

VASAKRONAN

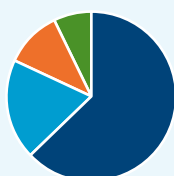
Year-end Report 2013

- Rental revenue for the year was SEK 6,032 (5,969) million, which is an increase of 1 percent when comparing equivalent property holdings.
- The occupancy rate increased to 93.4 (93.0) percent.
- Net operating income for the year was SEK 4,279 (4,272) million, which is an increase of 1 percent when comparing equivalent property holdings.
- Profit before value changes and tax increased to SEK 2,689 (2,613) million due to an improved net interest income/expense.
- Changes in the value of properties for the year was SEK 1,952 (1,254) million, which corresponds to an increase in value of 2.4 (1.5) percent. The value of the property portfolio at the end of the period was SEK 87.1 billion.
- The unrealized change in the value of financial instruments was SEK 1,151 (–553) million, which was due to higher long-term interest rates.
- Profit after tax was SEK 4,818 (3,923) million.
- The investment volume of ongoing property projects was SEK 6.3 billion, of which SEK 3.1 billion had been capitalized.
- The world's first green corporate bonds were issued in November.
- A dividend of SEK 3,025 million, in addition to the group contribution of SEK 975 million, has been proposed to the AGM.

Vasakronan in brief

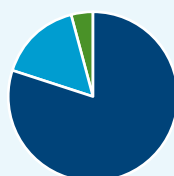
Amounts in SEK millions	Jan–Dec 2013	Jan–Dec 2012	Oct–Dec 2013	Oct–Dec 2012
Rental revenue	6,032	5,969	1,511	1,508
Net operating income	4,279	4,272	1,061	1,049
Profit before value changes and tax	2,689	2,613	651	647
Profit after tax	4,818	3,923	1,159	1,883
Cash flow from operating activities before change in working capital	2,600	2,432	624	597
Market value of properties	87,145	84,074	87,145	84,074
Occupancy rate, %	93.4	93.0	93.4	93.0
Surplus ratio, %	71	72	70	70
Interest coverage ratio, times	2.8	2.7	2.7	2.7
LTV (Loan-to-value ratio), %	49	51	49	51

Contracted rent by geographic market



■ Stockholm, 63% ■ Öresund, 11%
■ Gothenburg, 19% ■ Uppsala, 7%

Contracted rent by property type



■ Offices, 80% ■ Other, 4%
■ Retail, 16%

Vasakronan fourth quarter 2013

GREEN BONDS

Vasakronan was a pioneer by being the first company in the world to issue green bonds. This was possible thanks to long-term, ambitious sustainability work that has been ongoing for several years. The issue amounts to SEK 1.3 billion and it was issued by SEB, which developed the concept in cooperation with The World Bank. The reason for issuing green bonds is to further diversify Vasakronan's funding which, over time, will result in lower borrowing costs. With these bonds, the capital market is offered the opportunity of investing in projects that lead to lower energy use and lower climate impact. The basis for selecting green projects is a framework that has been analyzed by Cicero, the Norwegian Center for International Climate and Environmental Research. The bond otherwise has the same terms as other bonds issued by Vasakronan.

At present, Vasakronan invests SEK 6.3 billion in new construction and renovation projects, all of them with high environmental certification requirements. It is primarily investments in these projects that the green bonds will help finance. After having seen the business benefits of our sustainability efforts in the rental and transaction market, we are now also noticing positive effects on our financing.

PROPERTY DEVELOPMENT

During the last quarter of the year, development and quality improvements to the property portfolio continued. In central Stockholm, a decision was made to start the renovation of Uggleborg 12 located on Vasagatan, directly across the street from the Central Station. The project, which has been named Klara C, involves a total renovation of the entire building. The final result will be modern offices and shops at a prime location. The investment amounts to SEK 1.1 billion and the project is expected to be completed at the end of 2016.

A decision was also made to begin the renovation of Nattugglan 14, which is located in Södermalm, Stockholm. This is an office property close to Medborgarplatsen. It will be modernized and shops will also be set up at street level. The investment is estimated at SEK 400 million and the project is expected to be completed at the end of 2015.

TRANSACTIONS

During the quarter, several transactions were also conducted. In December, Vasakronan took possession of the newly constructed section of Triangeln in Malmö in accordance with the agreement that was signed with NCC to acquire the property already during 2012. The acquisition, valued at SEK 1.2 billion, pertains to a retail property that is 12,000 square meters and an office property that is 4,700 square meters. These properties are centrally located in Malmö, close to public transportation, and in particular, there is a station nearby that directly connects to the city tunnel. Both of the properties will be BREEAM certified at the "Very good" level. The retail property is situated next to the part of the Triangeln shopping center that Vasakronan already owned and they have been joined together to create the largest, most modern mall in central Malmö.

In November, the property Polisen 2 located in Solna (PostNord's head office) was sold to Delarka Holding for SEK 1,230 million, and in December the property Murmästaren 3 was sold to Balder for SEK 490 million.

FOURTH QUARTER PROFIT

Net operating income for the fourth quarter was SEK 1,061 (1,049) million. Profit before value changes and tax was SEK 651 (647) million.

The change in the value of property for the quarter was SEK 623 (171) million. The unrealized change in the value of financial instruments had a positive impact on profit of SEK 39 (-193) million due to a continued rise in long-term interest rates. Profit after tax was thus SEK 1,159 (1,883) million. Note that there was a positive impact on profit for the fourth quarter of 2012 in the amount of SEK 1,358 million, which was a one-time effect from revaluation of deferred tax as a result of a corporate tax cut.

In November, Vasakronan was a pioneer by being the first company in the world to issue green bonds.

Market overview

OUR WORLD

The situation in the global economy has stabilized. In the Eurozone, GDP rose during the second and third quarters after six consecutive quarters of falling GDP, which is a sign that the overall situation has improved. However, it will still take some time before economic balance has been achieved. In USA, the recovery continues and the budget agreement contributed to increased financial stability.

In Sweden, economic recovery is expected to get underway early in 2014 according to a forecast by the National Institute of Economic Research, NIER. Their forecast for GDP growth during 2013 is 1.0 percent, then increasing to 2.5 percent during 2014. The employment rate increases by 1.0 percent during 2013 and is expected to continue to rise during 2014.

At its meeting in December, Riksbanken (Sweden's central bank) cut the repo rate by 0.25 percentage points to 0.75 percent. The cut was primarily motivated by the low inflation, noting that NIER's forecast for 2013 is just 0.8 percent.

PROPERTY MARKET

The property market continues to be strong and was positively impacted by improved opportunities for obtaining financing. During the fourth quarter, transactions were made in the Swedish property market for a value of SEK 30 billion. For the full year 2013, it sums up to a total transaction volume of SEK 98 (106) billion, according to information from DTZ Research. Of that transaction volume, one third was transactions that were made in Stockholm and slightly more than one quarter was office properties. Swedish investors are still making most of the transactions.

STOCKHOLM

Conditions in the rental market in Stockholm were good during 2013. The vacancy level for modern office facilities in the Stockholm CBD fell slightly to 4.3 percent. In the inner city, outside the CBD, the vacancy level has been stable at just under 10 percent. In the suburbs, vacancies have stabilized and the vacancy level is estimated at 14.5 percent, although it varies quite a bit between different areas.

The market's yield requirement for office properties in the CBD has fallen since the end of 2012 to 4.5 percent. The yield requirement has also fallen somewhat for the rest of the inner city to 5.1 percent. For the suburbs, the yield requirement varies depending on area and object. In certain attractive areas, it also fell during the year.

GOTHENBURG

In Gothenburg, low vacancy levels in the CBD combined with a constant increase in the demand for office facilities, has resulted in higher rents. There has also been an impact on the vacancy level, and in the CBD it has steadily fallen since year-end 2010, and is now at 5 percent according to DTZ Research.

The yield for the most attractive office premises in the Gothenburg CBD is stable and now estimated at 5 percent.

ÖRESUND

In the office rental market in Öresund, the supply has been abundant due to all of the new construction in recent years. For retail premises, competition has increased since new shopping centers have been established. The vacancy level for offices in the Malmö CBD is, however, estimated at the same level that it was at year-end 2012, which is just over 9 percent. The vacancy level for prime location properties in Lund also appears to be stable at just over 5 percent.

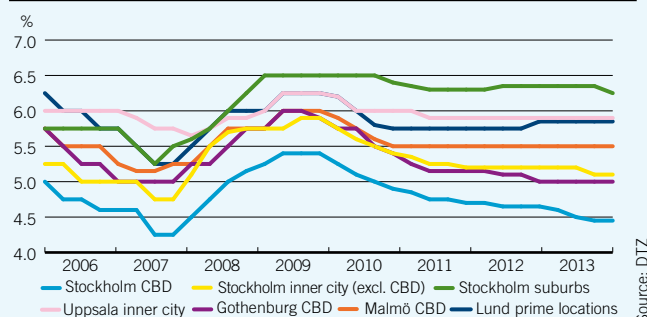
The yield for the best office premises in the Malmö CBD is assessed at around 5.5 percent and it is 5.9 percent for prime location properties in Lund, which is approximately the same as year-end 2012.

UPPSALA

In Uppsala, there is still a healthy demand for centrally located modern office facilities and market rents are stable. For the last several years, the vacancy level has been around 5 percent in the central areas and the yield for centrally located office properties is assessed at just under 6 percent.

Market yield for offices

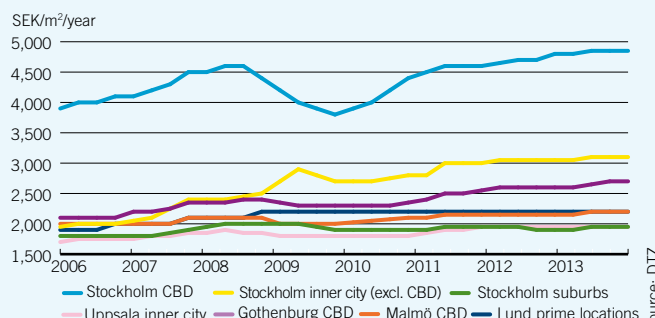
Pertains to average yield at the end of the period



Source: DTZ

Market rents for offices

Pertains to average rent at the end of the period



Source: DTZ

Consolidated income statement in summary

Amounts in SEK millions	Jan-Dec 2013	Jan-Dec 2012	Oct-Dec 2013	Oct-Dec 2012
Rental revenue	6,032	5,969	1,511	1,508
Operating expenses	-743	-734	-184	-194
Repairs and maintenance	-113	-132	-30	-46
Property administration	-274	-246	-89	-74
Property tax	-492	-460	-114	-118
Site leasehold fees	-131	-125	-33	-27
Total property expenses	-1,753	-1,697	-450	-459
Net operating income	4,279	4,272	1,061	1,049
Central administration	-87	-81	-27	-24
Profit (loss) from participations in joint venture	0	-1	0	1
Other operating expenses	-	0	-	0
Net interest income/expense	-1,503	-1,577	-383	-379
Profit before value changes	2,689	2,613	651	647
Change in value of investment properties	1,952	1,254	623	171
Unrealized change in value of financial instruments	1,151	-553	39	-193
Divested/impaired goodwill	-51	-62	-40	-4
Profit before tax	5,741	3,252	1,273	621
Tax	-923	671	-114	1,262
Profit for the period	4,818	3,923	1,159	1,883
Other comprehensive income				
<i>Items that may be reclassified</i>				
Cash flow hedges	10	7	2	-
Income tax on cash flow hedges	-2	-3	-	-
<i>Items that may not be reclassified</i>				
Pensions, revaluation	2	-11	2	-11
Restriction for surplus in pension plan with asset cap	-17	0	-17	0
Income tax on pensions	3	3	3	2
Comprehensive income for the period, net of tax	-4	-4	-10	-9
Total comprehensive income for the period¹⁾	4,814	3,919	1,149	1,874
Key figures				
Surplus ratio, %	71	72	70	70
Interest coverage ratio, times	2.8	2.7	2.7	2.7

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 increased during the year to SEK 6,032 (5,969) million. When comparing equivalent property holdings, rental revenue increased by 1 percent due to new leases and renegotiations. However, an increase in property tax supplements also had a positive impact.

New leases were entered for an annual rent corresponding to SEK 534 (449) million, of which SEK 124 million was new construction projects. Simultaneously, renegotiations or extensions corresponding to annual rent of SEK 802 (817) million were finalized during the period, resulting in an increase to the closing amount by 2.3 (3.1) percent. Net leasing for the year was SEK 117 (-58) million.

Contracted rent at the end of the period amounted to SEK 5,974 (6,017) million and the average remaining term to maturity was 4.3 (4.5) years.

As of 31 December 2013, the occupancy rate was 93.4 (93.0) percent.

PROPERTY EXPENSES

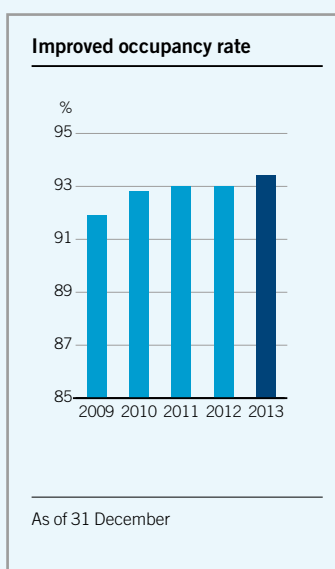
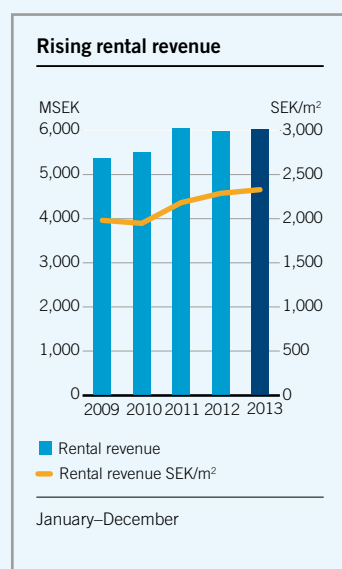
Property expenses increased by 3 percent during the period. When comparing equivalent property holdings, the increase was 2 percent and the main reason for this was higher expenses for property tax following an increase in tax assessment values. There was also a negative impact on property expenses due to all of the snow at the beginning of the year.

NET OPERATING INCOME

Net operating income was SEK 4,279 (4,272) million. When comparing equivalent property holdings, net operating income increased 1 percent due to higher rental revenue. The surplus ratio fell slightly to 71 (72) percent.

ADMINISTRATION

Property administration costs increased to SEK 274 (246) million and central administration costs increased to 87 (81) million due to higher personnel costs.



Comments on the income statement

NET INTEREST INCOME/EXPENSE

Net interest income/expense improved to SEK –1,503 (–1,577) million due to lower short-term interest rates and credit spreads. As of 31 December 2013, the average loan rate had fallen to 3.0 (3.3) percent. The refinancing rate, including credit spreads, for a corresponding loan portfolio was 2.3 (2.2) percent.

The average fixed interest term fell slightly to 4.2 (4.5) years. Fixed rate periods longer than 5 years amounted to 46 (48) percent of interest-bearing liabilities and the proportion of fixed rate periods maturing within 1 year declined to 44 (49) percent. Interest rate sensitivity continues to be low. If interest rates were to increase, an unrealized increase in the value of long-term interest rate swaps (on which fixed interest is paid) could then also be realized to balance the effect of increased interest expense for short-term fixed interest.

The interest coverage ratio increased to 2.8 (2.7) times as a result of an improved net interest income/expense. The 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 was SEK 2,689 (2,613) million, which corresponds to an increase of nearly 3 percent. The increase is due to the improvement in net interest income/expense.

CHANGE IN VALUE OF INVESTMENT PROPERTIES

As of 31 December 2013 the entire property portfolio had been valued by external appraisers (either DTZ or Forum Fastighetsekonomi).

Altogether, the change in the value of Vasakronan's property amounts to SEK 1,952 million, which corresponds to a 2.4 percent increase in value. The increase in value is derived not only from lower yield requirements, but also higher market rents at the properties, which are primarily the result of rent-enhancing investments. On average, the yield requirement was 5.51 percent, compared to 5.63 percent for corresponding properties at the end of 2012.

Change in value-impacting factors

	Value impact, %
Yield requirement	1.9
Market rents at the properties ¹⁾	2.6
Investments and other value-impacting	–2.1
Total Vasakronan	2.4

1) It has been assessed that 1.6 percentage points due to rent-enhancing investments

Change in value by region

	Change in value, %	Contribution to change in value, % points
Stockholm		1.7
Gothenburg	3.1	0.6
Öresund	1.0	0.1
Uppsala	0.4	0.0
Total Vasakronan		2.4

Change in value by property type

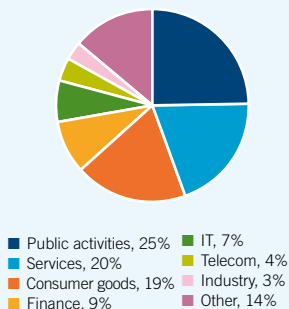
	Change in value, %	Contribution to change in value, % points
Investment properties		1.2
Project and development properties	5.1	0.6
Transactions	–	0.6
Total Vasakronan		2.4

Widely distributed over many tenants

	Share in %
SEB	3
H&M	2
National Police Board	2
Swedish Prison and Probation Service	2
Swedish Social Insurance Agency	2
Sony Mobile Communications	2
Ericsson Sweden	2
Åhléns	1
National Courts Administration	1
If Skadeförsäkring AB	1
Total	18

Largest tenant, share of contracted rent

Largest share of tenants involved in public activities



Improved interest coverage ratio

Even distribution of when rents fall due

	Number of contracts	Annual rent, MSEK	% of total
2014	1,254	1,112	18
2015	915	1,068	18
2016	863	1,021	17
2017	411	653	11
2018–ff	768	1,863	31
Garage	1,150	162	3
Total	5,361	5,879	98
Residential	1,168	95	2
Total	6,529	5,974	100

Maturity structure for contracted rent

Comments on the income statement

CHANGE IN VALUE OF FINANCIAL INSTRUMENTS

The unrealized change in the value of derivatives was SEK 1,151 (–553) million, which was due to rising long-term interest rates. The change in value is enhanced by the fact that 46 percent of the fixed interest terms that matured in the loan portfolio have a fixed term of, on average, 8 years. The unrealized change in value does not have any effect on cash flow and neither will it have any effect on profit if the derivatives are held to maturity.

The derivative portfolio amounts to SEK 35 (42) billion and is primarily comprised of interest rate swaps for SEK 30 billion and extendable interest rate swaps for SEK 4 billion.

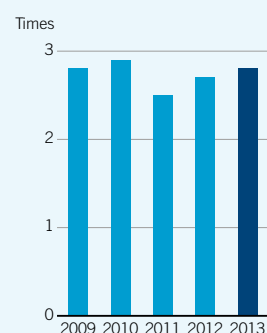
TAX

The Group reported a total tax expense of SEK –923 (671) million. Of that amount, SEK –921 (953) million is deferred tax on temporary differences between the carrying amount and tax base of, primarily, investment properties. Current tax amounts to SEK –2 (–282) million.

Financial risks

Financing risk	Finance policy	Actual 2013-12-31
Loan maturity	at least 2 years	3.0 years
Loan maturing 12 months	max 40 %	30 %
Credit commitments and cash/loan maturity 12 months	at least 100 %	131 %
Interest rate risk		
Interest coverage ratio	at least 1.9 times	2.8 times
Fixed-interest term	1–6 years	4.2 years
Fixed-interest maturity within 12 months	max 70 %	44 %
Credit risk		
Counterpart's rating	at least A–	fulfilled
Currency risk		
Currency exposure	not allowed	fulfilled

Improved interest coverage ratio



January–December

The average fixed-interest term decreased to 4.2 (4.5) years and loan to maturity was 3.0 (2.7) years.

Year	Fixed-interest term			Loan maturity		Committed credit facilities	
	MSEK	Share, %	Interest, %	MSEK	Share, %	MSEK	Share, %
0–1 years	19,711	44	2.7 ¹⁾	13,740	30	15,400	100
1–2 years	1,158	3	4.5	8,872	20	–	–
2–3 years	–769	–2	1.2, ²⁾	6,649	15	–	–
3–4 years	2,363	5	3.6	6,461	14	–	–
4–5 years	1,804	4	3.5	3,293	7	–	–
5 years or more	21,007	46	3.0	6,258	14	–	–
Total	45,274	100	3.0	45,274	100	15,400	100

1) Credit spreads for longer maturities are also included in the average interest rate 0–1 year. If that effect is excluded, the average interest rate 0–1 year would be 1.5 %.

2) For years 2–3, the interest rate exposure is negative. That is explained by the fact that swap agreements exceed loans with a corresponding fixed interest term.

Funding maturity structure 2013-12-31

Consolidated balance sheet in summary

Amounts in SEK millions	2013-12-31	2012-12-31	2013-09-30	2012-09-30
ASSETS				
Non-current assets				
Intangible assets	2,280	2,330	2,319	2,335
Investment properties	87,145	84,074	86,195	83,029
Property, plant and equipment	50	43	53	46
Financial assets	497	505	492	507
Total non-current assets	89,972	86,952	89,059	85,917
Current assets				
Other current receivables	700	751	647	772
Cash and cash equivalents	2,570	1,616	2,582	2,596
Total current assets	3,270	2,367	3,229	3,368
Total assets	93,242	89,319	92,288	89,285
EQUITY AND LIABILITIES				
Equity	36,357	32,660	36,183	31,549
Non-current liabilities				
Interest-bearing liabilities	31,534	31,599	32,267	31,758
Deferred tax liability	7,859	6,942	7,611	8,377
Non-interest-bearing liabilities	504	1,674	513	1,501
Total non-current liabilities	39,897	40,215	40,391	41,636
Current liabilities				
Interest-bearing liabilities	13,740	13,234	13,203	13,710
Non-interest-bearing liabilities	3,248	3,210	2,511	2,390
Total current liabilities	16,988	16,444	15,714	16,100
Total equity and liabilities	93,242	89,319	92,288	89,285

Consolidated statement of changes in equity, in summary

Amounts in SEK millions	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
Equity opening balance 2012-01-01		4,227	-35	21,524	29,716
Comprehensive income			4	3,915	3,919
Group contribution paid				-763	-763
Dividends				-212	-212
Equity closing balance 2012-12-31	4,000	4,227	-31	24,464	32,660
Equity opening balance 2013-01-01	4,000	4,227	-31	24,464	32,660
Comprehensive income			8	4,806	4,814
Group contribution paid				-975	-975
Dividends				-142	-142
Equity closing balance 2013-12-31	4,000	4,227	-23	28,153	36,357

Comments on the balance sheet

INTANGIBLE ASSETS

Intangible assets primarily consist of goodwill. Goodwill has arisen because deferred tax on property was calculated using the nominal tax rate at the time of the business combination, while the tax rate that was applied when calculating the purchase sum for the acquisition was lower than the nominal one. The value of goodwill as of 31 December 2013 was SEK 2,180 (2,230) million, and the decline was primarily due to the sale of properties.

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 2013 the estimated market value of Vasakronan's property portfolio based on external appraisals was SEK 87,145 (84,074) million. The change in value during the period was SEK 1,952 (1,254) million and the remaining change in the market value is comprised of net investments.

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 to have had 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 71 of Vasakronan's Annual Report for 2012.

PROPERTY PROJECTS

Ongoing property projects have increased and they now have a total investment volume of SEK 6,347 (4,111) million, of which SEK 3,105 (2,437) million had been capitalized as of 31 December 2013. Overall, the 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 the tenants. Vacancies in Stockholm's inner city are now so low that projects are getting underway without the premises having been leased out at the project's start date. The total occupancy rate for the major projects was 74 percent.

During the fourth quarter, a decision was made to start the renovation of Uggleborg 12, directly across from Central Station in Stockholm. The project, which has been named Klara C, involves a total renovation of the entire building. The final result will be modern offices and shops at a prime location. The investment amounts to SEK 1.1 billion and the project is expected to be completed at the end of 2016. A decision was also made to begin the renovation and modernization of Nattugglan 14, which is located in Södermalm, Stockholm. The investment is estimated at SEK 400 million and the project is expected to be completed at the end of 2015.

Property values continue to rise

MSEK	2013	2012
Opening value, 1 January	84,074	82,370
Investments	2,417	2,220
Acquisitions, consideration	1,690	2,970
Sales, consideration	-2,988	-4,740
Värdeförändring	1,952	1,254
Utgående värde 31 December	87,145	84,074

Increased investments in major projects

Location	Property	Total investments, MSEK	Capitalized, MSEK	Capitalized, %	Area of premises sq. meters	Estimated completion date	Occupancy rate, %
Malmö	Gasklockan 3, Rättscentrum	1,180	1,041	88	58,000	July 2014	100
Stockholm, City	Uggleborg 12, Klara C	1,120	33	3	30,300	Dec 2016	0
Malmö	Kaninen 26 och 27, Triangeln	510	431	85	22,900	June 2014	77
Stockholm, City	Nattugglan 14	400	14	4	13,300	Dec 2015	0
Stockholm, Telefonplan	Telefonfabriken 1, Telefonplan	320	200	63	31,000	Jan 2016	78
Stockholm, Solna	Rosenborg 3, Frösunda	550	405	74	16,800	Nov 2014	85
Stockholm, Kista	Modemet 1, Hus 9	480	117	24	19,100	Feb 2015	100
Stockholm, Kista	Modemet 1, Hus 8	500	8	2	19,250	Dec 2015	100
Gothenburg	Inom Vallgraven 9:13, Perukmakaren	220	211	96	8,000	Mar 2014	97
Gothenburg	Inom Vallgraven 8:18, Kompassen	150	2	1	10,600	Oct 2015	88
Uppsala	Kungsängen 4:4, Hästen	120	116	97	6,800	Mar 2014	84
Total major property projects		5,550	2,578	46			74
Other projects		797	527				
Total as of 31 December		6,347	3,105				

Comments on the balance sheet

DEFERRED TAX

Deferred tax is calculated using a nominal rate of 22 percent on differences between the carrying amount and tax base of assets and liabilities. As of 31 December 2013, deferred tax, which is the net amount of deferred tax assets and deferred tax liabilities was SEK 7,859 (6,942) million and it primarily pertains to investment properties. The main reason for the increase was the higher market value of properties.

As of 31 December 2013, tax losses, for which deferred tax assets have been recognized, amounted to SEK 1,167 million, with a deferred tax asset of SEK 257 million.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities, net of cash equivalents, amounted to SEK 42,704 (43,217) million. The average loan to maturity increased to 3.0 (2.7) years, because there was a higher proportion of long-term bank loans. The proportion of loans maturing within the next 12 months was unchanged at 30 percent of interest-bearing liabilities. At the end of 2013, the share of capital market financing was 65 (63) percent and the share of bank financing was 35 (37) percent.

In November, Vasakronan was a pioneer by being the first company in the world to issue green bonds. The proceeds from the issue will be used to finance projects that lead to lower energy use and lower climate impact. Green bonds also enable Vasakronan to further diversify its funding. During 2013, Vasakronan issued bonds amounting to SEK 6.5 (9.3) billion and obtained bank

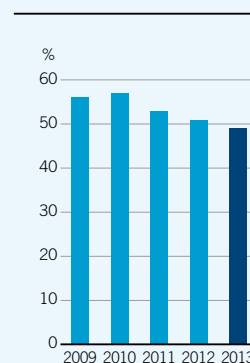
loans for SEK 4.3 (5.4) billion. Bank loans secured by mortgages or shares in subsidiaries correspond to 17 (16) percent of total assets. The finance policy states that collateralized loans must not exceed 20 percent of total assets.

Cash equivalents amounted to SEK 2,570 (1,616) million and committed credit facilities, which were unutilized, amounted to SEK 15,400 (15,150) million. Committed credit facilities and cash equivalents correspond to 131 (127) of loans that mature within the next 12 months.

EQUITY

Equity increased during the year to SEK 36,357 million due to the positive comprehensive income of SEK 4,814 (3,919) million. During the year, dividends were paid to the owner of SEK –142 million and a Group contribution was reported in the amount of SEK –975 million. The equity/assets ratio increased to 39 (37) percent and LTV (loan-to-value ratio) decreased to 49 (51) percent.

Falling LTV (loan-to-value ratio)



As of 31 December

Diversified funding with good reserves

MSEK	Loan limit	Amount utilized	Share, %
Certificate program	15,000	7,140	16
MTN Bonds	25,000	19,397	43
MTN Green bonds	–	1,300	3
MTN inflation-linked bonds	–	1,116	2
NOK Bonds	317	317	1
Bank loans, with collateral	16,004	16,004	35
Committed credit facilities	15,400	–	–
Total		45,274	100

Distribution of financing sources, share of the total loan portfolio

Consolidated cash flow statement in summary

Amounts in SEK millions	Jan-Dec 2013	Jan-Dec 2012	Oct-Dec 2013	Oct-Dec 2012
Operating activities				
Profit before value changes and tax	2,689	2,613	651	647
Adjustment for items not included in cash flow	-2	-13	5	-5
Net interest income/expense	1,503	1,577	383	379
Interest paid, net	-1,577	-1,728	-412	-420
Taxes paid	-13	-17	-3	-4
Cash flow before changes in working capital	2,600	2,432	624	597
Increase (-) / decrease (+) in working capital	202	-91	-109	-56
Cash flow from operating activities	2,802	2,341	515	541
Investing activities				
Investments in existing property	-2,417	-2,220	-728	-738
Acquisitions of property	-1,690	-2,970	-1,222	-254
Divestment of property	2,988	4,370	1,622	117
Other PPE, net	-21	-6	-1	-
Shares and participations, net	-6	-10	-6	-5
Other financial assets	-	373	-	-
Cash flow from investing activities	-1,146	-463	-335	-880
Cash flow after investing activities	1,656	1,878	180	-339
Financing activities				
Dividends and Group contributions	-1,177	-1,273	-	-
Raised debt: interest-bearing liabilities	11,050	9,380	2,973	1,341
Repayment of debt: interest-bearing liabilities	-10,575	-10,849	-3,165	-1,982
Cash flow from financing activities	-702	-2,742	-192	-641
Cash flow for the period	954	-864	-12	-980
Opening balance, cash and cash equivalents	1,616	2,480	2,582	2,596
Cash flow for the period	954	-864	-12	-980
Closing balance, cash and cash equivalents	2,570	1,616	2,570	1,616

Comments on cash flow statement

OPERATING ACTIVITIES

Cash flow from operating activities before change in working capital increased to SEK 2,600 (2,432) million. The increase is primarily the result of an improved net interest income/expense.

After the change in working capital of SEK 202 (–91) million, cash flow from operating activities amounted to SEK 2,802 (2,341) million.

INVESTING ACTIVITIES

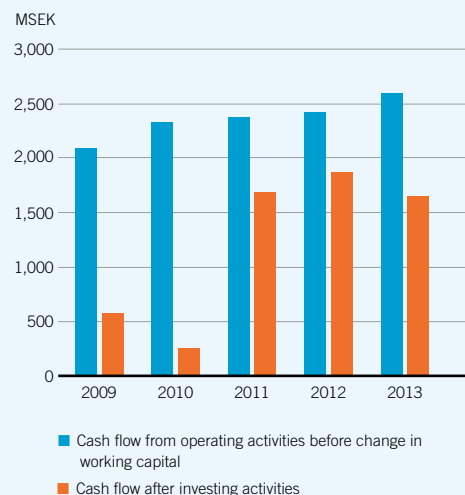
Kassaflödet från investeringsverksamheten uppgick till Cash flow from financing activities was SEK –1,146 (–463) million, which is primarily comprised of investments in existing properties of SEK –2,417 (–2,220) million. During the year, properties were acquired generating a cash outflow of SEK –1,690 (–2,970) million and properties were sold, generating a cash inflow of SEK 2,988 (4,370) million. The cash flow from investing activities was SEK 1,656 (1,878) million.

FINANCING ACTIVITIES

Cash flow from financing activities was SEK –702 (–2,742) million. Included in the cash flow is payment to the owner of a group contribution and dividend totaling SEK –1,177 (–1,273) million. In addition, interest-bearing liabilities increased by SEK 475 (–1,469) million.

Cash flow amounted to SEK 954 (–864) million and cash equivalents were SEK 2,570 (1,616) million at the end of 2013.

Stable cash flow from operating activities



January–December

Property divestments

Property	Location	Buyer	Purchase sum, MSEK	Transfer date
Hingsten 1	Täby	Kvarnstenens Fastighets AB	90	2013-04-03
Lorensberg 55:3	Göteborg	Sigillet Fastighets AB	66	2013-05-23
Heden 705:14 (del av)	Göteborg	NCC	38	2013-06-27
Älgen 24	Östermalm, Stockholm	HEFAB	435	2013-07-01
Oden 20–22, Lidingö centrum	Lidingö	Rockspring	771	2013-07-08
Polisen 2	Solna	Delarka Holding	1,230	2013-11-14
Murmästaren 3	Kungsholmen, Stockholm	Balder	490	2013-12-18
Total property value			3,120	
Transaction costs and deduction for deferred taxes			–132	
Total purchase sum			2,988	

Property acquisitions

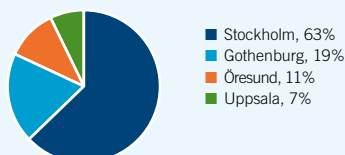
Property	Location	Seller	Purchase sum, MSEK	Transfer date
Magasinet 1, Black Building	Sundbyberg	IVG Institutional Funds	468	2013-04-30
Kaninen 30 och 32, Triangeln	Malmö	NCC	1,222	2013-12-17
Adjustment prior transactions	–	–	9	–
Total property value			1,699	
Transaction costs and deduction for deferred taxes			–9	
Total purchase sum			1,690	

Vasakronan total and by region

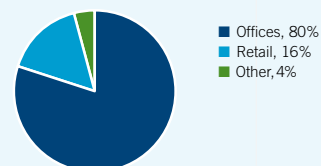
Total Vasakronan January–December

	2013	2012
Market value, MSEK	87,145	84,074,
Rental revenue, MSEK	6,032	5,969
Net operating income, MSEK	4,279	4,272
Surplus ratio, %	71	72
Occupancy rate, %	93	93
Number of properties	192	193
Area, thousand m2	2,562	2,601

Contracted rent by geographic market



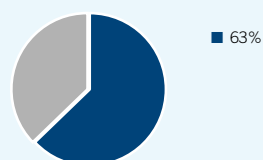
Contracted rent by property type



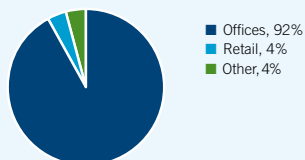
Stockholm January–December

	2013	2012
Market value, MSEK	54,859	54,629
Rental revenue, MSEK	3,865	3,884
Net operating income, MSEK	2,732	2,770
Surplus ratio, %	71	71
Occupancy rate, %	93	92
Number of properties	90	92
Area, thousand m2	1,529	1,606

Contracted rent, share of Vasakronan, total



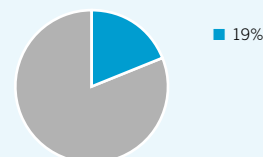
Contracted rent by property type



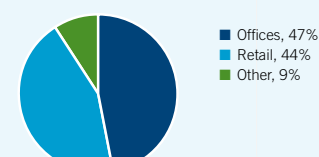
Gothenburg January–December

	2013	2012
Market value, MSEK	16,159	15,488
Rental revenue, MSEK	1,124	1,108
Net operating income, MSEK	858	854
Surplus ratio, %	76	77
Occupancy rate, %	97	97
Number of properties	35	37
Area, thousand m2	418	420

Contracted rent, share of Vasakronan, total



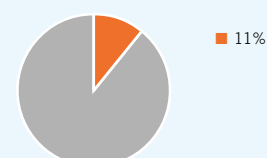
Contracted rent by property type



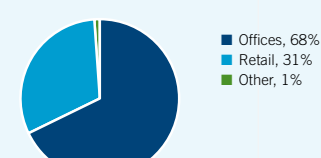
Öresund January–December

	2013	2012
Market value, MSEK	10,727	8,823
Rental revenue, MSEK	628	562
Net operating income, MSEK	408	368
Surplus ratio, %	65	65
Occupancy rate, %	93	93
Number of properties	41	38
Area, thousand m2	368	328

Contracted rent, share of Vasakronan, total



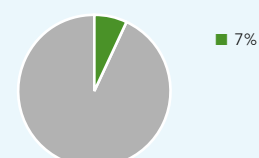
Contracted rent by property type



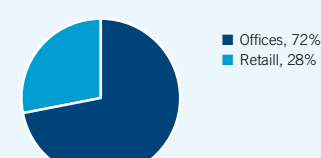
Uppsala January–December

	2013	2012
Market value, MSEK	5,400	5,134
Rental revenue, MSEK	415	415
Net operating income, MSEK	281	280
Surplus ratio, %	68	67
Occupancy rate, %	94	91
Number of properties	26	26
Area, thousand m2	247	247

Contracted rent, share of Vasakronan, total



Contracted rent by property type



Vasakronan AB

– Parent Company in summary

Income statement

Amounts in SEK millions	Jan–Dec 2013	Jan–Dec 2012
Net sales	388	378
Operating expenses	–491	–466
Capital gain (loss) on sales	450	680
Profit/loss before financial items	347	592
Financial items		
Profit from participations in subsidiaries	2,279	1,864
Net interest income/expense	–1,341	–1,501
Unrealized change in value of financial instruments	1,151	–553
Profit before tax	2,436	402
Tax	–418	6
Profit for the period	2,018	408
Statement of Comprehensive Income		
Other comprehensive income		
<i>Items that may be reclassified</i>		
Cash flow hedges	9	7
Income tax related to cash flow hedges	–2	–2
Comprehensive income for the period net of tax	7	5
Total comprehensive income	2,025	413

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 388 (378) million and profit before tax was SEK 2,436 (402) million. The main source of revenue is the Parent Company's invoicing to subsidiaries for services that have been provided. Cash equivalents at the end of the period amounted to SEK 2,569 (1,605) million.

Balance sheet

Amounts in SEK millions	2013-12-31	2012-12-31
ASSETS		
Non-current assets		
Equipment	25	21
Shares and participations in subsidiaries	30,599	30,214
Deferred tax assets	395	601
Long-term receivables	139	153
Total non-current assets	31,158	30,989
Current assets		
Receivables from parent company	–	–
Receivables from subsidiaries	35,119	34,669
Current receivables	229	283
Cash and cash equivalents	2,569	1,605
Total current assets	37,917	36,557
TOTAL ASSETS	69,075	67,546
EQUITY AND LIABILITIES		
Equity	18,062	16,939
Liabilities		
Interest-bearing liabilities	45,274	43,418
Non-interest-bearing liabilities	1,025	2,298
Liabilities to Parent Company	975	893
Liabilities to subsidiaries	3,739	3,998
Total liabilities	51,013	50,607
TOTAL EQUITY AND LIABILITIES	69,075	67,546

Other information

PERSONNEL

The number of employees at the end of the period was 353 (337).

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 2012 on pages 38–39. 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 assumptions that provide the basis for the valuation of the investment properties.

ACCOUNTING POLICIES

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting. 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 2012, pages 63–67, in addition to what is stated below.

The revised IAS 1 Presentation of financial statements, which applies as of 1 January 2013, means that the other comprehensive income section of the Group is required to present line items which are classified by their nature and grouped between those items that will or will not be reclassified to profit and loss. All items included in Vasakronan's other comprehensive income are items that may be reclassified, except for amounts that pertain to defined benefit pensions.

As of 1 January 2013, changes in IFRS 7 Financial Instruments: Disclosures entered into force. The changes mean that there are increased disclosure requirements for financial instruments.

IFRS 11 Joint Arrangements is a new standard that must be applied as of 1 January 2014. Vasakronan has elected to apply this standard early, as of 1 January 2013. In accordance with this standard, all of Vasakronan's joint arrangements are classified as joint ventures and reported in accordance with the equity method. With this change, associated companies are now classified as joint ventures, but this has otherwise not affected the reporting.

Vasakronan applies IFRS 13 Fair Value Measurement as of 1 January 2013. Investment properties are valued in accordance with level 3 in the fair value hierarchy. This change affected neither the valuation method nor the profit. For more information on Vasakronan's valuation methods, see page 71 in Vasakronan's Annual Report for 2012. However, the change will require increased disclosure requirements in the Annual Report for 2013.

The Swedish Financial Reporting Board has clarified how group contributions are to be reported as of 2013. This clarification means that there is a main rule and an alternative rule. Vasakronan has elected to report in accordance with the main rule, which means that group contributions paid are reported directly to equity.

Fair value for financial instruments corresponds in all material respects with the carrying amount. No change has occurred during the period to how financial instruments are categorized. Derivatives are valued in accordance with level 2 in the fair value hierarchy. For all derivatives there are ISDA agreements in place that allow offsetting of payables and receivables from the same counterparty.

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 33 of Vasakronan's Annual Report for 2012. During the period, a Group contribution payment and dividend totaling SEK 1,177 million was made to the owner, Vasakronan Holding. Besides that, there were no other significant related-party transactions during the year.

SUBSEQUENT EVENTS

The Board will propose that the AGM decide on a dividend of SEK 3,025 million, in addition to the reported group contribution of SEK 975 million.

Stockholm, 6 February 2014

Fredrik Wirdenius
CEO

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interim report, please contact:**

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Key figures

	Jan-Dec 2013	Jan-Dec 2012	Oct-Dec 2013	Oct-Dec 2012
Property-related information				
Occupancy rate on closing date, %	93.4	93.0	93.4	93.0
Surplus ratio, %	71	72	70	70
Investments in existing projects, SEK millions	2,417	2,220	728	738
Property acquisitions, SEK millions	1,690	2,970	1,222	254
Property divestments, SEK millions	-2,988	-4,370	-1,622	-117
Net investments in property, SEK millions	1,119	820	328	875
Market value of property on closing date, SEK millions	87,145	84,074	87,145	84,074
Area on closing date, thousand m ²	2,562	2,601	2,562	2,601
Number of properties on closing date	192	193	192	193
Financial information				
Interest coverage ratio, times	2.8	2.7	2.7	2.7
Equity/assets ratio on closing date, %	39	37	39	37
LTV (loan-to-value ratio) on closing date, %	49	51	49	51
Average rate of interest on closing date, %	3.0	3.3	3.0	3.3
Interest-bearing liabilities, net, on closing date, MSEK	42,704	43,217	42,704	43,217
Cash flow before changes in working capital, MSEK	2,600	2,432	624	597
Other				
Number of employees on closing date	353	337	353	337

Definitions

Area, m2

Leasable area, not including garages and parking spaces.

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.

Change in the value of property, %

Changes in the value of property, including transactions calculated in accordance with guidelines from SFI/IPD Swedish Property Index.

Contracted rent, SEK millions

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

Equity/assets ratio, %

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

Interest coverage ratio, times

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

LTV (loan-to-value ratio), %

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

Net investments, SEK millions

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 leases, SEK millions

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).

Net operating income, SEK millions

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

Occupancy rate, financial, %

Contracted rent divided by the rental value.

Rental value, SEK millions

Contracted rent plus the assessed market rent for vacant premises.

Surplus ratio, %

Net operating income as a percentage of rental revenue.

Calendar

Reports

Annual Report 2013
AGM

March 2014
8 May 2014

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 87 billion. Vasakronan's strategy is to focus on office facilities and shops in Stockholm, Uppsala, Gothenburg, Malmö and Lund. The property portfolio consists of 192 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