

Interim Report January–June 2018

- Rental revenue increased to SEK 3,333 million (3,246). For comparable property holdings, the increase was 6% and was mainly attributable to positive effects from new lettings and renegotiated leases.
- The occupancy rate was 92.9% (94.1) at the end of the period. In 2017, the Sergelhuset development property was vacated as planned. This had a negative impact on the occupancy rate of 1.4 percentage points.
- Property expenses totalled SEK 937 million (expense: 915). For comparable property holdings, the increase was 4%.
- Net operating income increased in total to SEK 2,396 million (2,331). For comparable property holdings, the increase was 6% and was due to higher rental revenue.
- Profit before value changes and tax rose to SEK 1,809 million (1,704), corresponding to an increase of 6%.
- The change in the property value amounted to SEK 5,792 million (4,705), which corresponded to a 4.6% (4.1) increase in value due to rising market rents in Stockholm. At the end of the period, the portfolio amounted to SEK 133,518 million (121,403).
- Profit after tax was SEK 7,275 million (5,321).
- The share of environmentally certified buildings increased to 85% (83) at the end of the period.
- The energy intensity was 101 kWh/m² (106).
- A rating of A3 with a stable outlook was received from Moody's during the quarter.

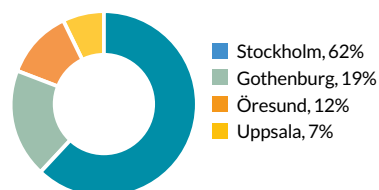
Amounts in SEK million	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jul 2017-Jun 2018	Jan-Dec 2017
Rental revenue	3,333	3,246	1,690	1,629	6,577	6,490
Net operating income	2,396	2,331	1,240	1,186	4,743	4,678
Profit before value changes and tax	1,809	1,704	948	865	3,518	3,413
Profit after tax	7,275	5,321	5,248	3,935	11,223	9,269
Cash flow from operating activities before changes in working capital	1,759	1,744	989	933	3,398	3,383
Market value of properties, SEK m	133,518	121,403	133,518	121,403	133,518	126,875
Occupancy rate, %	92.9	94.1	92.9	94.1	92.9	93.1
Surplus ratio, %	72	72	73	73	72	72
Interest coverage ratio, multiple	4.4	3.9	4.6	3.9	4.1	3.9
Loan-to-value (LTV) ratio, %	43	44	43	44	43	43
Closing NAV, SEK m	71,341	63,913	71,341	63,913	71,341	68,581
Closing NNNNAV, SEK m	64,151	57,271	64,151	57,271	64,151	60,872
Environmental certification, share of total area, %	85	83	85	83	85	84
Closing energy intensity, kWh/m ²	101	106	101	106	101	100

A better host

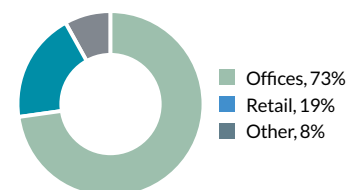
Vasakronan is Sweden's largest property company. The portfolio comprises 180 properties with a total area of about 2.4 million square metres and a market value of SEK 134 billion. The properties encompass centrally located office and retail properties in Stockholm, Gothenburg, Malmö, Lund and Uppsala.

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

Contracted rent by geographic market



Contracted rent by property type



Rising property values in a strong lettings market

Vasakronan second quarter

Focus on central locations

Vasakronan works actively to develop the districts of the cities in which it operates.

Close to the central station in central Gothenburg, Vasakronan is constructing the Platinan district, which comprises around 60,000 sq. m. of office, hotel and event space. The project is an important element in the City of Gothenburg's vision for the new RiverCity Gothenburg, and has a planned completion at the end of 2021. During the quarter, it was decided that the project would be conducted in one phase rather than two with the aim of reducing the project duration and of building more cost efficiently. The total investment in Platinan is estimated to total SEK 2,600 million.

In central Uppsala the fully let Dragarbrunn 18:3 property was acquired at a property value of SEK 284 million during the quarter. The property, which encompasses 5,100 sq. m. of lettable area as well as 50 garage and parking spaces, is in Uppsala's prime store and office location. Vasakronan's assessment is that the area will continue to be attractive going forward; the company already owns four of the adjacent buildings in the district, thus making the acquisition a natural complement to the portfolio.

Continued high demand in the lettings market

The lettings market trend continued to trend positively with high demand for office and retail space. Renegotiations and lease extensions during the quarter corresponded to 89,000 sq. m. (127,000) and annual rent of SEK 256 million (313), resulting in an increase on the previous rent payable of 11.0% (11.5). Regeringskansliet (the Government Offices of Sweden) have chosen to retain their 7,600 sq. m. premises at Garnisonen in Stockholm and Försäkringskassan (the Swedish Social Insurance Agency) has extended its lease for 7,300 sq. m. at Godset in Sundbyberg. During the quarter, Läkemedelsverket (the Swedish Medical Products Agency) extended three agreements in Uppsala Science Park for a total of 19,000 sq. m. and has also expanded its lease by 1,000 sq. m.

In addition to renegotiations, new lettings corresponding to 46,000 sq. m. (46,000) and an annual rent of SEK 163 million (158) were signed. Contract signings in Stockholm included a five-year contract for 2,800 sq. m. with IP-Only at the Sejlaren property on Sveavägen and a three-year contract with Curamando at the Spektern property on Hamngatan. Furthermore, a five-year lease was signed with IT-Total for 1,200 sq. m. at the Hilton development property in Frösunda.

Scandic Hotels, which had already signed a 20-year lease for 20,000 sq. m. at the Platinan property in Gothenburg, expanded its lease with an additional 5,000 sq. m. This means that the development property is now 47% let.

First office block in wood

Vasakronan has high ambitions for its sustainability efforts and constantly strives to identify new ways to develop methods, models and approaches to reduce the company's carbon footprint. Vasakronan is one of the many construction and real estate companies backing the roadmap drawn up with the aim of making the sector fossil free and climate neutral by 2045. This is a prerequisite for achieving the national climate target. The company has also noted continuously increasing demand from companies for long-term sustainable solutions for premises. One method of achieving the target of a fossil-free construction sector and concurrently meeting customers' demand for sustainable premises is to build with materials that have a lower climate impact than steel and concrete. Therefore, Vasakronan plans to build an office block entirely from wood, Magasin X encompassing 11,000 sq. m., in the Fjalar district in Uppsala.

During the quarter, a detailed development plan was adopted that permits this construction. The aim is to start the project in the first quarter of 2019.

Rating from Moody's

In May, Vasakronan received a rating from Moody's of A3 with a stable outlook. The strong rating is based on the high quality of Vasakronan's property portfolio, healthy financial metrics and the strong links to the company's owners, the First, Second, Third and Fourth Swedish National Pension Funds.

A public rating provides the company with increased access to capital with longer tenors in existing markets, but also creates favourable borrowing possibilities in new markets. Moody's thorough analysis of the company increases transparency and demonstrates to our investors, tenants and other stakeholders that we are a strong long-term partner.

Second quarter results

Profit before value changes and tax rose to SEK 948 million (865) and was mainly due to higher rental revenue. The change in the value of property during the quarter was 3.2% (3.3), corresponding to SEK 4,087 million (3,887). The change in the value of financial instruments was SEK 32 million (283). Profit after tax was SEK 5,248 million (3,935). Cash flow after investing activities declined to SEK 60 million (395) during the quarter and was mainly attributable to increased investment.

Significant events after the end of the period

After the end of the quarter, an agreement was signed with Platzer for the sale of the Drivhuset and Gårdatorget properties, which are located in the Gårda business district just east of central Gothenburg, for a total of SEK 1,068 million. The sales in Gårda enable increased focus on projects.

Public
rating enables
financing in new
markets

Strong lettings market trend

Our macro environment

The US economy continues to develop strongly, mainly due to increased investment and a strong labour market. The economy is also continuing to recover in the euro area, with strong economic confidence and a positive labour market trend. In parallel, some concern exists that growth will be affected by an escalation in the trade war and increased import tariffs.

In Sweden, the economic upswing continued to strengthen as a result of investments and increased domestic consumption. However, the National Institute of Economic Research's latest forecast indicates that growth will slow down in the coming years as a result of reduced housing investment and subdued domestic demand. The forecast for GDP growth in 2018 was revised downwards in the quarter from 2.8% to 2.4% and to just under 2% for 2019.

The retail sector is facing new challenges as e-commerce continues to capture market shares from physical stores. The Swedish Trade Federation estimates that e-commerce will account for as much as 30% of retail sales in 2025. HUI Research forecasts overall retail sector growth of 2.5% in 2018, of which the majority comprises e-commerce growth, which is expected to increase 15%. Vasakronan's cityindex, which measures sales at Vasakronan's stores, showed a decline of 0.8% with the largest declines posted for shoes and books.

A strong labour market in the first half of the year is expected to be subdued going forward. The forecast is for employment growth of 1.6% in 2018 and 0.7% in 2019 and where all growth is expected from the service sector. According to forecasts from Statistics Sweden and Evidens, office employment in metropolitan regions will rise slightly more than 2% in 2018 and 2019.

At its July meeting, the Riksbank (Sweden's central bank) decided to keep the repo rate unchanged at negative 0.50%. Market sentiment is that the Riksbank will raise the repo rate at the end of the year.

Property market

According to information from Cushman & Wakefield, transactions were completed in the Swedish property market for approximately SEK 36 billion (44) in the second quarter of 2018. Accordingly, the transaction volume in H1 amounted to a total of SEK 63 billion (82). In parallel with a decline in transaction volume, prices are setting new highs. Of the transaction volume, the single largest segment was residential property and most of the transaction volume was attributable to sales in Stockholm.

Stockholm

The Stockholm lettings market remains positive and CBD market rents have risen since the start of the year. Vacancy rates for office and retail premises in Stockholm's CBD were unchanged and amounted to around 3.4% and 2.0%, respectively. In central Stockholm, outside the CBD, and in the Stockholm suburbs, market rents also increased in H1. In central Stockholm, vacancy rates remained stable at around 8.3% after year end, but decreased 0.5 percentage points to about 13.0% for the outer areas. The levels vary, however, between different areas and objects.

The market's yield requirement, stabilised in the CBD and the rest of the inner city at 3.5% and 3.9%, respectively. The yield for the inner suburbs has decreased since year end to a level around 4.3%.

Gothenburg

Rent levels in Gothenburg are assessed as having risen since the year end. Limited new space combined with a limited offering of larger office premises in the CBD have resulted in modern premises in favourable locations posting a positive rental trend for many years. This also impacted vacancy rates, which remained low and at just under 4.4% for office premises in Gothenburg's CBD and 2.0% for retail premises.

Since the turn of the year, the yield requirement for prime office and retail objects in Gothenburg's CBD has declined and amounted to 3.8%.

Öresund

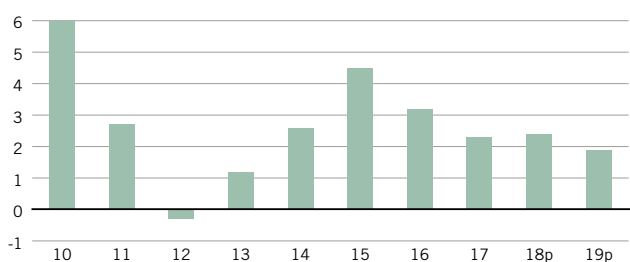
In Öresund, rent levels for offices in Malmö's CBD increased lightly since the year end. Vacancy rates in Malmö's CBD were 9.0% for office premises and 3.9% for retail facilities, which was unchanged since year end. Vacancy rates for prime location properties in Lund were also unchanged since the end of the year, and amounted to 5.0% for offices and 3.0% for retail premises.

The yield requirements for the best objects in Malmö's CBD and prime locations in Lund were stable in H1 and amounted to 5.0% and 4.2%, respectively.

Uppsala

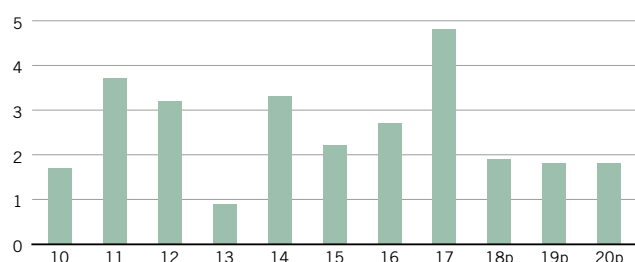
Central Uppsala rent levels for office premises are assessed as having risen since year end. Vacancies remained at the same level and amounted to 5.0% and 2.5%, respectively. The yield requirement for centrally located office and retail properties was 4.9%, which was down slightly on the end of the year.

Stable growth



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

Positive office employment



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

Consolidated income statement

Amounts in SEK million	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Rental revenue	3,333	3,246	1,690	1,629	6,577	6,490
Operating expenses	-359	-352	-162	-161	-669	-662
Repairs and maintenance	-57	-59	-28	-30	-108	-110
Property administration	-176	-154	-93	-78	-353	-331
Property tax	-274	-271	-137	-135	-547	-544
Ground rents	-71	-79	-30	-39	-157	-165
Total property expenses	-937	-915	-450	-443	-1,834	-1,812
Net operating income	2,396	2,331	1,240	1,186	4,743	4,678
Central administration	-51	-46	-28	-24	-102	-97
Result from participations in joint ventures	0	-2	1	-1	-1	-3
Interest income	1	1	0	0	2	2
Interest expense	-537	-580	-265	-296	-1,124	-1,167
Profit before value changes and tax	1,809	1,704	948	865	3,518	3,413
Change in value of investment properties	5,792	4,705	4,084	3,887	9,060	7,973
Change in value of financial instruments	8	403	32	283	73	468
Divested/impaired goodwill	-36	-6	0	-6	-56	-26
Profit before tax	7,573	6,806	5,064	5,029	12,595	11,828
Current tax	-74	-120	63	-82	-49	-95
Deferred tax	-224	-1,365	121	-1,012	-1,323	-2,464
Profit for the period	7,275	5,321	5,248	3,935	11,223	9,269
Other comprehensive income						
<i>Items that may not be reclassified¹⁾</i>						
Pensions, revaluation	-	-	-	-	-14	-14
Restriction for surplus in pension plan with asset cap	-	-	-	-	3	3
Income tax on pensions	-	-	-	-	2	2
Other comprehensive income for the period, net of tax	-	-	-	-	-9	-9
Total comprehensive income for the period²⁾	7,275	5,321	5,248	3,935	11,214	9,260
Key metrics						
Surplus ratio, %	72	72	73	73	72	72
Interest coverage ratio, multiple	4.4	3.9	4.6	3.9	4.1	3.9

1) Items that may not be reclassified to profit or loss.

2) Since there are no minority interests, the entire profit is attributable to the Parent Company's shareholders.
The absence of any potential shares means there is no dilutive effect.

Comments on the consolidated income statement

Rental revenue

Rental revenue increased during the period to SEK 3,333 million (3,246). In comparable property holdings, the increase was 6% and was mainly attributable to higher gross rents from new lettings contracted and from renegotiated leases. New lettings corresponding to 73,000 sq. m. (93,000) and annual rent of SEK 269 million (302) were contracted, of which 33% (31) impacted on revenue in 2018. Notice of termination was received during the period (tenant will be vacating) corresponding to annual rent of SEK 209 million (270), whereby net lettings amounted to SEK 60 (32) million.

Renegotiations and lease extensions during the period corresponded to annual rent of SEK 431 million (532), resulting in an increase on the previous rent payable of 10.9% (10.4). Of all the contracts up for renegotiation over the last 12 months, 61% (71) of the tenants decided to extend their contracts. The change between the years is attributable to SEB having moved out of Sergelhuset in Stockholm.

Contracted rent at the end of the year amounted to SEK 6,741 million (6,586) and the average remaining maturity was 4.2 years (4.3). The closing occupancy rate was 92.9% (94.1). Of total vacancies, 2.4 percentage points (0.6) were attributable to ongoing projects and 0.6 percentage points (0.3) to vacant development properties. SEB's move in 2017 had a negative impact on the occupancy rate of 1.4 percentage points.

Property expenses

Property expenses amounted to SEK 937 million (expense: 915) for the period. For comparable property holdings, the increase in property expenses was 4% (6). The increase was primarily due to higher property administration costs. The portfolio's energy intensity improved to 101 kWh/sq. m. (106) at the end of the period.

Net operating income

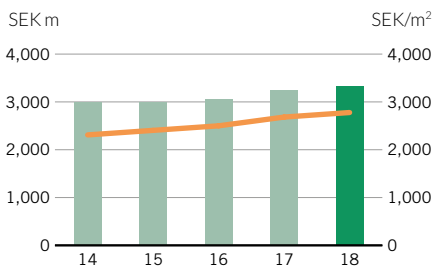
Net operating income increased during the period to SEK 2,396 million (2,331) due to rising market rents. For comparable property holdings, the increase in net operating income was 6% (6). The surplus ratio was 72% (72).

Administration

Property administration costs were SEK 176 million (expense: 154) and central administration costs were SEK 51 million (expense: 46). The changes were primarily attributable to higher personnel costs.

Year-on-year, the number of employees declined to 312 (343) at the end of the period. The decrease in employee numbers was due to the restructure completed in February whereby a number of employees in Vasakronan's technical organisation transferred employer to Coor. The cost of these personnel is recognised as an operating expense, both prior to and after the restructure.

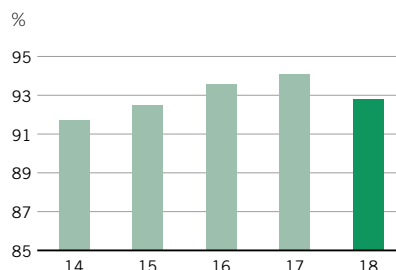
Rising rental revenue SEK/m²



January-June

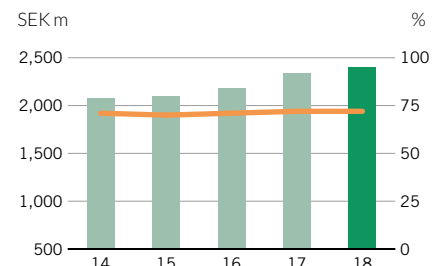
■ Rental revenue, SEK m
— Rental revenue SEK/sq. m.

Stable occupancy rate



At 30 June

High surplus ratio



January-June

■ Net operating income, SEK m
— Surplus ratio, %

Widely distributed over many tenants

	Share in %
Swedish Police Authority	3
Ericsson	3
H&M	2
Swedish Prison and Probation Service	2
Försäkringskassan (Social Insurance Agency)	2
Swedish National Courts Administration	1
Åhléns	1
Ramböll	1
Sony Mobile	1
KPMG	1
Total	18

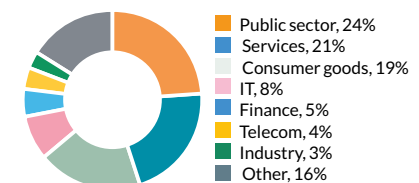
Largest tenants, share of contracted rent

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2018	598	559	8
2019	1,247	1,175	18
2020	850	1,082	16
≥2021	1,557	3,598	53
Total	4,252	6,414	95
Residential	1,179	99	2
Garage	-	228	3
Total	5,431	6,741	100

Maturity structure for contracted rent

Public sector comprises largest share of tenants



Breakdown by sector, share of contracted rent

Comments on the consolidated income statement

(Cont.)

Net interest

Net interest expense improved to SEK 536 million (expense: 579) due to lower interest rates and credit margins in the period. The average interest rate for loans and derivatives decreased to 1.7% (1.9) at the end of the period.

The average fixed-interest tenor increased to 4.2 years (4.1). The proportion of loans with fixed-interest maturities within one year was 43% (43) and loans with fixed-interest maturities of five years or more amounted to 40% (39) of interest-bearing liabilities.

The interest coverage ratio increased to a multiple of 4.4 (3.9) as a result of an improved net operating income. The policy for the interest coverage ratio does not permit it falling below a multiple of 1.9.

Profit before value changes and tax

Profit before value changes and tax was SEK 1,809 million (1,704), up 6%.

Change in value of investment properties

At 30 June 2018, the entire property portfolio had been valued by external appraisers Cushman & Wakefield or Forum Fastighets-ekonomi.

Altogether, the change in the property value amounted to SEK 5,792 million (4,705), which corresponded to a 4.6% (4.1) increase in value. The increase was primarily attributable to rising market rents, particularly in the Stockholm portfolio, but also due to lower yield requirements, particularly in Gothenburg.

On average, the yield requirement for the portfolio was 4.40%, compared to 4.47% for corresponding properties at the end of 2017.

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	5.1	3.4
Gothenburg	5.2	1.0
Öresund	1.4	0.1
Uppsala	2.8	0.1
Total		4.6

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	4.9	4.5
Development properties	0.4	0.0
Transactions	-	0.1
Total		4.6

Factors impacting value¹⁾

	Value impact, %
Yield requirement	1.2
Market rents	3.4
Total	4.6

¹⁾ The increase in value was also due to investments and other factors impacting value that have been allocated proportionally across yield requirements and market rents.

Comments on the consolidated income statement

(Cont.)

Change in value of financial instruments

Derivatives are primarily used to adjust the maturity structure in the loan portfolio and to hedge borrowings in NOK. The nominal value of the derivative portfolio at the end of the period was SEK 62,786 million (59,774). The increase was mainly attributable to currency interest-rate derivatives aimed at hedging borrowings in NOK.

The value change in derivatives was SEK 8 million (403). Vasakronan opted for early redemption of interest-rate derivatives for a nominal value of SEK 700 million (-) during the period. With that, a previously recognised loss of SEK 85 million (-) was realised. At the same time, new interest-rate derivatives were entered into with longer maturities and at current interest rates.

Tax

The Group reported a total tax expense of SEK 298 million (expense: 1,485). Of the tax expense for the period, SEK 74 million (expense:

120) was current tax and SEK 224 million (expense: 1,365) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments. The change in deferred tax between the years was due to the restatement of the deferred tax liability at the tax rate of 20.6% in accordance with the government's decision to change the corporate tax rate from 1 January 2019. The restatement entails a positive nonrecurring impact of SEK 1.2 billion on deferred tax. After adjustment for the nonrecurring effect, the effective tax rate amounted to 19% (22).

Vasakronan has a tax policy that has been established by the Board to ensure that tax issues are managed in a societally responsible way. For more information on Vasakronan's tax policy, please see Vasakronan's website and the section on GRI.

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

The average fixed-interest tenor increased to 4.2 years (4.1) and the loan-to-maturity increased to 4.1 years (3.8).

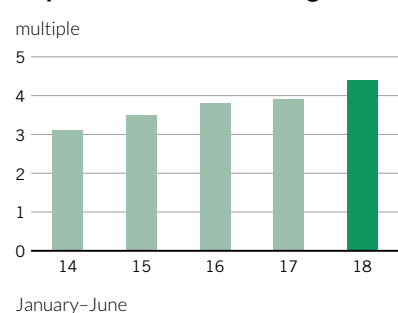
Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0-1 year	27,049	43	14,381	23
1-2 years	1,430	2	9,594	15
2-3 years	2,980	5	9,277	15
3-4 years	3,587	6	6,534	11
4-5 years	2,500	4	4,223	7
5 years or more	24,769	40	18,306	29
Total	62,315	100	62,315	100

1) The subscription commitment from owners of SEK 18,000 million and cash and cash equivalents of SEK 2,008 million corresponded to a total of 139% of loans maturing in the next 12 months, see page 10 for more information.

Financial risks

	Financial policy in brief	Actual, 30 June 2018
Financing risk		
Loan-to-maturity	min. 2 years	4.1
Loans maturing, 12 months	max. 40%	23%
Credit commitments and cash/loans maturing 12 months	at least 100%	139%
Interest-rate risk		
Interest coverage ratio	at least 1.9x	4.4
Fixed-interest period	1-6 years	4.2
Fixed-interest maturity within 12 months	max. 70%	43%
Credit risk		
Counterpart's rating	at least A-	met
Currency risk		
Currency exposure	not permitted	met

Improved interest coverage ratio



Consolidated balance sheet

Amounts in SEK million	30 Jun 2018	30 Jun 2017	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS					
Non-current assets					
Intangible assets	2,109	2,165	2,109	2,171	2,145
Property, plant and equipment (PPE)					
Investment properties	133,518	121,403	128,339	117,037	126,875
Equipment	48	51	44	52	46
	133,566	121,454	128,383	117,089	126,921
Financial assets					
Shares and participations in joint ventures	368	370	367	370	368
Derivatives	636	323	359	364	242
Other non-current receivables	57	298	105	84	313
	1,061	991	831	818	923
Total non-current assets	136,736	124,610	131,323	120,078	129,989
Current assets					
Accounts receivable	15	30	13	30	20
Receivables from joint ventures	0	131	0	121	1
Derivatives	71	29	39	39	33
Other current receivables, prepaid expenses and accrued income	1,293	870	1,389	1,112	817
Cash and cash equivalents	2,008	2,724	2,618	2,580	1,423
Total current assets	3,387	3,784	4,059	3,882	2,294
TOTAL ASSETS	140,123	128,394	135,382	123,960	132,283
EQUITY AND LIABILITIES					
Equity	54,652	47,438	53,404	47,503	51,377
Non-current liabilities					
Non-current interest-bearing liabilities	47,934	43,863	45,890	39,617	44,711
Deferred tax liability	17,047	15,728	17,169	14,715	16,824
Derivatives	2,358	3,144	2,375	3,262	2,699
Other non-current liabilities	433	155	219	155	55
Provision for pensions	82	77	84	78	86
Total non-current liabilities	67,854	62,967	65,737	57,827	64,375
Current liabilities					
Current interest-bearing liabilities	14,381	15,093	13,013	15,564	13,710
Accounts payable	53	55	191	98	124
Liabilities joint ventures	144	-	12	-	17
Current tax liabilities	52	97	118	19	80
Derivatives	-	20	-	33	3
Other current liabilities, accrued expenses and deferred income	2,987	2,724	2,907	2,916	2,597
Total current liabilities	17,617	17,989	16,241	18,630	16,531
TOTAL EQUITY AND LIABILITIES	140,123	128,394	135,382	123,960	132,283

Comments on the consolidated balance sheet

Intangible assets

Intangible assets primarily consist of goodwill. Goodwill has arisen from the recognition of deferred tax on property at the nominal tax rate on the date of the business combination, while the tax rate applied when calculating the purchase price for the acquisition was lower than the nominal rate. At 30 June 2018, goodwill was SEK 2,009 million (2,065), and the decline was primarily due to the sale of properties.

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

Investment properties

At 30 June 2018, based on external appraisals, the estimated market value of Vasakronan's property portfolio was SEK 133,518 million compared with SEK 126,875 million at year-end 2017. The change in value during the period was SEK 5,792 million (4,705) and the remaining change in the market value comprised net investments. A change in the yield requirement of +/-0.25 percentage points would have a negative impact of 5.2/5.9% on the value of the current property portfolio.

The valuations were performed pursuant to the RICS Red Book and apply the same methodology as previous valuations. Market

value is influenced by property-specific events, such as new and renegotiated leases, properties being vacated and investments. Consideration has also been taken for any assessed changes in market rents and yield requirements. A more comprehensive description of Vasakronan's property valuation methodology is available on page 97 of Vasakronan's 2017 Annual Report.

Vasakronan has set high goals for environmental certification of its property portfolio. It aims to eventually obtain certification for all of its properties and at 30 June 2018, 85% (83) of the portfolio had environmental certification.

Property projects

Ongoing property projects have a total investment volume of SEK 9,967 million (7,299), of which SEK 3,331 million (1,673) had been capitalised as of 30 June. The occupancy rate for major projects was 42% (37) at the end of the period.

During the quarter, it was decided that the Platinan project would be conducted in one phase rather than two. The total investment in the project is estimated at SEK 2,600 million.

Higher property values

SEK m	2018	2017
Opening value, 1 January	126,875	115,922
Investments	1,637	1,090
Acquisitions, consideration	249	-
Sales, consideration	-1,035	-315
Change in value	5,792	4,705
Closing value, 30 June	133,518	121,403

Large investments in property projects

Location	Property	Total investments, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Estimated completion date	Occupancy rate, % ¹⁾	Environmental certification
Stockholm	Sergelhuset	3,100	1,062	34	56,500	Dec 2021	4	LEED
Gothenburg	Platinan	2,600	413	16	52,900	Dec 2021	47	LEED
Stockholm	Nattugglan, block 2	800	47	6	15,000	Jun 2021	80	LEED
Malmö	Priorn 5	580	206	36	13,200	Apr 2020	47	LEED
Uppsala	Kronåsen 1:1 Celsius	420	45	11	10,150	Dec 2020	82	LEED
Stockholm, Frösunda	Hilton 7	390	330	85	11,000	Sep 2019	14	LEED
Stockholm, Solna Strand	Nöten, part of phase 2	214	40	19	3,500	Jan 2020	0	LEED
Stockholm	Styrpinnen 15	190	49	26	3,850	Sep 2019	0	LEED
Gothenburg	Drivhuset	190	175	92	12,200	Dec 2018	98	Miljöbyggnad ²⁾
Gothenburg	Part of Läppstiftet	175	166	95	8,800	Jun 2018	84	LEED ²⁾
Gothenburg	Bohusgatan	114	70	61	5,400	Dec 2018	100	LEED
Total major property projects		8,773	2,603	30			42	
Other projects		1,194	728					
Total		9,967	3,331					

1) Calculated based on area.

2) Pertains to the property's prior certification. The project pertains to part of the property and separate certification of the project will not occur.

Comments on the consolidated balance sheet (Cont.)

Deferred tax

From and including the quarter, deferred tax is calculated using a nominal rate of 20.6% on differences between the carrying amount and tax base of assets and liabilities. At 30 June 2018, the deferred tax liability was SEK 17,047 million (15,728) and pertained primarily to investment properties. The main reason for the change was the higher market value of the properties. In parallel, the tax liability has declined SEK 1.2 billion now that the tax is calculated at 20.6% rather than 22%.

Liabilities, and cash and cash equivalents

Interest-bearing liabilities, net of cash and cash equivalents, increased to SEK 60,308 million (56,232). The average loan-to-maturity increased to 4.1 years (3.8) and the average loan-to-maturity taking into consideration unutilised credit commitments increased to 4.5 years (4.4). The proportion of loans maturing within the next 12 months decreased to 23% (26), and the share of loans maturing in five years or more rose to 29% (23) of interest-bearing liabilities, primarily attributable to increased borrowing with longer maturities.

Vasakronan strives to diversify borrowing by allocating across several different sources of funding. All borrowing in the capital markets is unsecured. At the end of the period, the share of capital market financing was 69% (67) and the share of bank financing was 31% (33). The proportion of unsecured bank financing increased during the period to 8% (5) through the disbursement of previously unutilised loans from the European Investment Bank (EIB).

During H1, the company issued bonds for SEK 5.4 billion (5.4) in the Swedish capital market, and for NOK 2.1 billion (2.7) in the Norwegian capital market. No secured bank loans were taken during the period (2.2) and at the end of the period, bank loans outstanding secured against mortgage deeds declined to 10% (13) of the Group's total assets. The financial policy states that collateralised loans must not exceed 20% of total assets.

Total green bonds outstanding doubled year-on-year and amounted to SEK 11.8 billion (6.2) and NOK 0.4 billion (0) at the end of the period. The percentage of green funding¹⁾ consisting of green bonds and green loans increased during the period to 28% (15) of the total loan portfolio.

The subscription commitment from the First, Second, Third and Fourth Swedish National Pension Funds, whereby, there is an undertaking to supply Vasakronan with funding by purchasing the company's commercial paper, amounts to SEK 18 billion, with a notice period of two years. Cash and cash equivalents of SEK 2,008 million (2,724) and the unutilised subscription commitment together correspond to 139% (150) of loans maturing over the next 12 months or all loan maturities through the next 18 months.

Equity

Equity increased during the period to SEK 54,652 million (47,438) due to positive comprehensive income of SEK 7,275 million (5,321). The equity/assets ratio was 39% (37) and the loan-to-value ratio was 43% (44).

Diversified funding with healthy reserves

SEK m	Loan limit	Amount utilised	Share, %
Commercial paper	20,000	6,204	10
Bonds	50,000 ³⁾	15,029	24
Green bonds	-	11,766	19
Inflation-linked bonds	-	659	1
Bonds, NOK ²⁾	-	8,941	14
Green bonds, NOK ²⁾	-	603	1
Secured bank loans	14,286	14,286	23
Nordic Investment Bank (NIB)	2,790	2,790	5
European Investment Bank (EIB)	2,037	2,037	3
Subscription commitment	18,000	-	-
Total		62,315	100

1) A loan where the liquidity goes to investments that help lower energy consumption and reduce environmental impact.

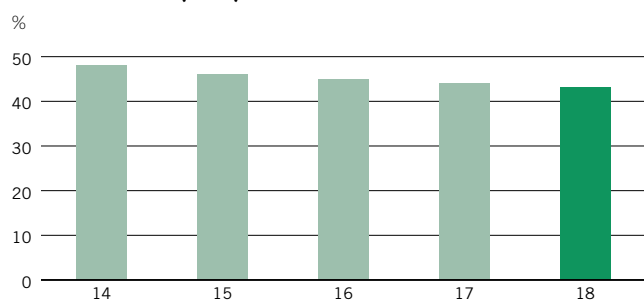
2) The amount corresponds to NOK 8,700 million and is fully hedged.

3) Joint loan limit for EUR, SEK and NOK.

Consolidated statement of changes in equity

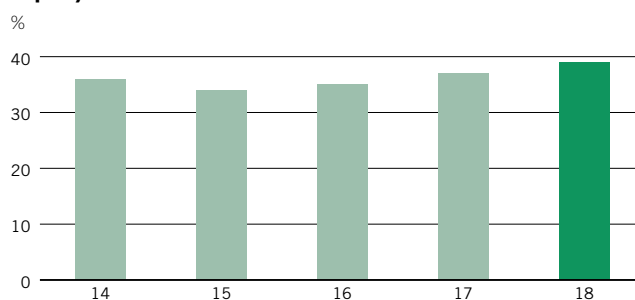
Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity
Equity, opening balance at 1 Jan 2017	4,000	4,227	37,890	46,117
Profit for the year	-	-	9,269	9,269
Other comprehensive income	-	-	-9	-9
<i>Comprehensive income for the year</i>	-	-	9,260	9,260
Dividends	-	-	-4,000	-4,000
Equity, closing balance at 31 Dec 2017	4,000	4,227	43,150	51,377
Equity, opening balance at 1 Jan 2018	4,000	4,227	43,150	51,377
Profit for the period	-	-	7,275	7,275
Other comprehensive income	-	-	-	-
<i>Comprehensive income for the period</i>	-	-	7,275	7,275
Dividend	-	-	-4,000	-4,000
Equity, closing balance at 30 Jun 2018	4,000	4,227	46,425	54,652

Loan-to-value (LTV) ratio



At 30 June

Equity/assets ratio



At 30 June

Consolidated cash-flow statement

Amounts in SEK million	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Operating activities						
Net operating income	2,396	2,331	1,240	1,186	4,743	4,678
Central administration	-51	-46	-28	-24	-102	-97
Add back amortisation and depreciation	6	7	3	4	14	15
Adjustment for other non-cash items	-5	-5	-3	-3	-7	-7
Cash flow from operating activities before interest and tax	2,346	2,287	1,212	1,163	4,648	4,589
Interest paid	-505	-536	-223	-226	-1,162	-1,193
Interest received	1	1	0	0	2	2
Taxes paid	-83	-8	0	-4	-90	-15
Cash flow before changes in working capital	1,759	1,744	989	933	3,398	3,383
Increase (-)/decrease (+) in operating receivables	-295	-353	104	49	80	22
Increase (+)/decrease (-) in operating liabilities	447	172	68	-107	338	63
Cash flow from operating activities	1,911	1,563	1,161	875	3,816	3,468
Investing activities						
Investments in existing property	-1,637	-1,090	-924	-619	-3,090	-2,543
Property acquisitions	-249	-	-171	-	-1,298	-1,049
Property divestments	1,035	315	0	141	1,332	612
Other PPE, net	-7	-4	-6	-2	-8	-5
Cash flow from investing activities	-858	-779	-1,101	-480	-3,064	-2,985
Cash flow after investing activities	1,053	784	60	395	752	483
Financing activities						
Dividends and Group contributions	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000
Raised debt: interest-bearing liabilities ¹⁾	19,584	25,635	9,427	15,056	34,802	40,853
Repayment of debt: interest-bearing liabilities ¹⁾	-16,373	-21,629	-6,267	-11,078	-32,088	-37,344
Change in collateral ²⁾	406	-213	203	-229	262	-357
Redemption of financial instruments	-85	-	-33	-	-444	-359
Cash flow from financing activities	-468	-207	-670	-251	-1,468	-1,207
Cash flow for the period	585	577	-610	144	-716	-724
Opening balance, cash and cash equivalents	1,423	2,147	2,618	2,580	2,724	2,147
Cash flow for the period	585	577	-610	144	-716	-724
Closing balance, cash and cash equivalents	2,008	2,724	2,008	2,724	2,008	1,423

1) From Q1 2018, commercial paper issued or redeemed is recognised gross.
The comparative figures have been restated.

2) From Q2 2018, credit support annexes (CSAs) have been reclassified from working capital to financing activities.
The comparative figures have been restated.

Comments to the consolidated cash-flow statement

Cash flow from operating activities before interest and taxes increased SEK 57 million to SEK 2,346 million (2,287). The increase was primarily attributable to higher net operating income. Cash flow from working capital improved SEK 333 million, which was mainly due to an increase in accounts payable as a result of project operations. Cash flow from operating activities after changes in working capital increased to SEK 1,911 million (1,563).

Investments in existing properties increased during the period to SEK 1,637 million (1,090) due to major investments in projects. Moreover, cash flow posted a net improvement of SEK 786 million (315) due to increased property sales. Cash flow after investing activities thus amounted to SEK 1,053 million (784).

In total, net borrowing for the year amounted to SEK 3,211 million (4,006). The redemption of financial instruments had a negative impact on cash flow from financing activities of SEK 85 million (0). In total, cash and cash equivalents increased SEK 585 million (577) and totalled SEK 2,008 million (2,724) at the end of the period.

Stable cash flow from operating activities



Property divestments

Property	City	Buyer	Purchase price, SEK m	Transfer date
Primus 1	Stockholm	Oscar Properties/ Starwood Capital	931	Mar 2018
Solna Järva 2:28, 2:35, 2:36	Solna	JM	129	Mar 2018
Total property value			1,060	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-25	
Total purchase price			1,035	

Property acquisitions

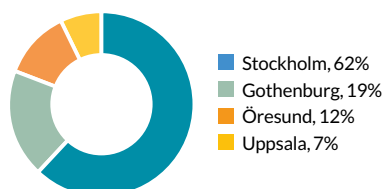
Property	City	Seller	Purchase price, SEK m	Occupancy
Priorn 5	Malmö	The City of Malmö	78	Feb 2018
Part of Midsommarkransen 1:1	Stockholm	The City of Stockholm	31	Apr 2018
Solna Järva 2:29, 2:37, 2:38	Solna	Järvastaden	137	Jun 2018
Total property value			246	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			3	
Total purchase price			249	

Vasakronan – in total and by region

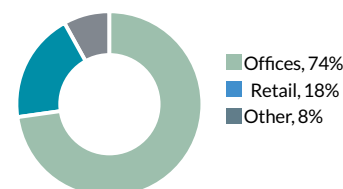
TOTAL VASAKRONAN Jan-Jun

	2018	2017
Market value, SEK m	133,518	121,403
Rental revenue, SEK m	3,333	3,246
Net operating income, SEK m	2,396	2,331
Surplus ratio, %	72	72
Occupancy rate, %	93	94
Number of properties	180	178
Area, thousand sq. m.	2,400	2,420
Environmental certification, %	85	83

Contracted rent by geographic market



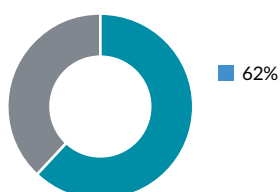
Contracted rent by property type



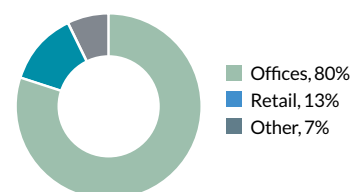
STOCKHOLM Jan-Jun

	2018	2017
Market value, SEK m	87,287	78,326
Rental revenue, SEK m	2,058	2,023
Net operating income, SEK m	1,485	1,450
Surplus ratio, %	72	72
Occupancy rate, %	92	94
Number of properties	82	78
Area, thousand sq. m.	1,395	1,413
Environmental certification, %	81	77

Stockholm's share of the total



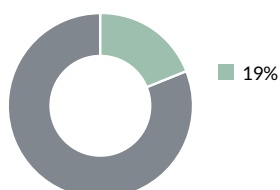
Stockholm by property type



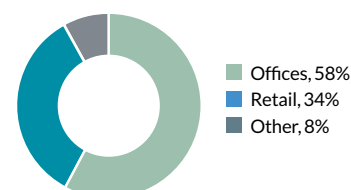
GOTHENBURG Jan-Jun

	2018	2017
Market value, SEK m	25,272	22,954
Rental revenue, SEK m	636	615
Net operating income, SEK m	482	472
Surplus ratio, %	76	77
Occupancy rate, %	96	97
Number of properties	36	36
Area, thousand sq. m.	423	423
Environmental certification, %	92	94

Gothenburg's share of the total



Gothenburg by property type



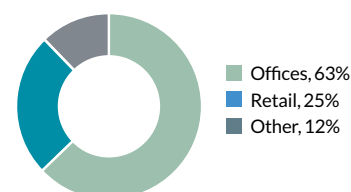
ÖRESUND Jan-Jun

	2018	2017
Market value, SEK m	13,139	12,695
Rental revenue, SEK m	381	378
Net operating income, SEK m	247	252
Surplus ratio, %	65	67
Occupancy rate, %	90	88
Number of properties	38	37
Area, thousand sq. m.	353	353
Environmental certification, %	97	97

Öresund's share of the total



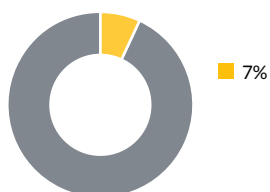
Öresund by property type



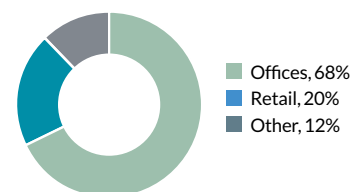
UPPSALA Jan-Jun

	2018	2017
Market value, SEK m	7,820	7,428
Rental revenue, SEK m	258	230
Net operating income, SEK m	182	157
Surplus ratio, %	71	68
Occupancy rate, %	98	96
Number of properties	24	27
Area, thousand sq. m.	229	231
Environmental certification, %	79	79

Uppsala's share of the total



Uppsala by property type



Pertains to share of contracted rent

Pertains to share of contracted rent

Vasakronan AB – Parent Company in summary

Income statement

Amounts in SEK million	Jan–Jun 2018	Jan–Jun 2017
Net sales	242	218
Operating expenses	-303	-271
EBIT	-61	-53
Financial items		
Profit from participations in subsidiaries	5,813	1,448
Net interest	-520	-564
Change in value of financial instruments	8	403
Profit before tax	5,240	1,234
Tax	19	-19
Profit for the period	5,259	1,215

Statement of comprehensive income

Profit for the period recognised in profit or loss	5,259	1,215
Other comprehensive income	-	-
Total comprehensive income for the period	5,259	1,215

Parent Company

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

The Parent Company's revenue for the period was SEK 242 million (218), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered. The change in the value of financial instruments was SEK 8 million (403). Profit before tax was SEK 5,813 million (1,448). Closing cash and cash equivalents amounted to SEK 2,005 million (2,723).

Balance sheet

Amounts in SEK million	30 Jun 2018	30 Jun 2017
ASSETS		
Non-current assets		
Equipment	15	23
Shares and participations in subsidiaries	30,314	30,292
Receivables from subsidiaries	8,196	10,173
Shares and participations in joint ventures	1	1
Deferred tax assets	203	377
Derivatives	636	323
Non-current receivables	55	294
Total non-current assets	39,420	41,483
Current assets		
Receivables from subsidiaries	34,496	28,257
Derivatives	71	29
Current receivables	804	579
Cash and cash equivalents	2,005	2,723
Total current assets	37,376	31,588
TOTAL ASSETS	76,796	73,071
EQUITY AND LIABILITIES		
Equity	10,459	8,154
Untaxed reserves	186	44
Liabilities		
Interest-bearing liabilities	62,315	58,956
Derivatives	2,358	3,164
Non-interest-bearing liabilities	882	696
Liabilities to subsidiaries	596	2,057
Total liabilities	66,151	64,873
TOTAL EQUITY AND LIABILITIES	76,796	73,071

Other information

Personnel

The number of employees at the end of the period was 312 (343). The decrease was due to a number of employees in the technical organisation transferring on 1 February to Coor, which will assume more responsibility for certain services.

Risks and uncertainties

The Board of Directors and the CEO continuously strive to achieve the desired risk profile, based on the policy established by the Board. The policy contains uniform methods for identifying, valuing, taking responsibility for, managing and reporting risks. Vasakronan's risks are described in the 2017 Annual Report on pages 64–67. Thereafter, no material changes have occurred that affect the Board's and CEO's assessment.

On 13 June, the new tax rules for the business sector bill was adopted. The act entails, inter alia, the introduction of a limit for interest deductions, meaning that legal entities may only make tax deductions for net interest expenses of up to 30% of taxable profit before depreciation, net interest income and tax. Vasakronan is analysing the effects of these limits on the company. The act also means that corporate tax will be lowered in two stages from 22% to 21.4% in 2019 and to 20.6% in 2021. The restatement of Vasakronan's deferred tax liability at 30 June 2018 resulted in a positive earnings impact of SEK 1.2 billion.

Estimates and assessments

The preparation of financial statements in accordance with generally accepted accounting principles requires that the management makes assessments and assumptions that affect the amounts recognised in the accounts for assets, liabilities, income and expenses, as well as other information disclosed. The actual results may deviate from these assessments. The financial statements are particularly sensitive to assessments that provide the basis for the valuation of the investment properties. Refer to page 93 of Vasakronan's 2017 Annual Report for the sensitivity analysis.

Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 34 of Vasakronan's 2017 Annual Report. At the end of the period, the Third Swedish National Pension Fund held bonds issued by Vasakronan to a value of SEK 640 million.

There were no significant related-party transactions during the year.

Accounting policies

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Comparative figures in parentheses pertain to the corresponding amounts for the same period last year. The same accounting policies, valuation principles and calculation methods as the ones used in the most recently issued annual report have been applied. Refer to Vasakronan's 2017 Annual Report, pages 90–93.

From 1 January 2018, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments will be applied. However, none of these standards had any impact on the Group's opening balances as of 1 January 2018. Vasakronan's activities have been organised according to the geographic regions of Stockholm, Gothenburg, Öresund and Uppsala. These regions thus represent the four operating segments used for reporting purposes. Refer to page 94 of Vasakronan's Annual Report.

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

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

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

The Parent Company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

New standards that have not yet entered into force or been adopted

IFRS 16 Leases enters force from 1 January 2019 and replaces IAS 17. Under the new standard, assets and liabilities must be recognised for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Vasakronan's assessment is that the main impact will be on the accounting for ground rent agreements, which will affect the accounts in the form of a consequential increase in total assets, in recognised net operating income and in interest expense. At the end of the period, the number of ground rent agreements totalled 13 and, for 2017, total ground rents amounted to SEK 165 million. Refer to Vasakronan's 2017 Annual Report, Note 6 on page 95. Estimates of the expected effects of IFRS 16 are being prepared.

Alternative performance measures

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

The APMs used in Vasakronan's interim report are defined and motivated on page 18. Page 17 also includes a breakdown on specific performance measures where this is required.

Events after the balance-sheet date

Aside from the sale of the Drivhuset and Gårdatorget properties to Platzer, no significant events have occurred after the closing date that impact the assessment of Vasakronan's financial position.

Stockholm, 11 July 2018

Fredrik Wirdenius *Chief Executive Officer*

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

For more information about this interim report, please contact: Christer Nerlich, *Chief Financial Officer*

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

Key metrics

	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jul 2017- Jun 2018	Jan-Dec 2017
Property-related information						
Closing economic occupancy rate, %	92.9	94.1	92.9	94.1	92.9	93.1
Surplus ratio, %	72	72	73	73	72	72
Investments in existing projects, SEK m	1,637	1,090	924	619	3,090	2,543
Property acquisitions, SEK m	249	-	171	-	1,298	1,049
Property divestments, SEK m	-1,035	-315	-	-141	-1,332	-612
Net investments, SEK m	851	775	1,095	478	3,056	2,980
Closing market value of property, SEK m	133,518	121,403	133,518	121,403	133,518	126,875
Closing area, thousand sq. m.	2,400	2,420	2,400	2,420	2,400	2,430
Closing number of properties	180	178	180	178	180	179
Environmental certification at closing date, %	85	83	85	83	85	84
Energy intensity on closing date, kWh/m ²	101	106	101	106	101	100
Financial metrics						
Interest coverage ratio, multiple	4.4	3.9	4.6	3.9	4.1	3.9
Closing equity/assets ratio, %	39	37	39	37	39	39
Closing loan-to-value ratio, %	43	44	43	44	43	43
Average fixed-interest tenor, years	4.2	4.1	4.2	4.1	4.2	4.5
Average loan-to-maturity ³⁾ , years	4.1	3.8	4.1	3.8	4.1	3.8
Closing NAV, SEK m ¹⁾	71,341	63,913	71,341	63,913	71,341	68,581
Closing NNNNAV, SEK m ²⁾	64,151	57,271	64,151	57,271	64,151	60,872
Closing average interest rate, %	1.7	1.9	1.7	1.9	1.7	1.7
Closing net interest-bearing liabilities, SEK m	60,307	56,232	60,307	56,232	60,307	56,998
Cash flow before changes in working capital, SEK m	1,759	1,744	989	933	3,398	3,383
FFO/net debt, %	5.8	6.0	5.8	6.0	5.8	6.1
Other						
Closing number of employees	312	343	312	343	312	349
Basis for key metrics						
1) NAV, SEK m						
Equity	54,652	47,438	54,652	47,438	54,652	51,377
Add back goodwill	-2,009	-2,065	-2,009	-2,065	-2,009	-2,045
Add back derivatives	1,651	2,812	1,651	2,812	1,651	2,426
Add back recognised deferred tax	17,047	15,728	17,047	15,728	17,047	16,824
	71,341	63,913	71,341	63,913	71,341	68,581
2) NNNNAV, SEK m						
Equity	54,652	47,438	54,652	47,438	54,652	51,377
Add back goodwill	-2,009	-2,065	-2,009	-2,065	-2,009	-2,045
Add back recognised deferred tax	17,047	15,728	17,047	15,728	17,047	16,824
Deferred tax at fair value	-5,023 ⁴⁾	-3,655 ⁵⁾	-5,023 ⁴⁾	-3,655 ⁵⁾	-5,023 ⁴⁾	-4,933 ⁴⁾
Adjustment of interest-bearing liabilities to fair value	-516	-175	-516	-175	-516	-351
	64,151	57,271	64,151	57,271	64,151	60,872

3) Excluding unutilised credit commitments.

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

5) Calculated on the basis of a 25% current tax rate, i.e. 5.5%.

Definitions

Area, sq. m.

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

Loan-to-value (LTV) ratio, %

Net interest-bearing liabilities divided by total assets on the closing date. Intended as an indication of the company's financial risk.

Central administration, SEK m

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

Net operating income, SEK m

Rental revenue less operating expenses, repairs and maintenance, property administration, property tax and ground rent. Intended as an indication of the current earnings in property management activities.

Energy performance, kWh/sq. m.

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

Property acquisitions, SEK m

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

Property divestments, SEK m

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

FFO/net debt, %

Cash flow from operating activities before change in working capital for the last 12 months divided by average interest-bearing liabilities, net. It measures the portion of the company's net liabilities that can be paid by its cash flow from operating activities.

Average loan-to-maturity, years

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

Average interest rate, %

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

Average fixed-interest tenor, years

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

Average remaining term to maturity, years

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

Rental value, SEK m

Contracted rent plus the assessed market rent for vacant premises.

Investments in existing projects, SEK m

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

Comparable property holdings

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

Contracted rent, SEK m

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

Contracted rent by property type

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

Cash and cash equivalents, SEK m

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

Environmental certification, %

Total area of properties that have obtained certification in accordance with BREEAM, LEED or Miljöbyggnad, divided by the area for the entire property portfolio, on the closing date.

NAV (Net asset value), SEK m

Recognised equity, adding back goodwill, derivatives and deferred tax. The metric shows the company's EPRA NAV, refer to the calculation on page 17.

NNNAV (Triple net asset value), SEK m

Recognised equity adding back goodwill and the fair value of loans, and adjusted for estimated actual deferred tax. Calculated on the basis of a 30% current tax rate. The metric shows the company's actual NAV, refer to the calculation on page 17.

Net investments, SEK m

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

Net lettings, SEK m

Contracted rent for new lettings during the period less contracted rent for leases where notice of termination for move-out was received during the period.

Profit before value changes and tax, SEK m

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

Net interest-bearing liabilities, SEK m

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

Interest coverage ratio, multiple

Net operating income plus central administration and profit (loss) from participations in joint ventures divided by net interest. Intended as an indication of the company's sensitivity to fluctuations in interest rates.

Equity/assets ratio, %

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

Occupancy rate, %

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

Surplus ratio, %

Net operating income divided by rental revenue. Intended as an indication of the current earnings in property management activities.

Financial Calendar

Reports

Interim report January–September 2018 8 Nov 2018
 Year-end report 2018 31 Jan 2019
 Annual Report 2018 Mar 2019

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