

VASAKRONAN

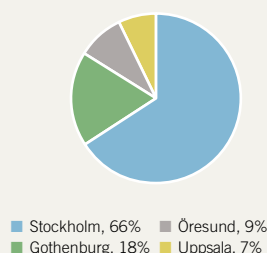
Year-end Report 2012

- Rental revenue increased by 2 % when comparing equivalent properties and totaled SEK 5,969 (6,048) million.
- The occupancy rate was 93.0 (93.0) %.
- Net operating income increased to SEK 4,272 (4,211) million and, when comparing equivalent properties, the increase was nearly 4 %.
- The surplus ratio increased to 72 (70) % due to both increased rental revenue and lower property expenses.
- Profit before value changes and tax improved by 6 % to SEK 2,613 (2,468) million.
- The change in the value of property was SEK 1,254 (3,773) million, which corresponds to an increase in value of 1.5 (4.9) %. At the end of the period, the value of the property portfolio was SEK 84.1 (82.4) billion.
- The unrealized change in value of financial instruments was SEK –553 (–931) million.
- Profit after tax was SEK 3,923 (3,938) million and of that amount, SEK 1,358 million was the positive effect of a revaluation of deferred tax.

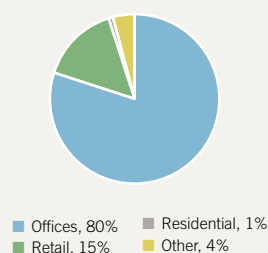
Vasakronan in brief

Amounts in SEK million	Jan-Dec 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
Rental revenue	5,969	6,048	1,508	1,532
Net operating income	4,272	4,211	1,049	1,051
Profit before value changes and tax	2,613	2,468	647	608
Profit after tax	3,923	3,938	1,883	1,199
Cash flow from operating activities before change in working capital	2,432	2,386	597	598
Market value of properties	84,074	82,370	84,074	82,370
Occupancy rate, %	93.0	93.0	93.0	93.0
Surplus ratio, %	72	70	70	69
Interest coverage ratio, times	2.7	2.5	2.7	2.5
Equity/assets ratio, %	37	34	37	34

Contracted rent by geographic market



Contracted rent by property type



Vasakronan fourth quarter 2012

Transactions

At the end of December, an agreement was signed to acquire NCC's portion of the property called Triangeln in Malmö for SEK 1.2 billion. The acquisition pertains to 12,000 square meters of retail space and 4,700 square meters of office space. The retail space will be integrated with the retail property already owned by Vasakronan at this location to create the largest, most modern shopping mall in central Malmö. The retail space has an occupancy rate of 76 % and the office space, leased by Sydsvenskan, has an occupancy rate of 71 %. Vasakronan will take possession of the properties in December 2013. Quality enhancement of the property holdings in Malmö continued via the acquisition of Triangeln and the property called Koggen 2, located in Västra Hamnen, which Vasakronan took possession of in October.

In December, the property called Oden Ygg, located in central Uppsala, was sold. It was purchased by Aspholmen Fastigheter and the property value was SEK 118 million.

In total, turnover of property (via acquisitions and sales) in 2012 was SEK 8 billion, which corresponds to approximately 10 % of the total property portfolio.

New leases and renegotiations

During the fourth quarter, new leases were signed on property with a total area of 26,900 square meters and annual rent of SEK 80 million. Renegotiations and extensions on property generating an annual rent of SEK 185 million were also carried out.

Altogether in 2012, new leases generating an annual rent of SEK 449 (454) million were entered into, along with renegotiations and extensions generating an annual rent of SEK 817 (859) million.

Sustainability

For both customers and Vasakronan alike, environmental issues continue to grow in importance. As before, Vasakronan strives to certify all new buildings in accordance with the LEED environmental classification system and these efforts have now been expanded to include parts of the existing property portfolio as well. Vasakronan's first property to achieve this was Kista Entré, which obtained gold-level LEED certification in December. It is also one of the first properties in Sweden awarded LEED certification. This achievement is the result of the long-term, systematic efforts of Vasakronan's management organization.

Social responsibility is another important component of sustainability efforts. In order to widen the scope of community involvement, Vasakronan has begun cooperating closely with Löparakademin, a non-profit organization committed to individual and community development at "million homes" renovation sites (large-scale housing developments built in Sweden during the period 1965-1975). The goal of this cooperation is to offer youth better opportunities for succeeding in life and Vasakronan provides Löparakademin with financial support, strategic advice and office space.

Organization

In 2012, efforts were made to define and structure a framework for more extensive sustainability efforts and one outcome of this was the appointment of Anna Denell as Vasakronan's Sustainability Manager. Anna's previous responsibilities as environmental manager have accordingly been expanded to include advisory and strategic efforts related to the environment and social responsibility.

Retail holdings consist of more than 800 stores and retail space totaling 350,000 square meters, making this an important component of Vasakronan's overall business. In order to strengthen its position in the market, Jesper Örtengren was appointed as Vasakronan's head of business development for retail properties. Jesper has been working for Vasakronan as a property manager in Gothenburg and he will now be responsible for coordinating the company's retail activities in terms of products, locations and working methods. The aim is to derive greater benefits from synergies within the company and help Vasakronan become even more successful at meeting customer expectations, regardless of market.

Fourth quarter profit

Profit before value changes and tax increased to SEK 647 (608) million, due to an improvement in net interest income/expense. Net operating income was in line with last year and amounted to SEK 1,049 (1,051) million. The surplus ratio increased to 70 (69) % for the quarter.

The change in the value of property for the period was SEK 171 (1,275) million and the unrealized change in the value of financial instruments was SEK -193 (-238) million. There was a positive effect of SEK 1,358 million from the revaluation of deferred tax when the corporate tax rate was lowered to 22 %. Consequently, profit after tax increased to SEK 1,883 (1,199) million.

Market overview

The Swedish economy

The global economic situation has continued to deteriorate, although there are signs of recovery in USA and the world's growth economies. Although the euro-zone crisis has not yet been resolved, measures have been taken to reduce uncertainty. In Sweden, there was a favorable growth rate during the first three quarters of the year, but this has now slowed to the levels of other OECD countries. The forecast for Swedish GDP growth for the full year 2012 that was issued by the National Institute of Economic Research (NIER) in December has been lowered by 0.4 percentage points to 0.9 %. For the full year 2013, the forecast was lowered from 1.8 % to 0.8 %.

Weak GDP growth is also expected to have a negative impact on the labor market in 2013. In NIER's latest forecast, unemployment is expected to increase to 8.3 %, compared to the earlier forecast of 7.9 % and a recovery isn't expected until the middle of 2014.

At its meeting in December, Riksbank (Sweden's central bank) lowered the repo rate to 1.0 %. NIER's most recent forecast, which is in line with market expectations, predicts that Riksbank will lower the repo rate even further to 0.75 % at the beginning of 2013.

Property market

After a strong fourth quarter, the volume of transactions on the Swedish property market reached a total value of approximately SEK 106 billion for 2012, according to information from DTZ Research. The turnover is slightly higher than last year, and it is the highest level achieved since 2008. Approximately 40 % of that was transactions in Stockholm and interest remains high for office facilities in the metropolitan regions. Swedish investors were involved in the majority of transactions during the period, but the share of foreign investors also increased.

Stockholm

The trend for the rental market in Stockholm's CBD and inner city was positive during 2012, which resulted in rising market rents. However, rental levels have fallen slightly in the Stockholm suburbs since the end of last year. The vacancy level for modern office premises in Stockholm's CBD was stable during the year at around 4–5 percent, which was largely due to the still limited supply of new facilities. The vacancy level was also stable for Stockholm's inner city, at slightly less than 10 %. Vacancies rose slightly in the Stockholm suburbs during the last quarter and the vacancy level is now estimated at around 14 %, but this figure varies significantly from suburb to suburb.

The market yield for office premises in the CBD is estimated at almost 4.7 % and for premises elsewhere in the inner city it is estimated at 5.2 %, which is unchanged compared to the end of last year. For the Stockholm suburbs, market yield is estimated at nearly 6.5 %, which is a slight increase compared to the end of 2011.

Gothenburg

In Gothenburg, rent levels continued to rise in 2012 due to the limited supply of new, modern office facilities in the CBD, combined with the growing demand. This affected the vacancy level as well, which, according to DTZ, has fallen during 2012 to approximately 5.5 %.

The yield for the most attractive office premises in the Gothenburg CBD also fell slightly and is now estimated at approximately 5 %.

Öresund

For the office rental market in Öresund, there is an ample supply due to the large scope of new production. Accordingly, this has a dampening effect on rent levels for, in particular, older office facilities in the area. The vacancy level for offices in the Malmö CBD increased slightly during 2012 and is now slightly more than 9 %. Vacancy levels for properties with prime locations in Lund are estimated to have increased to slightly more than 5 %.

The estimated yield for the most attractive office premises in the Malmö CBD has been stable at around 5.5 % and for those with a prime location in Lund, the yield increased slightly to 5.9 %.

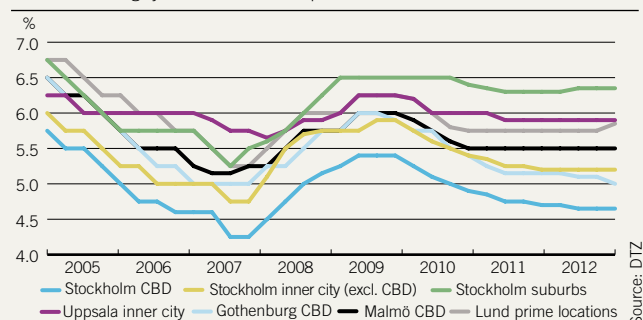
Uppsala

Over the last few years, the rental market in Uppsala has strengthened in terms of the best, modern office premises at central locations. Market rents have accordingly risen and remained at a high level since the beginning of the year. The vacancy level is estimated at 5 % for downtown locations, which is comparable to the level at the end of 2011.

The yield for centrally located office facilities, approximately 6 %, has also remained unchanged.

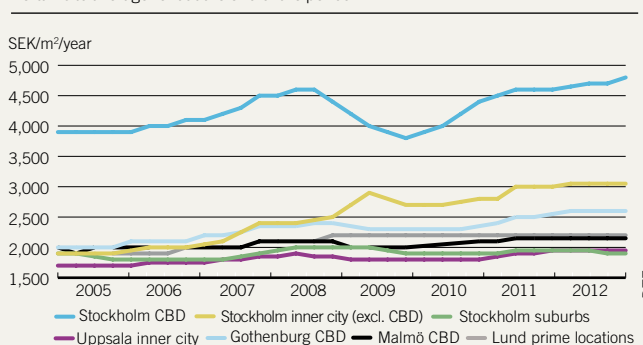
Market yield for offices

Pertains to average yield at the end of the period



Market rents for offices

Pertains to average rent at the end of the period



Consolidated income statement, in summary

Amounts in SEK million	Jan-dec 2012	Jan-dec 2011	Okt-dec 2012	Okt-dec 2011
Rental revenue	5,969	6,048	1,508	1,532
Operating expenses	-734	-799	-194	-206
Repairs and maintenance	-132	-147	-46	-44
Property administration	-246	-299	-74	-85
Property tax	-460	-480	-118	-117
Site leasehold fees	-125	-112	-27	-29
Total property expenses	-1,697	-1,837	-459	-481
Net operating income	4,272	4,211	1,049	1,051
Central administration	-81	-89	-24	-25
Profit (loss) from participations in joint ventures and associated companies	-1	-3	1	-1
Other operating expenses	0	-2	0	0
Net interest income/expense	-1,577	-1,649	-379	-417
Profit before value changes and tax	2,613	2,468	647	608
Change in value of investment properties	1,254	3,773	171	1,275
Unrealized change in value of financial instruments	-553	-931	-193	-238
Divested/impaired goodwill	-62	-27	-4	-
Profit before tax	3,252	5,283	621	1,645
Tax	671	-1,345	1,262	-446
Profit for the period	3,923	3,938	1,883	1,199
Other comprehensive income				
Cash flow hedges	7	193	-	2
Income tax on cash flow hedges	-3	-51	-	-1
Pensions (actuarial gains/losses)	-11	-58	-11	-58
Restriction for surplus in pension plan with asset cap	0	12	0	20
Income tax on pensions	3	12	2	9
Comprehensive income for the period, net of tax	-4	108	-9	-28
Total comprehensive income for the period¹⁾	3,919	4,046	1,874	1,171
Key figures				
Surplus ratio, %	72	70	70	69
Interest coverage ratio, times	2.7	2.5	2.7	2.5

1) Because there are no minority interests, the entire profit is attributable to the Parent Company's shareholders.
There are no potential shares, which means that there is no dilutive effect.

Comments on the income statement

Rental revenue

Rental revenue for the period was SEK 5,969 (6,048) million. When comparing equivalent properties, rental revenue increased by almost 2 %, primarily due to rent increases.

New leases were entered into for an amount corresponding to an annual rent of SEK 449 (454) million, of which 17 (22) % had an impact on revenue in 2012. Renegotiations or extensions corresponding to annual rent of SEK 817 (859) million were finalized during the period, resulting in an increase to the closing amount by 3.1 (2.8) %. Net leasing for the year was SEK –58 (117) million. This negative figure arose because the Swedish Social Insurance Agency gave notice that it would terminate its lease and vacate premises in central Stockholm. However, the Agency signed a new, long-term lease with Vasakronan for premises at Telefonplan.

Contracted rent at the end of the year was SEK 6,017 (6,176) million and the average remaining term to maturity was 4.3 (4.5) years.

As of 31 December 2012, the occupancy rate was 93.0 (93.0) %.

Property expenses

Property expenses fell by 8 % during the period. When comparing equivalent properties, the decline was 3 % and this was primarily due to lower electricity and snow removal costs.

Net operating income

Net operating income increased to SEK 4,272 (4,211) million. When comparing equivalent properties, net operating income increased by nearly 4 % due to both higher rental revenue and lower property expenses. The surplus ratio improved and was 72 (70) %.

Administration

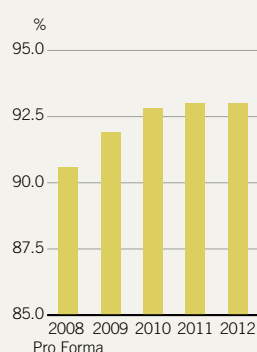
Property administration costs fell to SEK 246 (299) million, which corresponds to a decrease of 18 %. The main explanation for this is actions taken during the last few years to streamline the business. Central administration costs also decreased and were SEK 81 (89) million.

Rental revenue, January–December



Rental revenue increased during the year primarily because of rent increases.

Occupancy rate as of 31 December



The occupancy rate as of 31 December 2012 remained unchanged at 93.0 (93.0) %.

Net operating income, January–December



Net operating income increased during the year due to both higher rental revenue and lower property expenses. The surplus ratio also improved and was 72 (70) %.

Comments on the income statement

Net interest income/expense

Net interest income/expense improved to SEK –1,577 (–1,649) million. As of 31 December 2012, the average borrowing rate had fallen to 3.3 (3.8) % due to falling interest rates and credit margins. The refinancing rate, including credit margins, for a corresponding loan portfolio was 2.2 %. The average fixed-interest term increased to 4.5 (3.4) years because of a gradual extension. Because of that, fixed-rate term longer than 5 years increased to 48 (36) % of interest-bearing liabilities. The proportion of fixed-rate loans maturing within the next 12 months decreased to 49 (54) % of interest-bearing liabilities.

The interest coverage ratio increased to 2.7 (2.5) times due to higher earnings before net interest income/expense and an improvement in net interest income/expense. Vasakronan's policy is that the interest coverage ratio should not fall below 1.9 times.

Profit before value changes and tax

Profit before value changes and tax increased to SEK 2,613 (2,468) million, which corresponds to an increase of almost 6 %. This is primarily explained by the improvements in both net operating income and net interest income/expense.

Change in value of investment properties

As of 31 December 2012, the entire property portfolio had been valued by external appraisers (either DTZ or Forum Fastighetsekonomi).

Altogether, the market value of Vasakronan's properties increased by SEK 1,254 million during the year, which corresponds to an increase in value of 1.5 %. The increase in value is attributable to properties in Stockholm and Gothenburg and it is primarily due to the assumption of increased market rents. The overall decrease in value for properties located in Uppsala and Öresund is attributable to specific properties. The portfolio's yield fell slightly during the period to an average of 5.71 % and at year end, the figure for corresponding properties was 5.78 %.

Value-impacting factors

	Value impact, %
Yield requirement	1.1
Change in market rents	2.8
Other value-impacting factors ¹⁾	–2.4
Total Vasakronan	1.5

1) Primarily pertains to changes in contract terms and conditions, as well as assumptions regarding investments, costs and vacancies.

Change in value by location

	Change in value, %	Contribution to change in value, % points
Stockholm	1.8	1.2
Gothenburg	3.8	0.6
Öresund	–1.9	–0.2
Uppsala	–3.0	–0.1
Total Vasakronan		1.5

Change in value by property type

	Change in value, %	Contribution to change in value, % points
Investment properties	1.3	1.1
Project and development properties	0.7	0.1
Transactions	–	0.3
Total Vasakronan		1.5

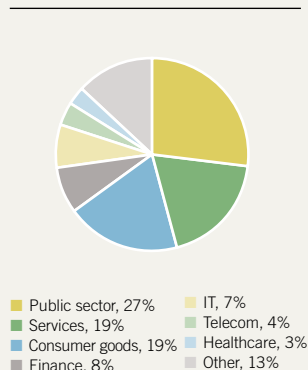
Ten largest tenants

	Share, in % ¹⁾
SEB	3
Swedish Social Insurance Agency	3
National Police Board	3
H&M	2
Posten Sweden	2
Swedish Prison and Probation Service	2
Sony Mobile Communications	2
Ericsson Sweden	2
Ähléns	1
National Courts Administration	1
Total	21

1) Contracted rent

Vasakronan has a diversified contract portfolio and 3 % of contracted rent is from the largest tenant in the portfolio.

Contracted rent by sector



27 % of contracted rent is from the public sector.

Maturity structure – contracted rent

	of contracts	Annual rent MSEK	% of total
2013	1 407	946	16
2014	897	1 150	19
2015	806	1 023	17
2016	416	729	12
2017	191	502	8
≥2018	540	1 394	23
Garage	1 294	167	3
Total commercial	5 551	5 911	98
Residential	1 285	106	2
Total	6 836	6 017	100

Approximately 15 % of the contract portfolio is renegotiated each year. The average remaining term is 4.3 years.

Comments on the income statement

Change in value of financial instruments

The unrealized change in value of derivatives was SEK –553 (–931) million, which is explained by declining long-term interest rates. The unrealized change in value of derivatives has no effect on cash flows and neither will it have any effect on profit if the derivatives are held to maturity.

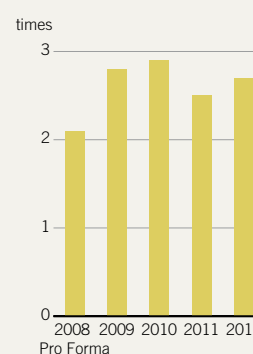
Tax

Because of the Swedish Parliament's decision to lower the corporate tax rate to 22 % as of 1 January 2013, deferred tax liability has been revalued by a positive one-time effect of SEK 1,358 million. The Group therefore reports net tax revenue of SEK 671 (–1,345) million. This amount consists of the following: SEK 953 (–1,298) in deferred tax on temporary differences and SEK –282 (–47) million in current tax. Current tax is the estimated tax for accounting purposes, which is not expected to be paid since it is possible to make a Group contribution to the owner, Vasakronan Holding AB.

Financial risks

Finansieringsrisk	Treasury policy	Actual 2012-12-31
Loan maturity	at least 2 years	2.7 years
Loans maturing w/in 12 months	max 40 %	30 %
Credit commitments and cash/loan maturity 12 months	at least 100 %	127 %
Interest rate risk		
Interest coverage ratio	at least 1.9 times	2.7 times
Fixed-interest term	1–5 years	4.5 years
Fixed-interest term within 12 months	max 70 %	49 %
Credit risk		
Counterpart's rating	at least A–	fulfilled
Currency risk		
Currency exposure	not allowed	met

Interest coverage ratio, Jan–Dec



The interest coverage ratio increased due to a higher profit before net interest income/expense and a lower value for net interest income/expense. Consequently, this figure exceeds the target of 1.9 times.

Funding maturity structure 2012-12-31

Year	Fixed-interest term			Loan maturity		Committed credit facilities	
	MSEK	Share, %	Interest, %	MSEK	Share, %	MSEK	Share, %
0–1 years	21,850	49	3.3 ¹⁾	13,231	30	15,150	100
1–2 years	–995	–2	3.1	9,723	22	–	–
2–3 years	1,203	3	4.3	6,981	15	–	–
3–4 years	–870	–2	3.3	4,016	9	–	–
4–5 years	2,082	4	3.8	5,818	13	–	–
5 years or more	21,563	48	3.2	5,064	11	–	–
Total	44,833	100	3.3	44,833	100	15,150	100

1) Average interest rate for 0–1 years also includes credit margin for longer maturities. When that effect is excluded, the average interest rate for 0–1 years is 2.1 %.

For 1–2 years and 3–4 years, the interest rate exposure is negative. This is because swap agreements exceed loans with a corresponding fixed-interest term. The average fixed-interest term increased to 4.5 (3.4) years.

Consolidated balance sheet, in summary

Amounts in SEK million	2012-12-31	2011-12-31	2012-09-30	2011-09-30
ASSETS				
Non-current assets				
Intangible assets	2,330	2,393	2,335	2,393
Investment properties	84,074	82,370	83,029	80,453
Plant and equipment	43	52	46	50
Financial assets	505	505	507	514
Total non-current assets	86,952	85,320	85,917	83,410
Current assets				
Other current receivables	751	846	772	780
Cash and cash equivalents	1,616	2,480	2,596	1,449
Total current assets	2,367	3,326	3,368	2,229
Total assets	89,319	88,646	89,285	85,639
EQUITY AND LIABILITIES				
Equity	32,660	29,716	31,549	29,558
Non-current liabilities				
Interest-bearing liabilities	31,599	31,786	31,758	30,879
Deferred tax liability	6,942	7,993	8,377	7,405
Non-interest-bearing liabilities	1,674	1,206	1,501	944
Total non-current liabilities	40,215	40,985	41,636	39,228
Current liabilities				
Interest-bearing liabilities	13,234	14,508	13,710	14,476
Non-interest-bearing liabilities	3,210	3,437	2,390	2,377
Total current liabilities	16,444	17,945	16,100	16,853
Total equity and liabilities	89,319	88,646	89,285	85,639

Consolidated statement of changes in equity, in summary

Amounts in SEK million	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Equity opening balance 2011-01-01	4,000	4,227	-177	18,633	26,683
Comprehensive income			142	3,904	4,046
Paid Group contribution, after tax				-781	-781
Tax on reversed Group contribution, prior years				-232	-232
Equity closing balance 2011-12-31	4,000	4,227	-35	21,524	29,716
Equity opening balance 2012-01-01	4,000	4,227	-35	21,524	29,716
Comprehensive income			4	3,915	3,919
Paid Group contribution, after tax				-763	-763
Dividends				-212	-212
Equity closing balance 2012-12-31	4,000	4,227	-31	24,464	32,660

Comments on the balance sheet

Intangible assets

Vasakronan's intangible assets primarily consist of goodwill. Goodwill has arisen because, in accordance with the applicable accounting rules, deferred tax on property was calculated using the nominal tax rate in effect at the time of acquisition, which exceeded the tax rate that was used for calculation of the purchase sum. The value of goodwill as of 31 December 2012 was SEK 2,230 (2,293) million. The change compared to last year is primarily due to a reduction in goodwill associated with the sale of property.

The remaining portion of intangible assets is comprised of the value of the Vasakronan brand, which amounted to SEK 100 (100) million.

Investment properties

As of 31 December 2012, the estimated market value of Vasakronan's property portfolio based on external appraisals was SEK 84,074 (82,370) million. The change in value during the period was SEK 1,254 (3,773) million, which corresponds to an increase in value of 1.5 %.

Valuations have been conducted in accordance with IPD Swedish Property Index guidelines and using the same methodology that was applied for prior valuations. Market value is affected by property-specific events that impact value, such as the signing of new and renegotiated leases, properties being vacated and investments. Consideration is also given to changes that are deemed as having occurred in market rents, yield requirements and anticipated vacancies. For a more detailed description of the valuation methodology used for Vasakronan's properties, please see page 40 of Vasakronan's Annual Report for 2011.

Property projects

The total investment volume for major ongoing property projects was SEK 3,215 (3,380) million, of which SEK 1,883 (1,842) was capitalized as of 31 December 2012.

During the fourth quarter, renovations to the Svavagallerian property in Uppsala were completed. The project is 92 % leased and the investment amounted to SEK 185 million.

Major ongoing property projects have a low level of risk due to the high occupancy rate. Furthermore, for several of the projects, long-term leases have been signed with tenants within the public sector. In total, the occupancy rate for major property projects was 85 % as of 31 December 2012.

Market value of investment properties

MSEK	2012	2011
Opening value, 1 January	82,370	77,633
Investments	2,220	1,900
Acquisitions	2,970	136
Sales	-4,755	-1,012
Unrealized change in value	1,269	3,713
Opening value, 31 December	84,074	82,370

In total, property transactions for a value of nearly SEK 8 billion were carried out in 2012.

Property projects as of 2012-12-31

Location	Property	Total investment, MSEK	Capitalized, MSEK	Capitalized, %	Area sq.m.	Estimated completion date	Occupancy rate, %
Malmö	Gasklockan 3, Rättscentrum	1,180	794	67	58,000	juli 2014	100
Malmö	Kaninen 26 and 27, Triangeln	440	248	56	22,900	dec 2013	75
Stockholm, City	Spektern 13, Regeringsgatan	360	342	95	30,000	juni 2013	74
Stockholm, Telefonplan	Telefonfabriken 1, Telefonplan	320	33	10	31,000	jan 2016	74
Stockholm, Solna	Rosenborg 3, Frösunda	300	108	36	9,000	jan 2014	50
Stockholm, Östermalm	Svea Artilleri 14, Valhallavägen	270	170	63	6,600	juni 2013	93
Gothenburg	Inside Vallgraven 9:13, Perukmakaren	195	84	43	8,000	dec 2014	81
Stockholm, Solna	Bladet 3, If bldg Bergshamra	150	104	69	32,000	sept 2013	96
Total major property projects		3,215	1,883	59			85
Other projects over SEK 10 million		896	554				
Total		4,111	2,437				

Comments on the balance sheet

Deferred tax

Deferred tax is calculated using a nominal rate of 22 % on temporary differences between the carrying amount and tax base of assets and liabilities. As of 31 December 2012, deferred tax, which is the net amount of deferred tax assets and deferred tax liabilities was SEK 6,942 (7,993) million and it primarily pertains to investment properties. The decrease is primarily due to the revaluation of deferred tax when the corporate tax rate was lowered to 22 % from 26.3 %.

As of 31 December 2012, the carryforward of unused tax losses/credits, for which deferred tax assets have been recognized, amounted to SEK 1,950 million, with a deferred tax asset of SEK 429 million.

Interest-bearing liabilities

Net interest-bearing liabilities, after having deducted cash and cash equivalents, decreased to SEK 43,217 (43,814) million, due to property divestments. On average, loan to maturity increased to 2.7 (2.3) years due to a higher proportion of long-term bank loans. The proportion of loans maturing within the next 12 months was 30 (31) % of interest-bearing liabilities. At the end of the period, the share of capital market financing had increased to 63 (58) % and the share of bank financing had decreased to 37 (42) %. Capital market financing increased primarily because certificate loans replaced short-term bank loans without collateral.

During the period, Vasakronan issued bonds amounting to SEK 9.3 billion, of which SEK 6.4 billion was extensions of bonds outstanding. In addition, Vasakronan obtained a bank loan for SEK 5.4 billion, using mortgage deeds as collateral.

Cash and cash equivalents amounted to SEK 1,616 (2,480) million and committed credit facilities, which were unutilized, amounted to SEK 15,150 (15,200) million. Committed credit facilities and cash equivalents corresponds to 127 (122) % of loans that mature within the next 12 months.

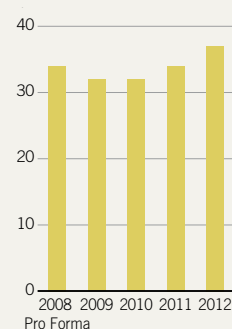
Bank loans that were obtained by providing collateral in the form of mortgage deeds or shares in subsidiaries increased to SEK 14,794 million, which corresponds to 16 % of total assets. Vasakronan's policy is that secured loans should not exceed 20 % of total assets.

Equity

Comprehensive income for the year was SEK 3,919 (4,046) million. Consequently, equity increased to SEK 32,660 million. During the period, dividends of SEK –212 million were paid to the owner and Group contributions after tax were reported for SEK –763 million.

The equity/assets ratio was 37 (34) % and LTV (loan-to-value ratio) decreased to 51 (53) %.

Equity/assets ratio



As of 31 December 2012, the equity/assets ratio increased to 37 (34) % primarily due to the revaluation of deferred tax.

Financing sources 2012-12-31

MSEK	Loan limit	Amount utilized	Share, %
Certificate program	15,000	7,741	17
MTN program	25,000	20,048	45
NOK bonds	350	350	1
Bank loans, without collateral	1,900	1,900	4
Bank loans, with collateral	14,794	14,794	33
Committed credit facilities	15,150	–	–
Total		44,833	100

Vasakronan has diversified financing, with ample reserves of committed credit facilities.

Consolidated cash flow statement in summary

Amounts in SEK million	Jan-Dec 2012	Jan-Dec 2011	Okt-Dec 2012	Okt-Dec 2011
Operating activities				
Profit before value changes and tax	2,613	2,468	647	608
Net interest income/expense	1,577	1,649	379	417
Adjustment for items not included in cash flow	-13	-27	-5	-11
Interest paid, net	-1,728	-1,687	-420	-415
Taxes paid	-17	-17	-4	-1
Cash flow before changes in working capital	2,432	2,386	597	598
Increase (-) / decrease (+) in working capital	-91	288	-56	145
Cash flow from operating activities	2,341	2,674	541	743
Investing activities				
Investments in existing property	-2,220	-1,900	-738	-644
Acquisitions of property	-2,970	-136	-254	2
Divestment of property	4,370	1,074	117	-
Plant and equipment, net	-6	-6	-	-4
Shares and participations, net	-10	-10	-5	-5
Other financial assets	373	-	-	-
Cash flow from investing activities	-463	-978	-880	-651
Cash flow after investing activities	1,878	1,696	-339	92
Financing activities				
Dividends and Group contributions	-1,273	-1,465	-	-
Proceeds from interest-bearing liabilities	9,380	12,631	1,341	-20,367
Amortization interest-bearing liabilities	-10,849	-12,827	-1,982	21,306
Cash flow from financing activities	-2,742	-1,661	-641	939
Cash flow for the period	-864	35	-980	1,031
Opening balance, cash and cash equivalents	2,480	2,445	2,596	1,449
Cash flow for the period	-864	35	-980	1,031
Closing balance, cash and cash equivalents	1,616	2,480	1,616	2,480

Comments on cash flow statement

Operating activities

Vasakronan's cash flow from operating activities before change in working capital increased to SEK 2,432 (2,386) million. The increase is primarily attributed to a higher net operating income.

After a change in working capital of SEK –91 (288) million, cash flow from operating activities was SEK 2,341 (2,674) million.

Investing activities

Cash flow from investing activities was SEK –463 (–978) million.

There was a positive impact on cash flow from net property transactions of SEK 1,400 (938) million. During the year, divestments were made for a purchase price of SEK 4,640 million after deducting transaction costs and deferred tax. Cash flow thus includes, among others, divestment of the Nacka Strand properties, for which a portion of the purchase price was a vendor promissory note for SEK 270 million that was subsequently sold. Cash flow from the divestment of property was thus SEK 4,370 million. Acquisitions that were made during the year amounted to SEK –2,970 (–136) million.

During the year, cash flow increased by SEK 373 million due to sale of the aforementioned promissory note plus accrued interest, along with sale of a financial asset for SEK 100 million.

Investments in existing property increased to SEK –2,220

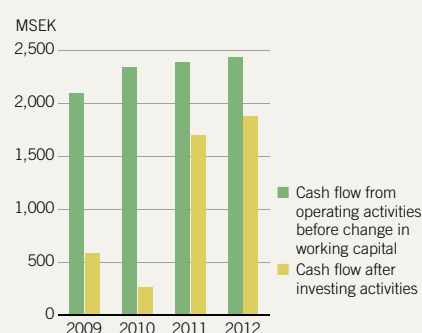
(–1,900) million.

Cash flow from investing activities amounted to SEK 1,878 (1,696) million.

Financing activities

Cash flow from financing activities amounted to SEK –2,742 (–1,661) million. This amount includes the Group contribution and dividend payments to the owner totaling SEK –1,273 (–1,465) million. In addition, interest-bearing liabilities decreased by SEK –1,469 (–196) million due to amortization payments.

Cash flow, January–December



Property divestments

Property	Location	Buyer	Purchase sum, MSEK	Transfer date
Sicklaön 13:24 and others	Nacka Strand, Stockholm	The Carlyle Group	2,953	2012-01-31
Aske 1:2	Upplands-Bro, Stockholm	Cajema	41	2012-05-31
Ellenbogen 38	Malmö	Diligentia	88	2012-06-15
Ellenbogen 36 and others	Malmö	Svenska Hus	95	2012-06-19
Gårda 16:17 and others	Gothenburg	Platzer	565	2012-07-03
Claus Mortensen 34	Malmö	Jyma	53	2012-08-31
Inside Vallgraven 21:11 and others	Gothenburg	Wallenstam	408	2012-09-03
Stådet 1	Sollentuna, Stockholm	Ancore	441	2012-09-04
Portion of Svea Artilleri	Stockholm	Akademiska Hus	3	2012-11-28
Dragarbrunn 21:1 and 21:5, Oden Ygg	Uppsala	Aspholmen Fastigheter	118	2012-12-11
Total property value			4,765	
Transaction costs and deduction for deferred taxes			–125	
Total purchase sum			4,640	

Property acquisitions

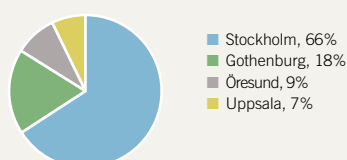
Property	Location	Seller	Purchase sum, MSEK	Transfer date
Inside Vallgraven 22:16 and others	Gothenburg	Diligentia	2,147	2012-04-02
Bassängskajen	Malmö	Skanska	652	2012-09-28
Koggen	Malmö	NCC	260	2012-10-26
Total property value			3,059	
Transaction costs and deduction for deferred taxes, net			–89	
Total purchase sum			2,970	

Vasakronan total and by region

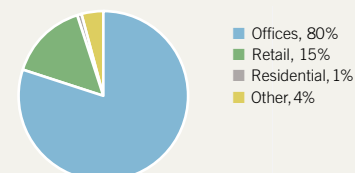
Total Vasakronan January–December

	2012	2011
Market value, MSEK, closing date	84,074	82,370
Rental revenue, MSEK	5 969	6 048
Net operating income, MSEK	4 272	4 211
Surplus ratio, %	72	70
Occupancy rate, %, closing date	93	93
Number of properties, closing date	193	216
Area, thousand m ² , closing date	2 601	2 762

Contracted rent by geographic market



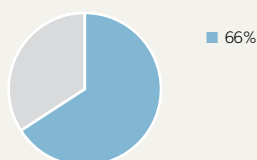
Contracted rent by property type



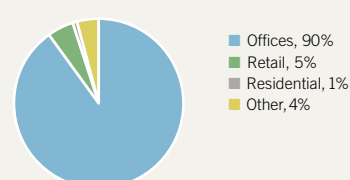
Stockholm January–December

	2012	2011
Market value, MSEK, closing date	54,629	56,035
Rental revenue, MSEK	3 884	4 132
Net operating income, MSEK	2 770	2 851
Surplus ratio, %	71	69
Occupancy rate, %, closing date	92	92
Number of properties, closing date	92	111
Area, thousand m ² , closing date	1 606	1 824

Contracted rent by geographic market



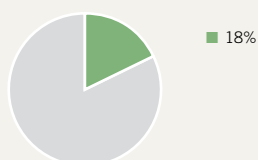
Contracted rent by property type



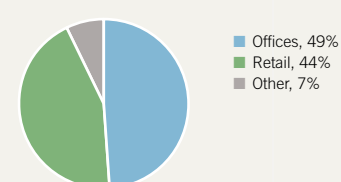
Gothenburg January–December

	2012	2011
Market value, MSEK, closing date	15,488	13,568
Rental revenue, MSEK	1 108	968
Net operating income, MSEK	854	736
Surplus ratio, %	77	76
Occupancy rate, %, closing date	97	98
Number of properties, closing date	37	35
Area, thousand m ² , closing date	420	365

Contracted rent by geographic market



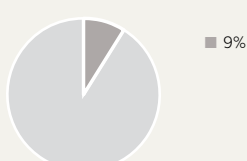
Contracted rent by property type



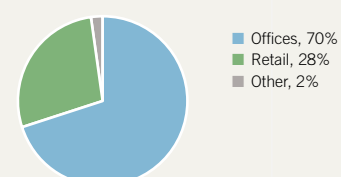
Öresund January–December

	2012	2011
Market value, MSEK, closing date	8,823	7,570
Rental revenue, MSEK	562	555
Net operating income, MSEK	368	364
Surplus ratio, %	65	66
Occupancy rate, %, closing date	93	96
Number of properties, closing date	38	43
Area, thousand m ² , closing date	328	315

Contracted rent by geographic market



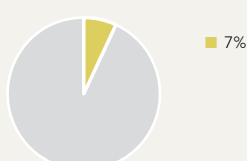
Contracted rent by property type



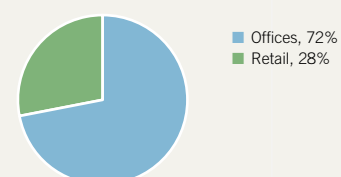
Uppsala January–December

	2012	2011
Market value, MSEK, closing date	5,134	5,197
Rental revenue, MSEK	415	393
Net operating income, MSEK	280	260
Surplus ratio, %	67	66
Occupancy rate, %, closing date	91	93
Number of properties, closing date	26	27
Area, thousand m ² , closing date	247	258

Contracted rent by geographic market



Contracted rent by property type



Vasakronan AB – Parent Company, in summary

Income statement

Amounts in SEK million	Jan–dec 2012	Jan–dec 2011
Net sales	380	426
Operating expenses	–468	–529
Capital gain (loss) on sales	680	309
Financial items		
Profit from participations in Group companies	1,864	3,085
Net interest income/expense	–1,501	–1,536
Unrealized change in value of financial instruments	–553	–947
Profit before tax	402	808
Tax	6	1
Profit for the year	408	809
Statement of comprehensive income		
Other comprehensive income		
Cash flow hedges	7	193
Income tax related to cash flow hedges	–3	–51
Group contribution paid	–1,035	–1,061
Tax effect on Group contribution paid	272	47
Comprehensive income for the period net of tax	–759	–872
Total comprehensive income	–351	–63

Parent Company

The operations of the Parent Company, Vasakronan AB (publ), consist of Group-wide functions and providing an organization 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 380 (426) million and profit before tax was SEK 402 (809) million. The main source of revenue is the Parent Company's invoicing to subsidiaries for services that have been provided. Cash and cash equivalents at the end of the period amounted to SEK 1,605 (2,479) million.

Balance sheet

Amounts in SEK million	2012-12-31	2011-12-31
ASSETS		
Non-current assets		
Equipment	21	26
Shares and participations in Group companies	30,214	29,957
Receivables from subsidiaries	6,722	4,213
Deferred tax assets	601	475
Long-term receivables	153	113
Total non-current assets	37,711	34,784
Current assets		
Receivables from subsidiaries	27,947	29,269
Current receivables	283	364
Cash and cash equivalents	1,605	2,479
Total current assets	29,835	32,112
TOTAL ASSETS	67,546	66,896
EQUITY AND LIABILITIES		
Equity	16,939	17,501
Liabilities		
Interest-bearing liabilities	43,418	42,994
Non-interest-bearing liabilities	2,298	1,883
Liabilities to Parent Company	893	1,061
Liabilities to subsidiaries	3,998	3,457
Total liabilities	50,607	49,395
TOTAL EQUITY AND LIABILITIES	67,546	66,896

Other information

Personnel

The number of employees at the end of the year was 337 (336).

Risks and uncertainties

The Board of Directors and management team 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 Annual Report for 2011 on pages 54–55. No other changes have occurred since then that affect the Board's and management team's assessment. Comments on the overall situation in the property and finance markets can be found in the relevant sections of this report.

In order to prepare its financial statements in accordance with generally accepted accounting principles, the company management team must make assessments and assumptions that affect the amounts reported as assets and liabilities in the balance sheet, as well as income and expense items reported in the income statement and other information that has been provided. The actual results may deviate from these estimates and assessments. The financial statements are particularly sensitive to the estimates and assumptions that provide the basis for the valuation of investment properties. Accounting policies

This year-end report has been prepared in accordance with IAS 34. The same accounting policies, valuation principles and calculation methods as the ones used in the most recently issued annual report have been applied. Please see Vasakronan's Annual Report for 2011, pages 55–59.

As of the second quarter of 2011, Vasakronan no longer applies hedge accounting for interest rate derivatives. The unrealized change in value of financial derivatives, for which hedge accounting was applied in the past, is amortized over the remaining term to maturity.

As of this year-end report, operating profit is no longer reported in the income statement. Other income divestment of investment properties, has also been removed from the income statement and instead, divested goodwill is reported on a separate line, as in previous years.

The Parent Company prepares its financial statements in accordance with the Annual Accounts Act and RFR 2 Reporting for Legal Entities.

Related-party transactions

Information on Vasakronan's related-party transactions is provided in Note 36 of Vasakronan's Annual Report for 2011. During the year, Group contribution and dividend payments totaling SEK 1,273 million were made to the owner, Vasakronan Holding. The promissory note for SEK 270 million that was received as partial payment in conjunction with the sale of the Nacka Strand properties to the First Swedish National Pension Fund, was at the market rate. Besides that, there were no other significant related-party transactions during the year.

Stockholm, 7 February 2013

Fredrik Wirdenius
CEO

For more information about this interim report, please contact:

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CFO

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Email: christer.nerlich@vasakronan.se

Key figures

	Jan-Dec 2012	Jan-Dec 2011	Okt-Dec 2012	Okt-Dec 2011
Property-related information				
Occupancy rate on closing date, %	93.0	93.0	93.0	93.0
Surplus ratio, %	72	70	70	69
Investments in existing property, MSEK	2,220	1,900	738	644
Property acquisitions, MSEK	2,970	136	254	-2
Property divestments, MSEK	-4,370	-1,074	-117	-
Net investments in property, MSEK	820	962	875	642
Market value of property on closing date, MSEK	84,074	82,370	84,074	82,370
Area on closing date, thousand m ²	2,601	2,762	2,601	2,762
Number of properties on closing date	193	216	193	216
Financial information				
Interest coverage ratio, times	2.7	2.5	2.7	2.5
Equity/assets ratio on closing date, %	37	34	37	34
LTV on closing date, %	51	53	51	53
Average interest rate on closing date, %	3.3	3.8	3.3	3.8
Interest-bearing liabilities, net, on closing date, MSEK	43,217	43,814	43,217	43,814
Cash flow before changes in working capital, MSEK	2,432	2,386	597	598
Other				
Number of employees on closing date	337	336	337	336

Definitions

Area, m²

Leasable area, not including garages and parking spaces.

LTV (loan-to-value ratio), %

The net amount of interest-bearing liabilities divided by the appraised market value of property.

Central administration

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

Net operating income, SEK million

Rental revenue less operating and maintenance costs, property administration, property tax and site leasehold fees.

Rental value, SEK million

Contracted rent plus the assessed market rent for vacant premises.

Contracted rent, SEK million

The total amount of rent from contracts that are valid on the closing date.

Net investments, SEK million

The sum of purchases, including stamp duty and other direct transaction costs and investments in projects less the sales price for divested properties and the sales price for properties sold via companies and direct transaction costs.

Net leasing, SEK million

Contracted rent for new leases that were signed during the year less contracted rent for leases where notice of termination was received during the year (tenant will be moving out).

Unrealized change in the value of property, SEK million

Change in the market value of property during the year, adjusted for property acquisitions, property divestments and investments that have been made in property.

Pro Forma

Expected outcome if acquisitions by Vasakronan had occurred on 1 January 2008 instead of 1 September 2008. Comparison figures pertaining to 2008 Pro Forma have not been recalculated in conjunction with the divestment of Dombron.

Interest coverage ratio, times

Profit before net interest income/expense, divided by net interest income/expense.

Equity/assets ratio, %

Equity as a percentage of total assets on the closing date.

Occupancy rate, financial, %

Contracted rent divided by the rental value.

Change in the value of property, %

Changes in the value of property, including transactions calculated in accordance with the IPD Sweden Annual Property Index.

Surplus ratio, %

Net operating income as a percentage of rental revenue.

Important dates

Rapporter

Annual Report 2012	March 2013
Interim report January – March 2013	7 May 2013
Interim report January – June 2013	20 August 2013
Interim report January – September 2013	7 November 2013
Year-end report 2013	6 February 2014

Annual General Meeting 7 May 2013

More information about the company is available on Vasakronan's website www.vasakronan.se

Vasakronan is the leading property company in Sweden, with a property portfolio valued at SEK 84 billion. Vasakronan's strategy is to focus on office facilities and shops in Stockholm, Uppsala, Gothenburg, Malmö and Lund. The property portfolio consists of 193 properties with a total area of approximately 2.6 million square meters. Vasakronan is jointly owned by the First, Second, Third and Fourth Swedish National Pension Funds. More information is available at: www.vasakronan.se