergelhusen with the furniture chain Svenssons i Lamnhult, which is opening a 1,700 square metre store in autumn 2022. The clothing companies Champion and Mango, and the restaurant chain Mellqvist have also signed leases in the same block. These advance leases mean that the occupancy rate for Sergelhusen’s street level is just over 90%.

Notice to vacate was received during the quarter corresponding to annual rent of SEK 85 million (218), whereby net lettings amounted to a SEK 132 million (negative: 136).

Renegotiations were also completed in the quarter corresponding to 122,000 square metres (87,000) and an annual rent of SEK 409 million (335). The result of renegotiation for the quarter amounted to 6.0% (8.8). The result of renegotiations for the quarter for office leases amounted to an increase of 10.4% (17.5) and for retail the result was down 3.9% (down: 7.3). At Telefonplan in Stockholm, Försäkringskassan (the Swedish Social Insurance Agency) has extended its lease of 23,600 square metres for five years and, in

Kista, Ericsson has signed a six-year extension of its lease for 23,000 square metres.

At the end of the quarter, the occupancy rate was 91.4% (91.9). Of total vacancies, 1.1 percentage points (2.0) pertained to ongoing projects and vacant development properties.

## Energy saving initiatives deliver results

The fourth quarter was impacted by an electricity market with high electricity prices and major capacity shortages in the transmission grid. During this period, Vasakronan benefitted from the projects completed over the past few years to reduce electricity consumption. One such project comprises the Sergelhusen property’s participation in SthlmFlex. This is an initiative being driven by Svenska kraftnät, Ellevio and Vattenfall Eldistribution aimed at reducing the capacity shortage in the Stockholm’s electricity grid. This autumn’s turbulent electricity market was a clear reminder that Vasakronan’s energy efficiency initiatives are critical for the company’s short- and long-term profitability. Vasakronan’s energy consumption has decreased slightly more than 60% since 2009.

The sector’s shared interpretation of which Swedish buildings should be considered among the top 15% from an energy perspective was published in December. This will form the basis for determining whether an existing building can be considered as meeting the first environmental goal in the EU Taxonomy. The sector has agreed that an office building with a primary energy figure of less than 89 kilowatt hours per square metre per year is considered to be in the top 15% of buildings. At the end of December, the property portfolio’s average primary energy figure was approximately 88 kWh/sq. m. During the quarter, Hötorgshus 3 and 4 received the LEED Building of the Year award in the existing build-

ings category from the Sweden Green Building Council. The buildings have been environmentally certified under LEED for existing buildings and achieved the highest rating – Platinum.

## Further diversify the investor base

Together with the German trading platform firstwire and Deka-Bank’s SWIAT platform, Vasakronan completed its first bilateral loan in the German market for registered bonds (Namensschuldverschreibung (NSV)) during the quarter. The debt instrument is completely digital and was arranged without any intermediaries, which makes it the first of its kind in the European market. The bond issue encompasses a total of EUR 50 million and was conducted within Vasakronan’s Green Finance Framework, where the use of proceeds is earmarked for green assets. At the end of the year, Vasakronan’s green funding amounted to slightly more than SEK 55 billion, which corresponds to 74% of the company’s total loan portfolio.

## Fourth quarter results

	Q4 2021	Q4 2020
Rental revenue, SEK m	1,913	1,772
Operating surplus, SEK m	1,413	1,314
Profit before value changes and tax, SEK m	1,134	1,057
Change in value of investment properties, SEK m	7,176	1,946
Change in value of investment properties, %	4.2	1.3
Change in value of financial instruments, SEK m	82	-125
Profit after tax, SEK m	6,681	2,265
Cash flow from operating activities, SEK m	1,025	1,385

## Proposed dividend

The Board of Directors proposes distribution of a dividend of SEK 4,000 million (2,000) to the Annual General Meeting.

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## Strong recovery

Sweden's economy continued to strengthen during the fourth quarter. However, the accelerating spread of infection and the emergence of a new virus variant have created uncertainty regarding the pandemic's development and how Sweden's economy will be affected going forward. The National Institute of Economic Research's (NIER) assessment is that the recovery will slow slightly in the first quarter of 2022 before picking up again in the second half of the year. GDP is forecast to rise 3.4% in 2022, a slightly lower increase than previously forecast by the NIER.

The Swedish economy's recovery resulted in a sharp increase in growth in 2021. Many companies are in great need of personnel, which is why the labour market continues to develop strongly. The latest forecast from the NIER projects an increase of 2.3% in employment in 2022 and 1.5% in 2023. Moreover, unemployment is expected to decline from around 9% at the end of 2021 to 7.5% at the end of 2022 and to 6.7% at the end of 2023.

According to Statistics Sweden and Evidens, office employment in metropolitan regions will rise 1.6% in 2021 and 1.9% in 2022.

Portions of consumer durables, primarily physical retail, were hit hard by the pandemic and the subsequent restrictions. The digital transition in the industry, which was already under way, was given an incredible boost and an increasing share of consumer durables are purchased online. Sales of consumer durables grew robustly as restrictions were gradually lifted in the autumn. Physical retail also recovered strongly as retail

foot traffic returned. In its latest report from December, HUI Research estimates that the consumption of consumer durables, including e-commerce, increased 8% in 2021. This represents an increase of 3.5 percentage points compared with the previous forecast from September. The recovery physical retail in the autumn was confirmed by Vasakronan's city retail index, which also shows a strong recovery primarily for sports and leisure as well as footwear. How the increased contagion and new restrictions will impact on retail moving forward is difficult to assess at present.

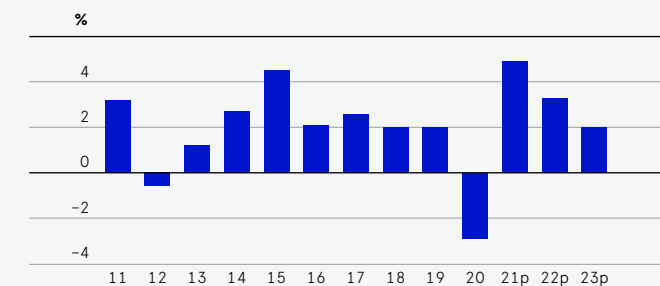
## Monetary policy remains expansionary

As a result of the strong recovery, inflation has increased and is currently significantly above the Riksbank's, Sweden's central bank's, goal of 2%. The rise in inflation is largely due to rising energy prices and supply chain bottlenecks.

Given the significant role played by rising energy prices in driving up inflation, the Riksbank expects inflation to be temporary and to fall back in 2022. Moreover, bottlenecks in the manufacturing industry, among others, are expected to ease as growth enters a calmer phase. This is also expected to lead to a drop in inflation. Accordingly, the Riksbank expects that monetary policy needs to remain expansionary for inflation to remain consistently close to the goal.

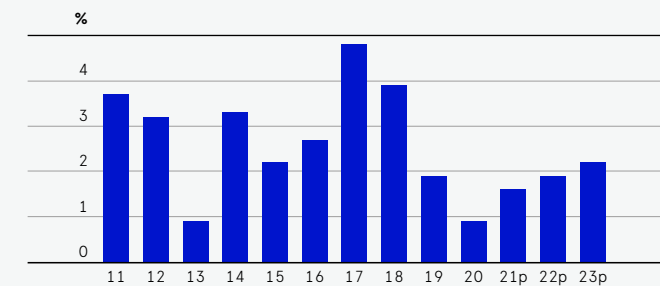
At its November meeting, the Riksbank decided to keep the repo rate unchanged at 0% with a first hike in the latter half of 2024. In parallel, the Riksbank indicated that its bond holdings would remain essentially unchanged in 2022 before being gradually wound down.

## Strong recovery for growth



GDP growth in Sweden, annual change in %, fixed prices  
Source: National Institute of Economic Research

## Rising office employment



Office employment, annual change in %, change in metropolitan regions  
Source: Statistics Sweden and Evidens

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**Higher credit margins**

Recent large Nordic property transactions resulted in a record quantity of new bond issues from the property sector during the quarter. The majority were issued in EUR. The large supply of property sector bonds, in combination with weaker market sentiment, led to increased credit margins in the fourth quarter, especially for companies with lower credit ratings than Vasakronan.

**Record high transaction volume**

Viewed from the perspective of transaction volume and number of transactions, 2021 was the strongest year in Swedish property history. Trends during the year included consolidation within the sector.

According to data provided by Cushman & Wakefield, transactions were completed in the Swedish property market for SEK 157 billion (80) in the fourth quarter. Accordingly, completed transactions in 2021 amounted to SEK 389 billion, compared with SEK 183 billion in 2020. The increase in transaction volumes was due to Castellum’s acquisition of Kungsleden in the fourth quarter, Corem’s acquisition of Klöver during the second quarter, and to Heimstaden’s acquisition of Akelius’s residential portfolio in Sweden during the third quarter.

Residential and office property were the largest segments in terms of transaction volume and the majority of investors are Swedish. The high transaction volume indicates continued strong interest in property investments.

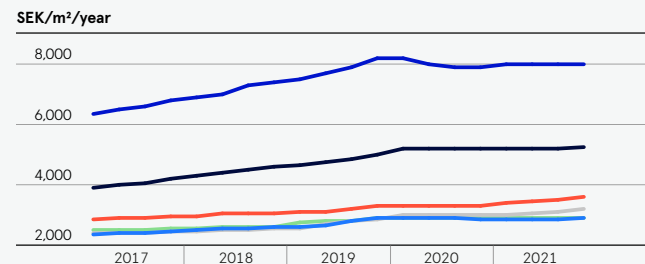
**Stable market rents and lowered yield requirements**

According to Cushman & Wakefield, office rents have remained stable in all of Stockholm’s sub-markets and in

Malmö, whereas they have risen slightly toward the year end in Gothenburg and Uppsala. In addition, yield requirements have fallen in all of Vasakronan’s regions, which has positively impacted property values. The largest decline was noted in Central Stockholm and its suburbs as well as in central Malmö where yield requirements have fallen 30-40 bps. Office vacancies were assessed as relatively stable in Gothenburg, Malmö and Uppsala over the year, while a slight increase was noted both in Stockholm’s CBD and central Stockholm.

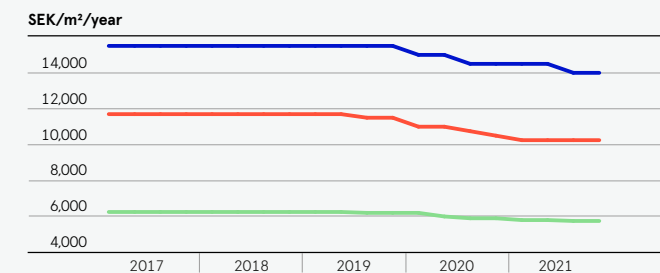
Within retail and primarily in Stockholm, a slight downturn was noted in market rents. The trend had been noted prior to the outbreak of the pandemic as a result of increased e-commerce. Vacancy levels for stores were also assessed as having risen slightly since the year end, primarily in central Stockholm. The market’s yield requirements for stores, however, remains at unchanged levels since the end of 2020.

**Market rent, offices**

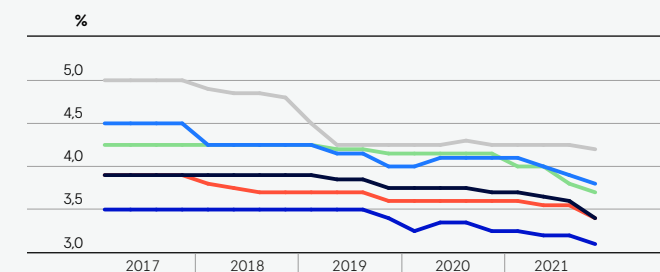


- Stockholm's CBD
- Stockholm Suburbs
- Gothenburg's CBD
- Central Stockholm (excl. CBD)
- Central Uppsala
- Malmö's CBD

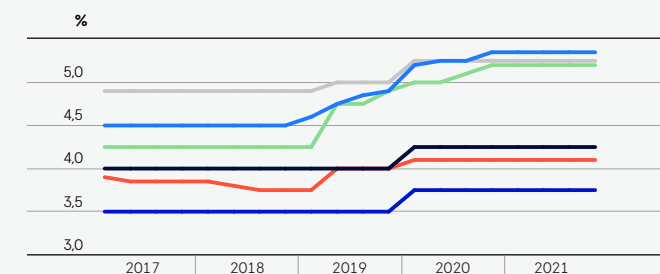
**Market rent, retail**



**Yield requirement, offices**



**Yield requirement, retail**



# Consolidated income statement

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Amounts in SEK million	Jan–Dec 2021	Jan–Dec 2020	Oct–Dec 2021	Oct–Dec 2020
Rental revenue	7,425	7,006	1,913	1,772
Operating expenses	-760	-696	-200	-185
Repairs and maintenance	-100	-116	-28	-28
Property administration	-364	-353	-103	-90
Property tax	-668	-652	-169	-155
<b>Total property expenses</b>	<b>-1,892</b>	<b>-1,817</b>	<b>-500</b>	<b>-458</b>
<b>Operating surplus</b>	<b>5,533</b>	<b>5,189</b>	<b>1,413</b>	<b>1,314</b>
Central administration	-124	-118	-20	-29
Result from participations in joint ventures	193	-219	25	75
Financial income	4	9	1	1
Financial expenses	-1,055	-1,126	-245	-264
Interest expenses lease liabilities, ground rents and land leases	-160	-158	-40	-40
<b>Profit before value changes and tax</b>	<b>4,391</b>	<b>3,577</b>	<b>1,134</b>	<b>1,057</b>
Change in value of investment properties	15,255	1,083	7,176	1,946
Depreciation of right-of-use assets	-7	-7	-2	-2
Change in value of financial instruments	938	167	82	-125
Impairment of goodwill	-5	-	-5	-
<b>Profit before tax</b>	<b>20,572</b>	<b>4,820</b>	<b>8,385</b>	<b>2,876</b>
Current tax	-223	-203	86	24
Deferred tax	-3,990	-903	-1,790	-635
<b>Profit for the period</b>	<b>16,359</b>	<b>3,714</b>	<b>6,681</b>	<b>2,265</b>
Of which, attributable to non-controlling interests	-6	-4	-1	-1
<b>Of which, attributable to the Parent Company shareholders</b>	<b>16,365</b>	<b>3,718</b>	<b>6,682</b>	<b>2,266</b>

Amounts in SEK million	Jan–Dec 2021	Jan–Dec 2020	Oct–Dec 2021	Oct–Dec 2020
<b>Other comprehensive income<sup>1)</sup></b>				
<i>Items that may not be reclassified<sup>2)</sup></i>				
Pensions, revaluation	73	-16	73	-16
Restriction for surplus in pension plan with asset cap	-2	6	-2	6
Income tax on pensions	-15	2	-15	2
<b>Other comprehensive income for the period, net of tax</b>	<b>56</b>	<b>-8</b>	<b>56</b>	<b>-8</b>
<b>Total comprehensive income for the period<sup>1)</sup></b>	<b>16,421</b>	<b>3,710</b>	<b>6,738</b>	<b>2,258</b>
<b>Key metrics</b>				
Surplus ratio, %	75	74	74	74
Interest coverage ratio, multiple	5.2	4.4	5.5	4.7

1) Other comprehensive income is attributable in its entirety to the Parent Company's shareholders. The absence of any potential shares means there is no dilutive effect.

2) Items that will not be reclassified to profit or loss.

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*Comments on the consolidated income statement*

**Rental revenue**

Rental revenue for the year increased 6% (0) to SEK 7,425 million (7,006). In comparable property holdings, rental revenue increased 2% (decreased: 1) due to higher gross rents. Development properties that went into operation in the last twelve months had a positive effect on total revenue of more than SEK 350 million.

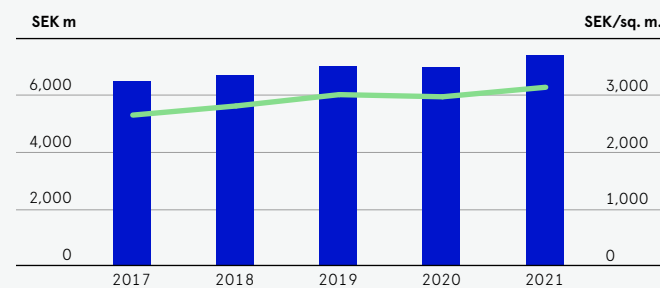
During the year, new lettings corresponding to 124,000 square metres (119,000) and annual rent of SEK 592 million (535) were contracted, of which 13% (15) impacted on revenue in 2021. Of the new lettings for the period, SEK 24 million (199) pertained to development properties.

During the year, notices to vacate corresponding to annual rent of SEK 648 million (554) were received and net lettings amounted to negative SEK 56 million (negative: 18).

Lettings corresponding to 384,000 square metres (315,000) and an annual rent of SEK 1,326 million (977) were renegotiated during the year. These resulted in an increase on the previous rent payable of 8% (7). The result of renegotiations for the year for office leases amounted to 10% (12) and for retail the result was down 4% (down: 7). Of all the contracts up for renegotiation over the period with add-ons for moving within the property portfolio, nearly 75% (72) of the tenants decided to remain a tenant of Vasakronan.

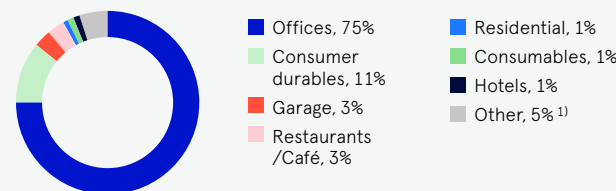
Contracted rent at the end of the year amounted to SEK 7,422 million (7,420) and the average remaining maturity was 3.8 years (3.8). The closing occupancy rate was 91.4%, compared with

**Rising rental revenue**



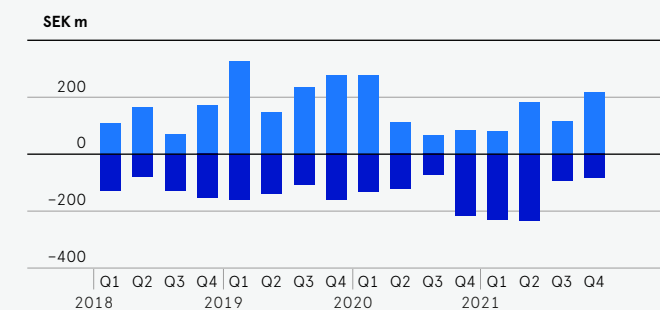
January–December.  
■ Rental revenue SEK m    — Rental revenue SEK/sq. m.

**Predominantly office tenants**



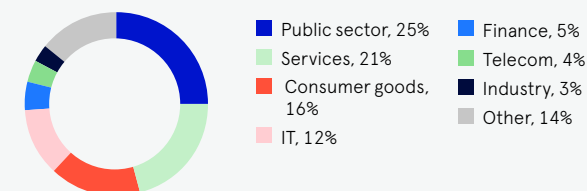
Breakdown by sector, share of contracted rent.  
1) Other encompasses sectors including health and social care, sports and recreation facilities, and warehouses.

**Net lettings**



■ New lettings, SEK m  
■ Moves, SEK m

**Public sector comprises largest share of tenants**



Breakdown by sector, share of contracted rent.



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*Comments on the consolidated income statement (Cont.)*

91.0% at the end of the previous quarter and 91.9% at year-end 2020. Of total vacancies, 1.1 percentage points (2.0) were attributable to ongoing projects and development properties.

**Result from participations in joint ventures**

The result from participations in joint ventures amounted to a profit of SEK 193 million (loss: 219). This was primarily due to positive value changes as a result of the increased value of development rights.

**Net financial items**

Despite higher interest-bearing liabilities, net financial items for the year improved to an expense of SEK 1,051 million (expense: 1,117), primarily due to lower credit margins on new borrowing. The average interest rate for loans and derivatives decreased to 1.3% (1.6) at the end of the period.

The LTM interest coverage ratio amounted to a multiple of 5.2 (4.4). The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

**Profit before value changes and tax**

Profit before value changes and tax increased to SEK 4,391 million (3,577) This change was primarily due to a higher operating surplus and higher result from participations in joint ventures.

**Property expenses**

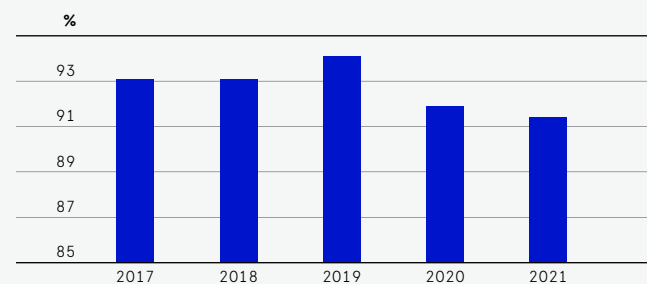
Property expenses amounted to SEK 1,892 million (expense: 1,817) for the period. In comparable property holdings, the property expenses increased 2%, compared with a decrease of 2% last year. The 3% increase in total property expenses was due to costs for properties that went into operation during the year.

**Widely distributed over many tenants**

	Share in %
Ericsson	3
Swedish Police Authority	3
H&M	2
Swedish Prison and Probation Service	2
The Swedish Tax Agency.	2
King	2
Försäkringskassan (Social Insurance Agency)	1
Swedish National Courts Administration	1
EY	1
Åhléns	1
<b>Total</b>	<b>18</b>

Largest tenants, share of contracted rent.

**Lower occupancy rate**



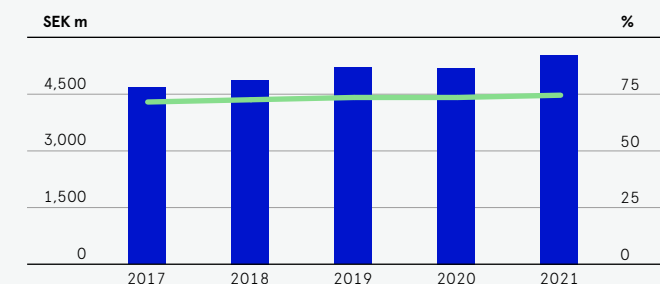
On 31 December.

**Even distribution of rents to maturity**

	No. of contracts	Annual rent, SEK m	% of total
2022	1,222	1,287	17
2023	862	1,213	16
2024	709	1,180	15
≥2025	1,210	3,742	48
<b>Total</b>	<b>4,003</b>	<b>7,422</b>	<b>96</b>
Residential	1,169	104	1
Garage	-	237	3
<b>Total</b>	<b>5,172</b>	<b>7,763</b>	<b>100</b>

Maturity structure for contracted rent.

**Improved operating surplus**



On 31 December.

■ Operating surplus, SEK m — Surplus ratio, %

*Comments on the consolidated income statement (Cont.)*

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**Operating surplus**

Operating surplus for the period increased 7% (0) to SEK 5,533 million (5,189). For comparable property holdings, the increase in operating surplus was 2% (0). The surplus ratio was 75% (74).

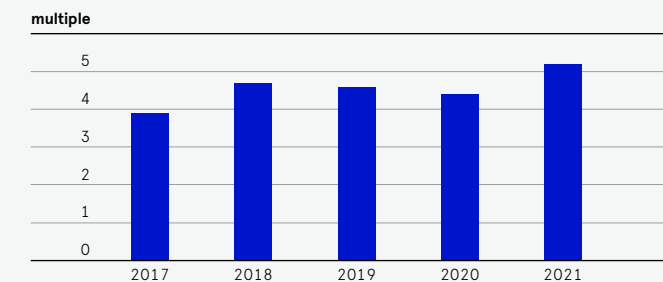
The rolling 12-month yield amounted to 3.4% (3.3) for the total property portfolio and 3.7% (3.6) for investment properties.

**Administration**

Property administration costs for the year were SEK 364 million (expense: 353) and central administration costs were SEK 124 million (expense: 118).

**Financial risks**

	Financial policy in brief	Outcome, 31 Dec 2021
<b>Financing risk</b>		
Loan-to-maturity	min. 2 years	5.0 years
Loan-to-maturity, including unutilised credit commitments.	–	5.5 years
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/loans maturing 12 months	min. 100%	162%
<b>Interest-rate risk</b>		
Interest coverage ratio	min. 2.0x (LTM)	5.2x
Fixed-interest period	min. 2 years	4.6 years
Fixed-interest maturity within 12 months	max. 55%	43%
<b>Credit risk</b>		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
<b>Currency risk</b>		
Currency exposure	No exposure	met

**High interest coverage ratio**

On 31 December, rolling 12-month period.

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**Change in value of investment properties**

On 31 December 2021, the entire property portfolio had been valued by external appraisers Cushman & Wakefield and Forum Fastighetsekonomi, respectively. Altogether, the change in the property value amounted to SEK 15,255 million (1,083), which corresponded to a 9.5% (0.8) increase in value for the full year. Changes in value for the investment portfolio amounted to an increase of SEK 11,968 million (decrease: 434), corresponding to an increase of 8.8% (decrease: 0.3), and for development and investment properties to an increase of SEK 3,408 million (1,517), corresponding to an increase of 13.0% (7).

The positive value growth was attributable to the downward adjustment of yield requirements and raised market rent assumptions. The average yield requirement used for valuation of the property portfolio was 3.87%, compared with 4.12% for corresponding properties at the end of 2020. The percentage increase in value was greatest for the company's public sector properties followed by offices in central Stockholm and its suburbs. Retail properties also posted a marginal increase in value during the period, primarily due to previous write-downs. The value increase in the project portfolio was due primarily to reduced completion risk and good occupancy rates.

**Change in value of financial instruments**

The value change in derivatives increased to SEK 938 million (167) which was mainly due to the increase in long-term market interest rates during the year.

Derivatives are primarily used to adjust interest-rate risk in the loan portfolio and to hedge borrowings in foreign currencies. At the end of the period, the derivative portfolio amounted to SEK 75,474 million (71,349), of which SEK 49,580 million (50,505) comprised interest-rate swaps and SEK 25,894 million (20,844) cross-currency basis swaps. The increase was primarily due to new borrowing in foreign currencies.

**Tax**

The Group reported a total tax effect of an expense of SEK 4,213 million (expense: 1,106). Of the tax expense, an expense of SEK 223 million (expense: 203) was current tax and an expense of SEK 3,990 million (expense: 902) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments.

The effective tax rate for the period amounted to 20.5% (22.9).

At the end of the period, Vasakronan was not involved in any tax litigation.

**Factors impacting value**

	Value impact, %
Yield requirement	6.3
Market rents	5.0
Vacancies and other valuation parameters, e.g., changed cost and investment assumptions	-1.8
<b>Total</b>	<b>9.5</b>

**Change in value by region**

	Change in value, %	Contribution to change in value, percentage points
Stockholm	10.3	7.0
Gothenburg	9.4	1.7
Uppsala	6.9	0.4
Malmö	5.2	0.4
<b>Total</b>		<b>9.5</b>

**Change in value, by category**

	Change in value, %	Contribution to change in value, percentage points
Investment properties	8.8	7.4
Development properties	13.0	2.1
Transactions	-	-
<b>Total</b>		<b>9.5</b>

# Consolidated balance sheet

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Amounts in SEK million	31 Dec 2021	31 Dec 2020	30 Sep 2021	30 Sep 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	2,044	2,044	2,047	2,039
<b>Property, plant and equipment (PPE)</b>				
Investment properties	181,575	162,420	173,471	158,641
Right-of-use assets, leaseholds and land leases	5,157	5,163	5,159	5,165
Equipment	102	47	104	38
	<b>186,834</b>	<b>167,630</b>	<b>178,734</b>	<b>163,844</b>
<b>Financial assets</b>				
Shares and participations in joint ventures	971	911	896	838
Receivables from joint ventures	20	-	-	-
Derivatives	1,062	934	908	1,356
Other non-current receivables	231	915	727	277
<b>Total financial assets</b>	<b>2,284</b>	<b>2,760</b>	<b>2,531</b>	<b>2,471</b>
<b>Total non-current assets</b>	<b>191,162</b>	<b>172,434</b>	<b>183,312</b>	<b>168,354</b>
<b>Current assets</b>				
Accounts receivable	45	73	69	112
Receivables from joint ventures	1	131	21	0
Current tax assets	79	-	-	-
Derivatives	78	4	44	6
Other current receivables, prepaid expenses and accrued income	1,308	1,026	1,024	1,304
Cash and cash equivalents	3,521	2,558	4,285	4,096
<b>Total current assets</b>	<b>5,032</b>	<b>3,792</b>	<b>5,443</b>	<b>5,518</b>
<b>TOTAL ASSETS</b>	<b>196,194</b>	<b>176,226</b>	<b>188,755</b>	<b>173,872</b>

Amounts in SEK million	31 Dec 2021	31 Dec 2020	30 Sep 2021	30 Sep 2020
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>85,290</b>	<b>70,869</b>	<b>78,552</b>	<b>71,610</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	59,342	55,659	59,620	55,848
Lease liability, leaseholds and land leases	5,158	5,164	5,160	5,166
Deferred tax liability	26,273	22,269	24,469	21,637
Derivatives	1,957	4,284	2,631	4,122
Other non-current liabilities	69	58	57	367
Provision for pensions	45	120	124	116
<b>Total non-current liabilities</b>	<b>92,844</b>	<b>87,554</b>	<b>92,061</b>	<b>87,256</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	14,496	13,658	14,143	11,444
Accounts payable	57	72	9	101
Liabilities joint ventures	22	11	26	-
Current tax liabilities	-	91	129	124
Derivatives	38	80	73	124
Other current liabilities, accrued expenses and deferred income	3,447	3,891	3,762	3,213
<b>Total current liabilities</b>	<b>18,060</b>	<b>17,803</b>	<b>18,142</b>	<b>15,006</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>196,194</b>	<b>176,226</b>	<b>188,755</b>	<b>173,872</b>

*Comments on the consolidated balance sheet*[Statement by the CEO](#)[Vasakronan fourth quarter](#)[The market during the fourth quarter](#)[Consolidated income statement](#)[Consolidated balance sheet](#)[Consolidated statement of changes in equity](#)[Consolidated cash-flow statement](#)[Vasakronan AB – Parent Company in summary](#)[Other information](#)[Key metrics](#)[Basis for key metrics](#)[Definitions](#)[Financial Calendar](#)**Intangible assets**

Intangible assets primarily consist of goodwill. Goodwill has arisen from the recognition of deferred tax on property at the nominal tax rate on the date of the business combination, while the tax rate applied when calculating the purchase price for the acquisition was lower than the nominal rate. On 31 December 2021, goodwill was SEK 1,903 million (1,908).

The remaining portion of intangible assets comprised the value of the Vasakronan brand, which amounted to SEK 100 million (100). SEK 41 million (36) was recognised as an intangible asset and pertained to investments in technical platforms in the subsidiaries Idun and Tmpl.

**Investment properties**

On 31 December 2021, Vasakronan's entire property portfolio had been valued externally. The assessed market value of the property portfolio was SEK 181,575 million at year end, compared with SEK 162,420 million at the end of 2020. The change in value during the period amounted to an increase of SEK 15,255 million (decrease: 1,083), corresponding to an increase in value of 9.5% (0.8). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 9.4 billion/positive SEK 10,7 billion on the value of the current property portfolio.

The valuations were performed pursuant to the RICS Red Book and apply the same methodology as previous external valuations. Market value is influenced by property-specific events during the period, such as new and renegotiated leases, properties being vacated and investments made. Consideration has also been taken for any assessed changes in market rents and yield requirements since the previous external valuation. A

more comprehensive description of Vasakronan's external property valuation methodology is available on pages 108–109 of Vasakronan's 2020 Annual Report.

**Change in property values**

SEK m	2021	2020
<b>Opening value, 1 January</b>	162,420	156,071
Investments	4,137	5,314
Acquisitions	214	181
Sales	-449	-229
Change in value	15,255	1,083
<b>Closing value, 31 December</b>	<b>181,575</b>	<b>162,420</b>

**Yield requirement for valuation by geographic market**

%	Interval	2021 average	2020 average
Central Stockholm	3.1–4.80	3.58	3.82
Stockholm suburbs	3.5–5.75	4.53	4.77
Uppsala	4.1–5.60	4.66	4.94
Gothenburg	3.4–4.00	3.73	3.98
Malmö	3.75–5.5	4.39	4.60
<b>Total</b>	<b>3.1–5.75</b>	<b>3.88</b>	<b>4.12</b>

**Yield requirement for valuation by property type**

%	Interval	2021 average	2020 average
Offices	3.1–5.6	3.84	4.09
Retail	3.4–5.5	4.15	4.34
Other	4.75–5.75	5.02	5.32
<b>Total</b>	<b>3.1–5.75</b>	<b>3.88</b>	<b>4.12</b>

Net investments in the period amounted to SEK 3,904 million (5,266), where the majority pertained to investments in the company's major new construction and redevelopment projects. At the end of the year, the company vacated the Smedjan 13 and 15 properties in Malmö with a property value of SEK 88 million.

**Environmental certification**

Vasakronan has set high goals for environmental certification of its property portfolio. Our ambition is for the share of properties certified in accordance with LEED Gold or higher to increase and to obtain environmental certification for the entire investment portfolio.

At the end of the period, some 94% (92) of our investment portfolio based on its market value was environmentally certified, of which 82 percentage points (80) were rated LEED Gold or higher. Of the 94%, some 22 percentage points comprised properties that were undergoing certification, which has been delayed for reasons including the pandemic and difficulty in obtaining data.

**Right-of-use assets, leaseholds and land leases**

Ground rent agreements are treated as perpetual rental agreements that are given market valuations. The market values are calculated by discounting future fees using a discount rate corresponding to between 3.00 and 3.75%.

For land leases, present values are calculated over the term of the contract by discounting future land leases by the market interest rate with a corresponding tenor to the contract.

On 31 December 2021, right-of-use agreements totalled SEK 5,157 million, compared with SEK 5,163 million at the year end.

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**Property projects**

At the end of the period, the total investment volume of ongoing property projects amounted to SEK 10,134 million (14,323), of which SEK 7,932 million (10,258) had been capitalised. The occupancy rate for major projects was 83% (81) at the end of the year. Contracts have been signed for ongoing projects totalling slightly more than SEK 440 million in annual rent. The total contracted annual rent for these projects when fully let amounts to SEK 700 million. Occupancy is ongoing or will start in 2022 for the majority of major projects.

During the quarter, the redevelopment of Sergelhusen in central Stockholm was completed. Sergelhusen, with a total investment of SEK 4 billion, encompasses 37,000 square metres of office and 12,000 square metres of retail space. At the year end, the occupancy rate was 96% for office space and 90% for retail space. Moreover, the redevelopment of the Diktaren office property in Solna was completed in the quarter. The property encompasses slightly more than 6,400 square metres of office space and is fully let to Engelska Skolan.

**Shares and participations in joint ventures**

The value of holdings in the form of shares and participations in joint ventures amounted to SEK 971 million (915) at the end of the year. SEK 50 million of the change comprised the investment completed at the end of the year in the company Hydda. Hydda is owned jointly with blq Invest and has the aim of accelerating the development of new solutions within PropTech. The remainder of the change was attributable to positive value changes in the underlying holdings in Stora Ursvik KB and Järvastaden AB.

**Large investments in property projects**

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Start Occupancy	Occupancy rate, % <sup>1)</sup>	Estimated completion date	LEED environmental certification <sup>4)</sup>
Gothenburg	Platinan	2,600	2,561	98	53,700	Q4 2021	91	Apr 2022	Platinum
Stockholm	Sergelgatan	1,925	1,413	73	15,500	N/A	N/A	Mar 2023	Gold
Sundbyberg	Kronan 1	1,680	1,499	89	44,400	Q4 2021	100	Nov 2021	Platinum
Stockholm	Nattugglan, block 2	800	643	80	15,000	Q2 2022	88	Jun 2022	Platinum
Stockholm	Sperlingens Backe 47	610	54	9	8,500	Q4 2023	6	Jan 2024	Platinum
Uppsala	Magasin X	530	494	93	11,500	Q4 2021	96	Mar 2022	Platinum
Stockholm	Hötorgshus 2	460	169	37	8,000	Q3 2022	0	Apr 2023	Gold
Stockholm	Sperlingens Backe 45	370	216	58	3,900	N/A	47	Dec 2022	Gold
Gothenburg	Strömshuset	270	257	95	10,450	N/A	92	Jan 2022	Platinum
<b>Total major property projects</b>		<b>9,245</b>	<b>7,306</b>	<b>79</b>			<b>83</b>		
Other projects		889	844						
<b>Total</b>		<b>10,134</b>	<b>7,932</b>						

1) Calculated based on area.

2) Excluding housing, storerooms and bicycle garage.

3) Part of the property and the occupancy rate is therefore not reported.

4) Forecast at completion.

**Deferred tax**

On 31 December 2021, the deferred tax liability was SEK 26,273 million, compared with SEK 22,269 million at year-end 2020. The deferred tax liability pertained primarily to investment properties. The change in tax liabilities was due to the period's unrealised value increases in the investment properties.

Deferred tax is calculated using a nominal rate of 20.6% on differences between the carrying amount and tax base of assets and liabilities.

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**Good access to financing**

Vasakronan’s main funding source is the capital markets through unsecured bonds. The capital market was strong throughout the year and there was extremely good access to financing on advantageous terms, due largely to support measures from central banks to suppress the effects of the pandemic. Vasakronan spreads maturities for borrowings and limits the size of individual loans for the purpose of reducing financing risk.

Vasakronan’s strong credit rating of A3 from Moody’s provides Vasakronan with access to longer tenors in the majority of markets. The rating confirms the high quality of the company’s properties and its diversified tenant portfolio over many sectors that contains a high percentage of public sector tenants. Moody’s also highlighted Vasakronan’s high proportion of environmentally certified properties in its assessment of the company.

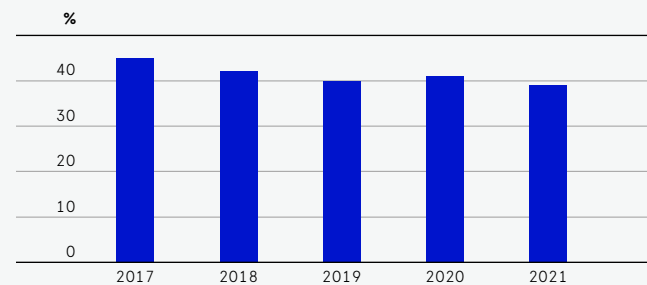
During the year, Vasakronan issued debt of SEK 11.9 billion (9.9) in the bond market, with an average maturity of just over 7 years. The majority of bonds were placed with investors in Sweden and Norway, but investors from Japan, Hong Kong and Germany also chose to invest in the company’s bonds. Vasakronan has issued bonds denominated in seven currencies and 35% (30) of the total liability at the end of the period consisted of borrowing in currencies other than SEK. Borrowing in foreign currencies is hedged through cross-currency basis swaps, which eliminates currency risk.

During the period, no new secured bank loans were raised. Conversely, a number of loans have been repaid early, which means that secured bank loans outstanding decreased to SEK 7.9 billion (11) at year end. Accordingly, secured bank loans declined to 4% (6) of the Group’s total assets.

At the end of the period, interest-bearing liabilities net of cash and cash equivalents amounted to SEK 70,317 million (66,759). The increase was mainly attributable to investments in new construction and redevelopment projects. The average fixed-interest tenor fell to 4.6 years (5.6) and the average interest rate for loans and derivatives declined to 1.3% (1.6) at the end of the period.

To minimise financing risk and secure its access to capital, the company has a credit facility with the First, Second, Third and Fourth Swedish national pension funds that amounts to SEK 18 billion. The agreement extends until further notice with a notice period of two years. As before, the credit facility was unutilised during the period. Cash and cash equivalents of SEK 3,521 million (2,558), unutilised credit facilities with the owners and the unutilised credit facility of SEK 2 billion with the European Investment Bank (EIB) together corresponded to 162% (165) of loans maturing over the next 12 months. The average loan-to-maturity, including the above credit facilities, had increased to 5.5 years (5.4) at the end of the period.

**Stable loan-to-value ratio**



On 31 December.

**Fixed-interest tenors and loan-to-maturity**

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0–1 year	31,443	43	14,496	20
1–2 years	91	0	10,650	14
2–3 years	2,298	3	7,565	10
3–4 years	3,194	4	7,819	11
4–5 years	1,748	2	4,989	7
5–6 years	7,053	10	6,236	8
6–7 years	4,200	6	3,648	5
7–8 years	6,800	9	3,005	4
8–9 years	4,550	6	2,855	4
9–10 years	6,500	9	2,908	4
10 years or more	5,961	8	9,667	13
<b>Total</b>	<b>73,838</b>	<b>100</b>	<b>73,838</b>	<b>100</b>

**Breakdown of funding sources**

SEK m	Nominal amount base currency, SEK m	Carrying amount, SEK m	Share, %
Commercial paper		8,140	11
Bonds, SEK		26,998	37
Bonds, NOK	13,495	13,843	19
Bonds, EUR	537	4,997	7
Bonds, JPY	11,400	899	1
Bonds, AUD	160	1,051	1
Bonds, USD	455	4,126	6
Bonds, HKD	400	465	1
NSV, EUR	50	513	1
Secured bank loans		7,866	11
NIB and EIB		4,940	7
<b>Total</b>		<b>73,838</b>	<b>100</b>

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**Green financing**

Vasakronan issued the world's first green corporate bond in 2013. The company is the Nordic region's largest issuer of green corporate bonds and all bonds issued during the period were green. At the end of the period, the volume of green bonds increased to SEK 43,317 million (34,035) allocated over seven different currencies. In 2018, Vasakronan issued the world's first green commercial paper. At the end of the period, the volume outstanding of green commercial paper increased to SEK 4,280 million (870).

Financing was broadened further in the fourth quarter in the form of a green, digital NSV (Namensschuldverschreibung (Eng: registered bond)) of EUR 50 million. The bilateral loan is the first of its kind in Europe, since it has been issued without any intermediaries via the firstwire digital platform at the same time as the use of proceeds was earmarked for green assets.

The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 4,940 million (5,482) at the end of the period, and green secured bank loans amounted to SEK 1,760 million (1,760). In addition to the above, there is an unutilised green credit facility with the European Investment Bank of SEK 2 billion (2).

The percentage of green financing, consisting of green bonds, green commercial paper, green NSVs and green bank loans, increased during the period to 74% (61) of the total loan portfolio.

A more comprehensive description of the company's green financing and the investments made under Vasakronan's

Green Finance Framework is available in the Impact Report – Green financing on pages 162–170 of Vasakronan's 2020 Annual Report.

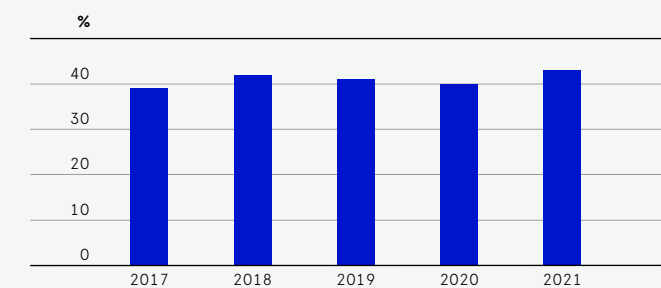
**Equity**

Equity increased to SEK 85,290 million at the end of 2021, compared with SEK 70,869 million at the end of 2020. Comprehensive income for the year amounted to SEK 16,365 million (3,710). A dividend was also distributed during the year corresponding to SEK 2,000 million (3,000). The minority share of equity amounted to SEK 6 million, which was unchanged compared with the year-end 2020.

At year end, the equity/assets ratio was 43% and the loan-to-value ratio was 39%, compared with the respective figures of 40% and 41% at year-end 2020.

**Green financing under the framework**

	Amount in SEK million
Green commercial paper	4,280
Green bonds, SEK	26,773
Green bonds, NOK	7,290
Green bonds, EUR	3,016
Green bonds, JPY	959
Green bonds, AUD	1,030
Green bonds, USD	3,809
Green bonds, HKD	439
Green NSVs, EUR	514
<b>Total volume of Green Finance Instruments</b>	<b>48,111</b>
Total volume of Green Assets – Green Pool	53,534
<b>Remaining approved borrowing capacity</b>	<b>5,424</b>

**Equity/assets ratio**

On 31 December.



# Consolidated statement of changes in equity

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Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Equity, opening balance at 1 Jan 2020</b>	<b>4,000</b>	<b>4,227</b>	<b>61,926</b>	<b>70,153</b>	<b>3</b>	<b>70,156</b>
Profit for the period	-	-	3,718	3,718	-4	3,714
Other comprehensive income	-	-	-8	-8	-	-8
<i>Comprehensive income for the period</i>			<i>3,710</i>	<i>3,710</i>		<i>3,706</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	7	7
Dividend			-3,000	-3,000		-3,000
<b>Equity, closing balance at 31 Dec 2020</b>	<b>4,000</b>	<b>4,227</b>	<b>62,636</b>	<b>70,863</b>	<b>6</b>	<b>70,869</b>
<b>Equity, opening balance at 1 Jan 2021</b>	<b>4,000</b>	<b>4,227</b>	<b>62,636</b>	<b>70,863</b>	<b>6</b>	<b>70,869</b>
Profit for the period	-	-	16,365	16,365	-6	16,359
Other comprehensive income	-	-	56	56	-	56
<i>Comprehensive income for the period</i>			<i>16,421</i>	<i>16,421</i>	<i>0</i>	<i>16,415</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	6	6
Dividend	-	-	-2,000	-2,000	-	-2,000
<b>Equity, closing balance at 31 Dec 2021</b>	<b>4,000</b>	<b>4,227</b>	<b>77,057</b>	<b>85,284</b>	<b>6</b>	<b>85,290</b>

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Amounts in SEK million	Jan–Dec 2021	Jan–Dec 2020	Oct–Dec 2021	Oct–Dec 2020
<b>Operating activities</b>				
Operating surplus	5,533	5,189	1,413	1,314
Central administration	-124	-118	-20	-29
Add back amortisation and depreciation	27	13	8	6
Adjustment for other non-cash items	-5	-13	-8	-8
<b>Cash flow from operating activities before interest and tax</b>	<b>5,431</b>	<b>5,071</b>	<b>1,393</b>	<b>1,282</b>
Interest paid <sup>1)</sup>	-1,543	-1,295	-541	-267
Interest received	4	6	0	1
Taxes paid	-320	-235	-69	-32
<b>Cash flow before changes in working capital</b>	<b>3,572</b>	<b>3,547</b>	<b>783</b>	<b>984</b>
Increase (-)/decrease (+) in operating receivables	119	10	312	113
Increase (+)/decrease (-) in operating liabilities	256	261	-71	288
<b>Cash flow from operating activities</b>	<b>3,947</b>	<b>3,818</b>	<b>1,024</b>	<b>1,385</b>
<b>Investing activities</b>				
Investments in existing property	-4,137	-5,314	-1,006	-1,659
Property acquisitions	-214	-181	-10	-174
Property divestments	449	229	87	-
Other PPE, net	-78	-14	-4	-13
Acquisition of intangible assets	-10	-23	-4	-6
Dividends from joint ventures	182	34	-	-
Other financial assets, net	-50	-	-50	-
<b>Cash flow from investing activities</b>	<b>-3,858</b>	<b>-5,269</b>	<b>-987</b>	<b>-1,852</b>
<b>Cash flow after investing activities</b>	<b>89</b>	<b>-1,451</b>	<b>37</b>	<b>-467</b>

Amounts in SEK million	Jan–Dec 2021	Jan–Dec 2020	Oct–Dec 2021	Oct–Dec 2020
<b>Financing activities</b>				
Dividend	-2,000	-3,000	-	-3,000
Raised debt: interest-bearing liabilities	34,422	35,844	3,609	7,729
Repayment of debt: interest-bearing liabilities	-31,290	-31,417	-4,104	-5,238
Change in collateral	-21	-663	-65	-523
Redemption of financial instruments	-241	-277	-241	-46
Transactions with non-controlling interests	4	7	0	7
<b>Cash flow from financing activities</b>	<b>874</b>	<b>494</b>	<b>-801</b>	<b>-1,071</b>
<b>Cash flow for the period</b>	<b>963</b>	<b>-957</b>	<b>-764</b>	<b>-1,538</b>
Opening balance, cash and cash equivalents	2,558	3,515	4,285	4,096
Cash flow for the period	963	-957	-764	-1,538
<b>Closing balance, cash and cash equivalents</b>	<b>3,521</b>	<b>2,558</b>	<b>3,521</b>	<b>2,558</b>

1) Interest paid includes interest on lease liabilities for ground rents and land leases.

*Comments to the consolidated cash-flow statement*

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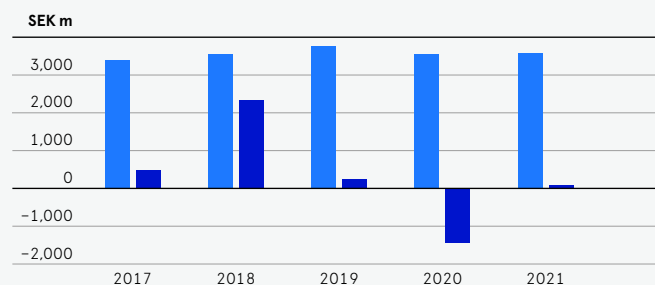
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Cash flow from operating activities before interest and taxes amounted to SEK 5,431 million (5,071). Cash flow from operating activities before changes in working capital increased to SEK 3,572 million (3,547) as a result of a higher operating surplus.

During the period, investments in existing properties amounted to SEK 4,137 million (5,314). Cash flow from investing activities amounted to a total outflow of SEK 3,858 million (outflow: 5,269).

Net borrowing amounted to SEK 3,132 million (4,429). Altogether, cash and cash equivalents increased SEK 963 million (decreased: 957) and totalled SEK 3,521 million (2,558) at the end of the year.

**Stable cash flow from operating activities**

January–December.

■ Cash flow from operating activities before changes in working capital

■ Cash flow after investing activities

**Property acquisitions 2021**

Property	City	Seller	Purchase price, SEK m	Occupancy
Svärdsliljan 1	Solna	Järvastaden AB	188	Jan 2021
Gullbergsvass 703:44	Gothenburg	Gothenburg municipality	26	Aug 2021
<b>Total agreed property value</b>			<b>214</b>	
Transaction costs, as well as deduction for deferred tax			0	
<b>Total purchase price</b>			<b>214</b>	

**Property divestments 2021**

Property	City	Buyer	Purchase price, SEK m	Transfer date
Gulmäran 1	Solna	JM AB	180	Feb 2021
Svärdsliljan 1	Solna	JM AB	184	Feb 2021
Smedjan 13 and 15	Malmö	Trianon	88	Dec 2021
<b>Total agreed property value</b>			<b>452</b>	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-3	
<b>Total purchase price</b>			<b>449</b>	

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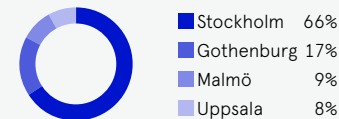
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### Total Vasakronan

January–December	2021	2020
Market value of properties, SEK m	181,575	162,421
Rental revenue, SEK m	7,425	7,006
Operating surplus, SEK m	5,533	5,189
Surplus ratio, %	75	74
Occupancy rate, %	91	92
Number of properties	168	171
Area, thousand sq. m.	2,348	2,339
Environmental certification in the investment portfolio based on market value, %	94	92

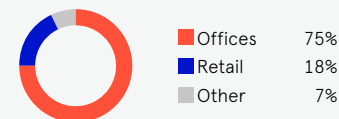
#### Contracted rent by geographic market

Pertains to share of contracted rent



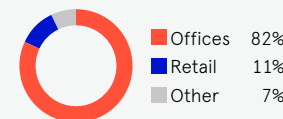
#### Contracted rent by property type

Pertains to share of contracted rent



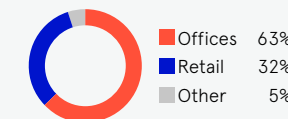
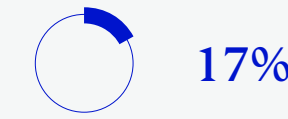
### Stockholm

2021	2020
123,250	109,799
4,819	4,450
3,649	3,344
76	75
90	91
78	79
1,402	1,373
92	90.5



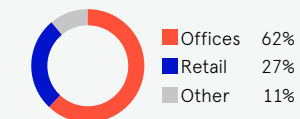
### Gothenburg

2021	2020
33,317	29,365
1,293	1,286
964	962
75	75
95	95
34	34
392	403
96	96



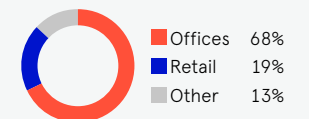
### Malmö

2021	2020
13,719	13,018
712	700
481	475
68	68
91	88
31	33
300	309
100	100



### Uppsala

2021	2020
11,289	10,239
601	570
439	408
73	72
94	96
25	25
254	254
90	83.3



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## Income statement

Amounts in SEK million	Jan–Dec 2021	Jan–Dec 2020
Net sales	510	510
Operating expenses	-703	-659
<b>EBIT</b>	<b>-193</b>	<b>-149</b>
<b>Financial items</b>		
Profit from participations in subsidiaries	2,538	3,943
Result from participations in joint ventures	0	-1
Net interest	-374	-349
Change in value of financial instruments	938	167
Appropriations	-236	-200
<b>Profit before tax</b>	<b>2,673</b>	<b>3,411</b>
Tax	-419	-230
<b>Profit for the period</b>	<b>2,254</b>	<b>3,181</b>

## Statement of comprehensive income

Profit for the period recognised in profit or loss	2,254	3,181
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>2,254</b>	<b>3,181</b>

### Parent Company

The operations of the Parent Company, Vasakronan AB (publ), consist of Group-wide functions and providing an organisation for the management of properties owned by subsidiaries. The Parent Company does not directly own any properties.

The Parent Company's revenue for the period was SEK 510 million (510), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered. The profit from participations in Group companies amounted to SEK 2,538 million (3,943) and pertained to dividends.

The value change in financial instruments was SEK 938 million (167) as a result of the increase in long-term market interest rates during the period. Profit before tax was SEK 2,673 million (3,411). Closing cash and cash equivalents amounted to SEK 3,513 million (2,546).

## Balance sheet

Amounts in SEK million	31 dec 2021	31 dec 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	65	4
Shares and participations in subsidiaries	37,829	37,636
Receivables from subsidiaries	38,972	40,472
Shares and participations in joint ventures	1	0
Receivables from joint ventures	20	-
Deferred tax assets	125	368
Derivatives	1,062	934
Non-current receivables	225	909
<b>Total non-current assets</b>	<b>78,298</b>	<b>80,323</b>
<b>Current assets</b>		
Receivables from subsidiaries	9,498	6,469
Receivables from joint ventures	0	131
Derivatives	78	4
Current receivables	954	614
Cash and cash equivalents	3,513	2,546
<b>Total current assets</b>	<b>14,042</b>	<b>9,764</b>
<b>TOTAL ASSETS</b>	<b>92,341</b>	<b>90,087</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	13,077	12,823
Untaxed reserves	922	686
<b>Liabilities</b>		
Interest-bearing liabilities	73,838	69,317
Derivatives	1,995	4,364
Non-interest-bearing liabilities	762	1,144
Liabilities to subsidiaries	1,747	1,753
<b>Total liabilities</b>	<b>78,342</b>	<b>76,578</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>92,341</b>	<b>90,087</b>

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### Personnel

The number of employees at the end of the year was 290 (293).

### Risks and uncertainties

The Board of Directors and the CEO continuously strive to achieve the desired risk profile, based on the policy established by the Board. The policy contains uniform methods for identifying, valuing, taking responsibility for, managing and reporting risks. Vasakronan's risks are described in the 2020 Annual Report on pages 62–67.

### The Taxonomy

Vasakronan is not subject to the reporting requirement under the Taxonomy Regulation. However, due to stakeholder expectations, the company intends to start reporting pursuant to the Taxonomy.

During the quarter, Vasakronan, the Swedish Property Federation and a number of the other major Swedish property companies agreed on shared thresholds for existing properties. Office buildings constructed before 2021, with a primary energy figure of less than 89 kilowatt hours per square metre, are considered by the sector to belong to the top 15% most energy efficient buildings. In the beginning of January, the Swedish Energy Agency and the National Board of Housing, Building and Planning were tasked by the government with preparing a method for determining which buildings were among the 15% most energy efficient. The assignment is to be completed by 30 May 2022.

### Estimates and assessments

The preparation of financial statements in accordance with generally accepted accounting principles requires that the management makes assessments and assumptions that affect the amounts recognised in the accounts for assets, liabilities, income and expenses, as well as other information disclosed. The actual results may deviate from these assessments. The financial statements are particularly sensitive to assessments that provide the

basis for the valuation of the investment properties. Refer to page 109 of Vasakronan's 2020 Annual Report for the sensitivity analysis.

### Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7.4 on page 118 of Vasakronan's 2020 Annual Report.

During the year, a new lease was signed with the First National Pension Fund at Stuten in central Stockholm and the Third National Pension Fund extended its lease at Klara C in Stockholm. Both leases were contracted at market rates.

At the end of the period, the Third Swedish National Pension Fund held bonds issued by Vasakronan to a total value of SEK 715 million, compared with SEK 490 million at year-end 2020.

### Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Comparative figures in parentheses pertain to the corresponding amounts for the same period last year. The same accounting policies, valuation principles and calculation methods as the ones used in the most recently issued annual report have been applied. Refer to Vasakronan's 2020 Annual Report, pages 98–118.

Derivatives are valued at fair value in the balance sheet and other financial instruments at amortised cost. For interest-bearing liabilities, which consist of bonds, bank loans and commercial paper, fair values differ from the recognised amortised cost. Fair value is established using the current yield curve along with a borrowing margin and is included in the calculation of EPRA NDV.

Derivatives are valued in accordance with level 2 in the fair value hierarchy. For all derivatives, ISDA agreements are in place that allow offsetting of payables and receivables from the same counterparty in the event of insolvency.

Investment properties are recognised at fair value in accordance with level 3 in the fair value hierarchy.

The Parent Company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities. Vasakronan's activities have been organised according to the geographic regions of Stockholm, Gothenburg, Malmö and Uppsala. These regions thus represent the four operating segments used for reporting purposes. Refer to page 99 of Vasakronan's 2020 Annual Report.

### Alternative performance measures

Vasakronan applies the ESMA guidelines for Alternative Performance Measures (APMs). APMs are financial metrics that are not defined in IFRS or the Annual Accounts Act. All APMs must be explained, together with the underlying reason why they are used. A breakdown on how the performance measure is calculated must also be given when information (not provided in the balance sheet or income statement) is required for the calculation.

The APMs used in Vasakronan's interim report are defined and motivated on page 23. Page 22 also includes a breakdown of specific performance measures where this is required.

### Significant events after the end of the period

No significant events have taken place after the end of the period.

### Johanna Skogestig

Chief Executive Officer

*The report has not been reviewed by the company's auditors.*

### For more information about this interim report, please contact:

Christer Nerlich, Chief Financial Officer  
Telephone: +46 (0)8 566 205 40, E-mail: christer.nerlich@vasakronan.se

This information is of such a kind that Vasakronan AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication through the agency of the above contact people on 3 February 2022, at 1.30 p.m. CET.

# Key metrics

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	Jan-Dec 2021	Jan-Dec 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Property-related information</b>				
Closing occupancy rate, %	91.4	91.9	91.4	91.9
Surplus ratio, %	75	74	74	74
Investments in existing projects, SEK m	4,137	5,314	1,006	1,659
Property acquisitions, SEK m	214	181	10	174
Property divestments, SEK m	-447	-229	-85	0
Net investments, SEK m	3,904	5,266	931	1,833
Closing market value of property, SEK m	181,575	162,420	181,575	162,420
Closing area, thousand sq. m.	2,348	2,339	2,348	2,339
Closing number of properties	168	171	168	171
Environmental certification of investment portfolio, share of total area, %	92	92	92	92
Environmental certification, of investment portfolio, share of market value, %	94	92	94	92
Energy intensity on closing date, kWh/sq. m., rolling 12 months	83	83	83	83

	Jan-Dec 2021	Jan-Dec 2020	Oct-Dec 2021	Oct-Dec 2020
<b>Financial metrics</b>				
EBITDA margin, %	73	71	71	70
Interest coverage ratio, multiple	5.2	4.4	5.5	4.7
Closing equity/assets ratio, %	43	40	43	40
Closing loan-to-value ratio, %	39	41	39	41
Average fixed-interest tenor <sup>1)</sup> , year	4.6	5.6	4.6	5.6
Average loan-to-maturity <sup>1) 2)</sup> , years	5.0	5.0	5.0	5.0
Average loan-to-maturity <sup>1) 3)</sup> , years	5.5	5.4	5.5	5.4
Closing EPRA NRV <sup>1)</sup> , SEK m	110,515	94,656	110,515	94,656
Closing EPRA NTA <sup>1)</sup> , SEK m	102,179	87,735	102,179	87,735
Closing EPRA NDV <sup>1)</sup> , SEK m	83,118	69,450	83,118	69,450
Closing average interest rate, %	1.3	1.6	1.3	1.6
Closing net interest-bearing liabilities, SEK m	70,317	66,759	70,317	66,759
Cash flow before changes in working capital, SEK m	3,572	3,547	783	984
Net interest-bearing liabilities/EBITDA <sup>4)</sup>	13.0	13.5		
<b>Other</b>				
Closing number of employees	290	293	290	293

1) Last day in the period.

2) Excluding unutilised credit commitments.

3) Including unutilised credit commitments.

4) Only reported for rolling 12-month periods and full years.

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	Jan-Dec 2021	Jan-Dec 2020	Oct-Dec 2021	Oct-Dec 2020
<b>1. EPRA NRV, SEK m</b>				
Equity	85,290	70,869	85,290	70,869
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,903	-1,908
Add back derivatives	855	3,426	855	3,426
Add back recognised deferred tax	26,273	22,269	26,273	22,269
	<b>110,515</b>	<b>94,656</b>	<b>110,515</b>	<b>94,656</b>
<b>2. EPRA NTA, SEK m</b>				
Equity	85,290	70,869	85,290	70,869
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,903	-1,908
Add back other intangible assets	-141	-136	-141	-136
Add back derivatives	855	3,426	855	3,426
Add back recognised deferred tax	26,273	22,269	26,273	22,269
Deferred tax at fair value <sup>1)</sup>	-8,195	-6,785	-8,195	-6,785
	<b>102,179</b>	<b>87,735</b>	<b>102,179</b>	<b>87,735</b>
<b>3. EPRA NDV, SEK m</b>				
Equity	85,290	70,869	85,290	70,869
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,903	-1,908
Assessed fair value of interest-bearing liabilities	269	489	269	489
	<b>83,118</b>	<b>69,450</b>	<b>83,118</b>	<b>69,450</b>
<b>4. EBITDA, SEK m</b>				
Operating surplus	5,533	5,189	1,413	1,314
Central administration	-124	-118	-20	-29
Cash flow from dividends from joint ventures	183	34	-	-
Ground rents and land leases	-167	-165	-42	-42
	<b>5,425</b>	<b>4,940</b>	<b>1,351</b>	<b>1,243</b>

	Jan-Dec 2021	Jan-Dec 2020	Oct-Dec 2021	Oct-Dec 2020
<b>5. EBITDA margin, %</b>				
Rental revenue	7,425	7,006	1,913	1,772
EBITDA	5,425	4,940	1,351	1,243
	<b>73</b>	<b>71</b>	<b>71</b>	<b>70</b>
<b>6. Interest coverage ratio, multiple</b>				
EBITDA	5,425	4,940	1,351	1,243
Net financial items	-1,051	-1,117	-244	-263
	<b>5.2</b>	<b>4.4</b>	<b>5.5</b>	<b>4.7</b>
<b>7. Net interest-bearing liabilities, SEK m</b>				
Non-current interest-bearing liabilities	59,342	55,659	59,342	55,659
Current interest-bearing liabilities	14,496	13,658	14,496	13,658
Cash and cash equivalents	-3,521	-2,558	-3,521	-2,558
	<b>70,317</b>	<b>66,759</b>	<b>70,317</b>	<b>66,759</b>
<b>8. Loan-to-value ratio, %</b>				
Net interest-bearing liabilities	70,317	66,759	70,317	66,759
Fair value of investment properties	181,575	162,420	181,575	162,420
	<b>39</b>	<b>41</b>	<b>39</b>	<b>41</b>

1) Calculated on the basis of a 30% current tax rate, i.e. 6.2%.



# Definitions

Statement by the CEO

Vasakronan fourth quarter

The market during the fourth quarter

Consolidated income statement

Consolidated balance sheet

Consolidated statement of changes in equity

Consolidated cash–flow statement

Vasakronan AB – Parent Company in summary

Other information

Key metrics

Basis for key metrics

Definitions

Financial Calendar

## Area, sq. m.

Lettable area, not including garages and parking spaces on the closing date.

## Loan-to-value (LTV) ratio, %

Net interest-bearing liabilities divided by the fair value of investment properties on the closing date. Intended as an indication of the company's financial risk.

## Central administration, SEK m

Costs at the Group level that are not directly related to property management, such as costs associated with the Group management, property investments, financing and central marketing.

## Net operating income, SEK m

Rental revenue less operating expenses, repairs and maintenance, property administration, property tax, and ground rents and land leases. Intended as an indication of the current earnings in property management activities, excluding effects from IFRS 16. Internal control metric.

## Operating surplus, SEK m

Rental revenue less operating expenses, repairs and maintenance, property administration and property tax. For periods until 1 January 2019, ground rents and land leases are also deducted. Intended as an indication of the current earnings in property management activities. External control metric.

## EBITDA, SEK m

Operating surplus less central administration, with the addition of cash flow from dividends from joint ventures and less ground rents and land leases. Intended as an indication of the current earnings in property management activities.

## EBITDA margin, %

Rental revenue in relation to EBITDA. Intended as an indication of the current earnings in property management activities.

## Energy intensity kWh/sq. m.

Energy consumption, adjusted to the level of a normal year, from heating, comfort cooling and property electricity, divided by the temperate area (indoor area for all floors of a building that are heated to more than 10°C) for the past 12 months. Reported energy intensity also includes some tenant electricity and process cooling which, for technical reasons, is not possible to remove from the calculation.

## EPRA NRV (Net Reinstatement Value), SEK m

Recognised equity, adding back goodwill, derivatives and deferred tax. The metric shows the company's EPRA NAV, refer to the calculation on page 21.

## EPRA NDV (Net Disposal Value), SEK m

Equity adjusted for goodwill and the fair value of interest-bearing liabilities as well as the full extent of deferred tax, refer to the calculation on page 21.

## EPRA NTA (Net Tangible Assets), SEK m

Recognised equity adding back goodwill, derivatives and other intangible assets after adjustment for estimated actual deferred tax. Calculated on the basis of a 30% current tax rate, in other words 6.2%. The metric reflects the actual NAV. Refer to the calculation on page 21.

## Property divestments, SEK m

Divestment of investment properties. Intended as an indication of the company's divestments during the period.

## Property acquisitions, SEK m

Acquisition of investment properties. Intended as an indication of the company's acquisitions during the period.

## Net financial items

Financial income less financial expenses excluding ground rents and land leases.

## Average loan-to-maturity, years

The volume-weighted remaining maturity on interest-bearing liabilities and derivatives on the closing date. Intended as an indication of the company's financial risk.

## Average interest rate, %

The volume-weighted interest rate on interest-bearing liabilities and derivatives on the closing date. Intended as an indication of the company's financial risk.

## Average fixed-interest tenor, years

The volume-weighted remaining maturity on fixed-interest rates on interest-bearing liabilities and derivatives on the closing date. Intended as an indication of the company's financial risk.

## Average remaining term to maturity, years

The total contract value of commercial facilities divided by contracted rent for commercial facilities.

## Rental value, SEK m

Contracted rent plus the assessed market rent for vacant premises.

## Investments in existing projects, SEK m

Investments in ongoing projects. Intended as an indication of the company's investment volume.

## Comparable property holdings

Properties included in holdings during the entire reporting period, and during the entire comparison period. Properties that were classified as development properties, or that were acquired or sold during the reporting period or comparison period are not included.

## Contracted rent, SEK m

Total annual rent from contracts in effect as of the closing date.

## Contracted rent by property type

Contracted rent categorised according to the assigned premises use, for each lease, broken down as offices, retail and other. The category "other" includes residential space, parking and hotels.

## Cash and cash equivalents, SEK m

Cash and bank balances, along with current investments with maturities of less than three months. Intended as an indication of the company's liquidity.

## Environmental certification of investment properties, %

The total area/market value of investment properties certified pursuant to LEED or BREEAM, divided by the area/market value of the entire investment portfolio as of the balance-sheet date. Development properties are not included in the investment portfolio.

## Net investments, SEK m

The purchase price for property acquisitions, along with investments in property projects, less the consideration received from property divestment. Intended as an indication of capital invested in properties.

## Net lettings, SEK m

Contracted rent for new lettings during the period less contracted rent for leases where notices to vacate were received during the period.

## Profit before value changes and tax, SEK m

Operating surplus less central administration, profit (loss) from participations in joint ventures and net interest. Intended as an indication of current earnings in the operations.

## Net interest-bearing liabilities, SEK m

Interest-bearing liabilities less cash and cash equivalents. Intended as an indication of the company's financial risk, excluding IFRS 16.

## Net interest-bearing liabilities/EBITDA, multiple

Interest-bearing liabilities less cash and cash equivalents in relation to EBITDA. Intended as an indication of the company's financial risk.

## Interest coverage ratio, multiple

EBITDA in relation to net financial items. Intended as an indication of the company's sensitivity to fluctuations in interest rates.

## Equity/assets ratio, %

Equity divided by total assets on the closing date. Intended as an indication of the company's financial stability.

## Occupancy rate, %

Contracted rent divided by the rental value on the closing date.

## Surplus ratio, %

Operating surplus divided by rental revenue. Intended as an indication of the current earnings in property management activities.

## Financial Calendar

### REPORTS

Annual Report 2021	March 2022
Interim Report Jan–Mar 2022	27 April 2022

### ANNUAL GENERAL MEETING

Annual General Meeting	27 April 2022
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### Vasakronan in brief

Vasakronan is Sweden's leading property company. The property portfolio comprises 168 properties with a total area of about 2.3 million square metres and a market value of SEK 182 billion. The properties encompass centrally located office and retail properties in Stockholm, Gothenburg, Malmö and Uppsala.

Vasakronan is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds, and thus contributes to financing the Swedish pension system. The company's operations embrace the management and development of commercial properties in growth areas of Sweden. Our vision is to create "future-proof cities for everyone, where people and companies thrive."

Vasakronan has a rating of A3 with a stable outlook from Moody's.

Further information about the company is available on Vasakronan's website [www.vasakronan.se](http://www.vasakronan.se)