

Interim Report January–September 2018

- Rental revenue increased to SEK 5,006 million (4,836). For comparable property holdings, the increase was 5% and was mainly attributable to positive effects from new lettings and renegotiated leases.
- The occupancy rate was 92.8% (92.7) at the end of the period.
- Property expenses totalled SEK 1,390 million (expense: 1,337). For comparable property holdings, the increase was 5% and was mainly due to higher costs for electricity and district cooling.
- Net operating income increased in total to SEK 3,616 million (3,499). For comparable property holdings, the increase was 6% and was due to higher rental revenue.
- Profit before value changes and tax rose to SEK 2,731 million (2,554), corresponding to an increase of 7%.
- The change in the property value amounted to SEK 6,692 million (5,662), which corresponded to a 5.4% (4.9) increase in value due to rising market rents in Stockholm. At the end of the period, the portfolio amounted to SEK 134,303 million (122,999).
- Profit after tax amounted to SEK 8,902 million (6,833).
- The share of environmentally certified buildings increased to 85% (83) at the end of the period.
- The energy intensity was 104 kWh/m² (103).

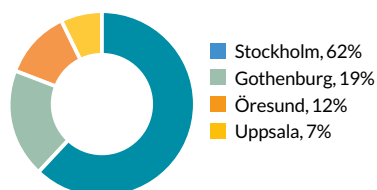
Amounts in SEK million	Jan–Sep 2018	Jan–Sep 2017	Jul–Sep 2018	Jul–Sep 2017	Oct 2017–Sep 2018	Jan–Dec 2017
Rental revenue	5,006	4,836	1,673	1,590	6,660	6,490
Net operating income	3,616	3,499	1,220	1,168	4,795	4,678
Profit before value changes and tax	2,731	2,554	922	850	3,590	3,413
Profit after tax	8,902	6,833	1,627	1,512	11,338	9,269
Cash flow from operating activities before changes in working capital	2,692	2,576	933	832	3,499	3,383
Market value of properties, SEK m	134,303	122,999	134,303	122,999	134,303	126,875
Occupancy rate, %	92.8	92.7	92.8	92.7	92.8	93.1
Surplus ratio, %	72	72	73	73	72	72
Interest coverage ratio, multiple	4.4	3.9	4.3	3.9	4.3	3.9
Loan-to-value (LTV) ratio, %	42	46	42	46	42	45
Closing NAV, SEK m	73,062	65,543	73,062	65,543	73,062	68,581
Closing NNNNAV, SEK m	66,068	58,946	66,068	58,946	66,068	60,872
Environmental certification, share of total area, %	85	83	85	83	85	84
Energy intensity on closing date, kWh/m ²	104	103	104	103	104	100

Vasakronan in brief

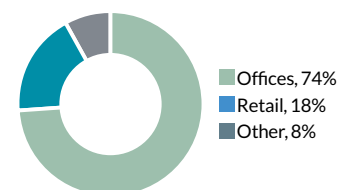
Vasakronan is Sweden's largest property company. The portfolio comprises 176 properties with a total area of about 2.4 million square metres and a market value of SEK 134 billion. The properties encompass centrally located office and retail properties in Stockholm, Gothenburg, Malmö, Lund and Uppsala.

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



Office rents continue to climb

Vasakronan third quarter

Strong performances for new lettings and renegotiations

The lettings market remains strong with high demand for office space. During the quarter, new lettings corresponding to 26,000 square metres (27,000) and an annual rent of SEK 69 million (105) were signed. Moreover, renegotiations and lease extensions corresponded to 68,000 square metres (49,000) and annual rent of SEK 214 million (187), resulting in an increase on the previous rent payable of 11.9% (11.5).

During the quarter, Vasakronan signed a 15-year lease agreement with Engelska Skolan for about 6,400 square metres at the Diktaren property in Solna. Engelska Skolan's operations will encompass schooling for children aged 10–16 with a planned start ahead of the 2020/2021 academic year. Following an approved detailed development plan, around SEK 115 million will be invested in redeveloping the property.

Lease agreements have been signed with the fashion chain, & Other Stories, which is opening its first store in Gothenburg, about 900 square metres in the Meethshuset building. Establishing a new brand in the heart of Gothenburg aligns perfectly with Vasakronan's focus on strengthening its city retail offering. In the same property, Åhléns has chosen to extend its 4,000 square metre lease for three more years.

In Stockholm, Teracom has extended the lease for the Lyckan 9 property for just over 8,000 square metres and the law firm, Linklaters, has chosen to extend its lease for just over 2,500 square metres at Stuten in central Stockholm. In Uppsala, Jensen Education has chosen to extend its contract for around 1,400 square metres at Vasakronan's newly acquired Dragarbrunn 18:3 property.

Vasakronan develops the city

Vasakronan's project portfolio amounted to SEK 10,284 million (7,936), of which SEK 3,465 million (2,054) had been capitalised at the end of the quarter.

At Sergels torg in central Stockholm, the redevelopment and extension of Sergelhuset has started, which is Vasakronan's largest project to date. At the property, which comprises three buildings, a total of 56,500 square metres of retail, offices and housing is being developed with completion planned for December 2021. Demolition is essentially completed and the project is now entering the rebuilding phase. The investment is estimated at SEK 3,700 million.

During the quarter, the redevelopment and extension of the lower portion of the Läppstiftet property in Gothenburg was completed. The project included increasing the amount of space and opening an entrance facing the river, known as Älvporten. In total, the project encompassed 9,000 square metres, of which 6,000 square metres are let to Collector Bank.

The world's first green commercial paper

In November 2013, Vasakronan issued the world's first green corporate bond. Since then, the company has issued bonds totalling SEK 18.5 billion making Vasakronan the Nordic region's largest issuer of

green corporate bonds. And now, through a September issue, Vasakronan has also issued the world's first green commercial paper.

A prerequisite for issuing green commercial paper is that clear guidelines are in place for what is defined as a green asset. Therefore, Vasakronan has drawn up a new, revised and expanded framework for green financing: Vasakronan – Green Finance Framework. The framework encompasses all debt instruments with funds earmarked for green investments. The framework has been reviewed by the Center for International Climate Research (CICERO) and has received the highest mark, Dark Green. The green commercial paper is listed on Nasdaq Stockholm's new green commercial paper list. There is considerable interest in the commercial paper and investors included several of Sweden's largest funds. In total, Vasakronan's green funding amounts to slightly more than SEK 20 billion, which corresponds to 33% of the total loan portfolio.



Europe's
most sustainable
property company

Award-winning work with sustainability

In September, the results of this year's Global Real Estate Sustainability Benchmark (GRESB) were published, which ranked Vasakronan the most sustainable property company in Europe in the office segment and the ninth most sustainable property company in the world across all segments. The sustainability work of more than 900 companies has been evaluated within the GRESB framework, and Vasakronan's ratings are further proof that the company's high ambitions set it apart from other property companies. The GRESB index is used by investors to assess the risks associated with various property investments.

Change in holdings

During the quarter, Vasakronan transferred the Gårda 18:23 and Gårda 18:24 properties in Gothenburg to Platzer at a property value of SEK 1,068 million. Moreover, in central Uppsala the fully let Dragarbrunn 18:3 property was acquired at a property value of SEK 285 million. The property, which encompasses 5,100 square metres of lettable area as well as 50 garage and parking spaces, is in Uppsala's prime retail and office location.

Third quarter results

Profit before value changes and tax rose to SEK 922 million (850) and was mainly due to higher rental revenue. The change in the value of property during the quarter was 0.7% (0.8), corresponding to SEK 900 million (957). The change in the value of financial instruments was SEK 162 million (132). Profit after tax was SEK 1,627 million (1,512). Cash flow after investing activities increased to SEK 1,056 million (302) during the quarter and was mainly attributable to the sale of the Gårda properties.

Events after the end of the period

After the end of the period, Vasakronan established a Euro Medium Term Note programme (EMTN programme). The EUR 6 billion programme enables Vasakronan to issue bonds in several markets and currencies, thereby further broadening the funding base.

Positive trends across all of Vasakronan's regions

Our macro environment

The US economy remains strong, mainly due to high private consumption, willingness to invest and a strong labour market. Moving forward, however, growth is expected to slow due to interest rate hikes. Euro area economic activity was also positive. While the effects of Brexit give rise to uncertainty, concern that an escalating trade war and increased import duties will accelerate a slowdown dominates.

The economic boom in Sweden is mainly driven by strong exports. However, the National Institute of Economic Research's most recent projection is that the Swedish economy will peak this year and that GDP growth will slow next year. The slowdown is mainly due to the decline in the rate of investment in industry and housing. The forecast for GDP growth totalled 2.4% for 2018 and just under 2% for 2019.

Physical retail stores continued to lose ground to e-commerce. The latest report from HUI Research forecasts overall retail sector growth of 2.5% in 2018. E-commerce – expected to increase 15% this year, primarily in durable consumer goods – accounts for the majority of growth. Vasakronan's cityindex, which measures sales at Vasakronan's stores, showed a clear decline for all regions, and primarily for shoes and clothes.

Conditions in the labour market remained positive despite considerable matching problems having a slight negative effect on employment growth. For 2018, employment is forecast to grow 1.7% and in 2019 to grow 0.9%, with all growth expected from the service sector. According to Statistics Sweden and Evidens, office employment in metropolitan regions will rise slightly more than 2% in 2018 and 2019.

At its September 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 in December or at the start of next year.

Property market

According to information from Cushman & Wakefield, transactions were completed in the Swedish property market for approximately SEK 52 billion (19) in the third quarter of 2018. Accordingly, the transaction volume amounted to a total of SEK 115 billion (101) in the first nine months of the year. 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 on the preceding quarter and amounted to around 3% and 2%, respectively. In central Stockholm, outside the CBD, and in the Stockholm suburbs, market rents have also risen since the start of the year. In central Stockholm, vacancy rates remained stable at around 8% and amounted to 13% in the suburbs, which was down slightly compared with the start of the year. Vacancy levels vary between different areas and objects.

The market's yield requirement has 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

Since the year end, rent levels in Gothenburg are assessed as having risen. This was mainly due to the limited offering of larger office premises in the CBD resulting in modern premises in favourable locations posting a positive rental trend. This also impacted vacancy rates, which remained low and at just under 4% for office premises in Gothenburg's CBD and around 2% for retail premises.

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

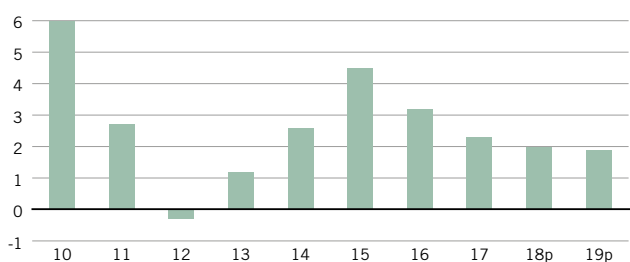
Öresund

In Öresund, rent levels for offices in Malmö's CBD increased slightly since the year end, while vacancy levels were unchanged at 9% for office premises and just over 4% for retail premises. Vacancy rates for prime location properties in Lund were also unchanged, and amounted to 5% for offices and 3% for retail premises. The yield requirements for the best objects in Malmö's CBD and prime locations in Lund were assessed at 4.3% and 4.9%, respectively, in line with the year end.

Uppsala

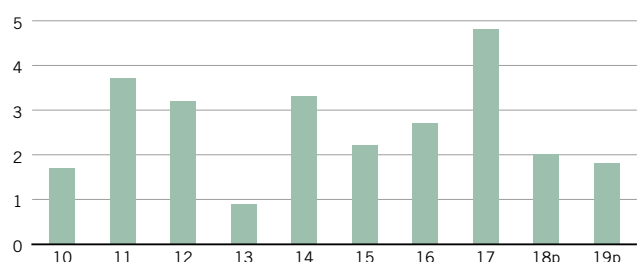
Central Uppsala rent levels for office premises are assessed as having risen since year end. Vacancies remained at the same level and amounted to 5% for offices and 3% for retail premises. The yield requirement for centrally located office and retail properties was 4.9%, which was down slightly on the 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-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Oct 2017– Sep 2018	Jan-Dec 2017
Rental revenue	5,006	4,836	1,673	1,590	6,660	6,490
Operating expenses	-534	-493	-175	-141	-703	-662
Repairs and maintenance	-82	-82	-25	-23	-110	-110
Property administration	-257	-231	-81	-77	-357	-331
Property tax	-400	-410	-126	-139	-534	-544
Ground rents	-117	-121	-46	-42	-161	-165
Total property expenses	-1,390	-1,337	-453	-422	-1,865	-1,812
Net operating income	3,616	3,499	1,220	1,168	4,795	4,678
Central administration	-70	-69	-19	-23	-98	-97
Result from participations in joint ventures	-2	-2	-2	0	-3	-3
Interest income	2	1	1	0	3	2
Interest expense	-815	-875	-278	-295	-1,107	-1,167
Profit before value changes and tax	2,731	2,554	922	850	3,590	3,413
Change in value of investment properties	6,692	5,662	900	957	9,003	7,973
Change in value of financial instruments	170	535	162	132	103	468
Divested/impaired goodwill	-46	-6	-10	-	-66	-26
Profit before tax	9,547	8,745	1,974	1,939	12,630	11,828
Current tax	-176	-175	-102	-55	-96	-95
Deferred tax	-469	-1,737	-245	-372	-1,196	-2,464
Profit for the period	8,902	6,833	1,627	1,512	11,338	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⁾	8,902	6,833	1,627	1,512	11,329	9,260
Key metrics						
Surplus ratio, %	72	72	73	73	72	72
Interest coverage ratio, multiple	4.4	3.9	4.3	3.9	4.3	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 5,006 million (4,836). In comparable property holdings, the increase was 5% and was mainly attributable to higher gross rents from new lettings contracted and from renegotiated leases as well as from rent adjustment for inflation. New lettings corresponding to 99,000 square metres (120,000) and annual rent of SEK 338 million (407) were contracted, of which 29% (25) impacted on revenue in 2018. Notice of termination was received during the period (tenant will be vacating) corresponding to annual rent of SEK 332 million (328), whereby net lettings amounted to SEK 6 (67) million.

Renegotiations and lease extensions during the period corresponded to annual rent of SEK 645 million (718), resulting in an increase on the previous rent payable of 11.2% (10.7). Of all the contracts up for renegotiation over the last 12 months, 67% (62) of the tenants decided to extend their contracts.

Contracted rent at the end of the year amounted to SEK 6,736 million (6,477) and the average remaining maturity was 4.2 years (4.2). The closing occupancy rate was 92.8% (92.7). Of total vacancies, 2.4 percentage points (2.2) were attributable to ongoing projects and 0.5 percentage points (0.3) to vacant development properties.

Property expenses

Property expenses amounted to SEK 1,390 million (expense: 1,337) for the period. For comparable property holdings, the increase in property expenses was 5% (4). The increase was primarily due to higher costs for electricity and district cooling, but also due to increased property administration costs. The portfolio's energy intensity improved to 104 kWh/sq. m. (103) at the end of the period, mainly due to the cold winter and extremely warm summer.

Net operating income

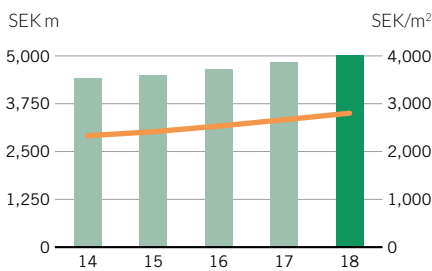
Net operating income increased during the period to SEK 3,616 million (3,499) due to rising market rents. For comparable property holdings, the increase in net operating income was almost 6% (6). The surplus ratio was 72% (72).

Administration

Property administration costs were SEK 257 million (expense: 231) and central administration costs were SEK 70 million (expense: 69). The changes were primarily attributable to higher personnel costs.

Year-on-year, the number of employees declined to 310 (348) 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.

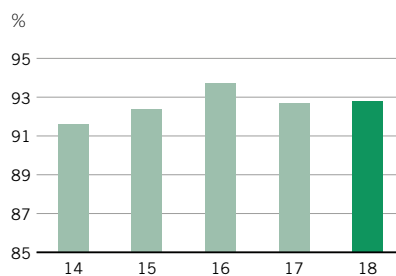
Rising rental revenue SEK/m²



January–September

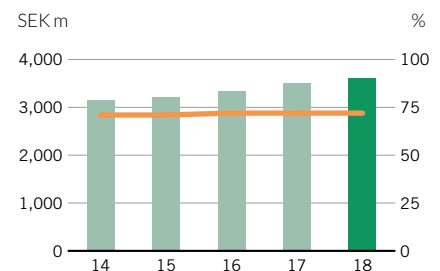
■ Rental revenue SEK m
— Rental revenue SEK/sq. m.

Stable occupancy rate



At 30 September

High surplus ratio



January–September

■ 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
KPMG	1
Uppsala County Council	1
Clas Ohlson	1
Total	17

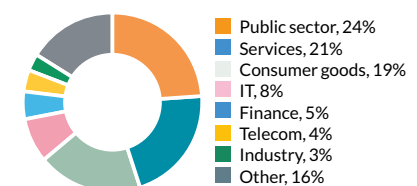
Largest tenants, share of contracted rent

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2018	381	325	5
2019	1,230	1,055	16
2020	886	1,092	17
≥2021	1,736	3,941	59
Total	4,233	6,413	96
Residential	1,179	100	1
Garage	–	223	3
Total	5,412	6,736	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 813 million (expense: 874) due to lower interest rates and credit margins in the period. The average interest rate for loans and derivatives decreased to 1.7% (1.8) at the end of the period.

The average fixed-interest tenor increased to 4.4 years (3.9). The proportion of loans with interest maturities within one year declined to 41% (45) and loans with fixed-interest maturities of five years or more increased to 43% (39) of interest-bearing liabilities.

The LTM interest coverage ratio increased to a multiple of 4.3 (3.9) as a result of an improved net operating income and lower net interest expense. The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

Profit before value changes and tax

Profit before value changes and tax was SEK 2,731 million (2,554), up 7%.

Change in value of investment properties

At 30 September 2018, the entire property portfolio had been valued internally.

Altogether, the change in the property value amounted to SEK 6,692 million (5,662), which corresponded to a 5.4% (4.9) increase in value. The increase was primarily attributable to rising market rents, particularly in the Stockholm portfolio, but was also due to lower yield requirements, particularly in Gothenburg.

On average, the yield requirement for the portfolio was 4.4%, compared to 4.5% for corresponding properties at the end of 2017.

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	5.8	3.8
Gothenburg	6.9	1.3
Öresund	1.5	0.1
Uppsala	3.1	0.2
Total		5.4

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	5.6	5.2
Development properties	0.3	0
Transactions		0.2
Total		5.4

Factors impacting value¹⁾

	Value impact, %
Yield requirement	1.5
Market rents	3.9
Total	5.4

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 64,200 million (60,507). The increase was mainly attributable to cross-currency swaps aimed at hedging borrowings in NOK.

The value change in derivatives amounted to SEK 170 million (535), which was due to raised long-term interest rates during the period. Vasakronan opted for early redemption of interest-rate derivatives for a nominal value of SEK 2,250 million (-) during the period. With that, a previously recognised loss of SEK 192 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 645 million (expense: 1,912). Of the tax expense for the period, SEK 176 million (expense: 175) was current tax and SEK 469 million (expense: 1,737) 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 1.1 billion on deferred tax. After adjustment for the nonrecurring effect, the effective tax rate amounted to 18% (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 rose to 4.4 years (3.9) and the loan-to-maturity was unchanged at 3.8 years (3.8).

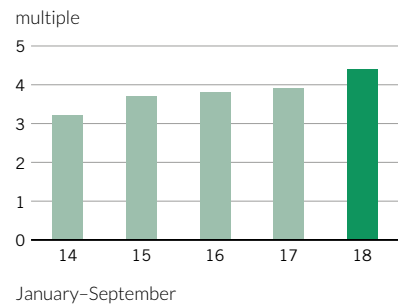
Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0–1 year	24,830	41	15,525	25
1–2 years	1,929	3	6,771	11
2–3 years	2,481	4	10,779	18
3–4 years	3,087	5	7,055	12
4–5 years	2,500	4	3,765	6
5 years or more	26,417	43	17,349	28
Total	61,244	100	61,244	100

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 Sep 2018
Financing risk		
Loan-to-maturity	min. 2 years	3.8
Loans maturing, 12 months	max. 40%	25%
Credit commitments and cash/loans maturing 12 months	min. 100%	130%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	4.3
Fixed-interest period	min. 2 years	4.4
Interest maturity within 12 months	max. 55 %	41%
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
Currency risk		
Currency exposure	No exposure	met

Improved interest coverage ratio



During the quarter, Vasakronan's Board adopted a new financial policy that, inter alia, imposes further limits on interest risk.

Consolidated balance sheet

Amounts in SEK million	30 Sep 2018	30 Sep 2017	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS					
Non-current assets					
Intangible assets	2,098	2,165	2,109	2,165	2,145
Property, plant and equipment (PPE)					
Investment properties	134,303	122,999	133,518	121,403	126,875
Equipment	45	49	48	51	46
	134,348	123,048	133,566	121,454	126,921
Financial assets					
Shares and participations in joint ventures	203	369	368	370	368
Derivatives	537	338	636	323	242
Other non-current receivables	58	157	57	298	313
	798	864	1,061	991	923
Total non-current assets	137,244	126,077	136,736	124,610	129,989
Current assets					
Accounts receivable	23	36	15	30	20
Receivables from joint ventures	26	141	0	131	1
Derivatives	51	28	71	29	33
Other current receivables, prepaid expenses and accrued income	973	950	1,293	870	817
Cash and cash equivalents	2,152	2,963	2,008	2,724	1,423
Total current assets	3,225	4,118	3,387	3,784	2,294
TOTAL ASSETS	140,469	130,195	140,123	128,394	132,283
EQUITY AND LIABILITIES					
Equity	56,279	48,950	54,652	47,438	51,377
Non-current liabilities					
Non-current interest-bearing liabilities	45,719	46,095	47,934	43,863	44,711
Deferred tax liability	17,293	16,099	17,047	15,728	16,824
Derivatives	2,076	2,915	2,358	3,144	2,699
Other non-current liabilities	342	154	433	155	55
Provision for pensions	80	75	82	77	86
Total non-current liabilities	65,510	65,338	67,854	62,967	64,375
Current liabilities					
Current interest-bearing liabilities	15,525	12,963	14,381	15,093	13,710
Accounts payable	129	109	53	55	124
Liabilities joint ventures	12	-	144	-	17
Current tax liabilities	149	149	52	97	80
Derivatives	-	10	-	20	3
Other current liabilities, accrued expenses and deferred income	2,865	2,676	2,987	2,724	2,597
Total current liabilities	18,680	15,907	17,617	17,989	16,531
TOTAL EQUITY AND LIABILITIES	140,469	130,195	140,123	128,394	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 September, goodwill was SEK 1,998 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 September 2018, based on internal appraisals, the estimated market value of Vasakronan's property portfolio was SEK 134,303 million compared with SEK 126,875 million at year-end 2017. The change in value during the period was SEK 6,692 million (5,662) 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 September 2018, 85% (83) of the portfolio had environmental certification.

Property projects

Ongoing property projects have a total investment volume of SEK 10,284 million (7,936), of which SEK 3,465 million (2,054) had been capitalised as of 30 September. The occupancy rate for major projects was 38% (43) at the end of the period.

During the quarter, the redevelopment and extension of the lower portion of the Låppstiftet property was completed. The project included increasing the amount of space and opening an entrance, known as Älvporten, facing the river. In total, the project encompassed 9,000 square metres, of which 6,000 square metres are let to Collector Bank.

During the quarter, Vasakronan signed a 15-year agreement with Engelska Skolan for the Diktaren property in Solna regarding the start of school operations ahead of the 2020/2021 academic year. Given the above, project planning for the redevelopment has now started. The planned redevelopment encompasses 6,400 square metres and the investment is estimated at SEK 115 million.

In conjunction with the sale of the Gårda 18:23 property in September, the almost completed redevelopment project in the property was essentially completed. The total investment in the project was SEK 184 million.

Higher property values

SEK m	2018	2017
Opening value, 1 January	126,875	115,922
Investments	2,383	1,729
Acquisitions, consideration	534	-
Sales, consideration	-2,181	-315
Change in value	6,692	5,662
Closing value, 30 September	134,303	122,999

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	3,700	1,226	33	56,500	Dec 2021	4	LEED
Gothenburg	Platinan	2,600	462	18	52,900	Dec 2021	47	LEED
Stockholm	Nattugglan, block 2	800	54	7	15,000	Jun 2021	80	LEED
Malmö	Priorn 5	580	266	46	13,200	Apr 2020	47	LEED
Uppsala	Kronåsen 1:1 Celsius	420	58	14	10,150	Dec 2020	82	LEED
Stockholm, Frösunda	Hilton 7	390	345	88	11,000	Sep 2019	14	LEED
Stockholm, Solna Strand	Nöten, part of phase 2	214	82	38	3,500	Jan 2020	0	LEED
Stockholm	Styrpinnen 15	190	79	42	3,650	Sep 2019	0	LEED
Stockholm, Solna	Diktaren	115	1	1	6,400	Aug 2020	100	LEED
Gothenburg	Bohusgatan	109	79	72	5,400	Dec 2018	100	LEED
Total major property projects		9,118	2,652	29			38	
Other projects		1,166	813					
Total		10,284	3,465					

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 September 2018, the deferred tax liability was SEK 17,293 million (16,099) 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 1.1 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 59,092 million (56,095). The average loan-to-maturity increased to 3.8 years (3.8) and the average loan-to-maturity taking into consideration unutilised credit commitments increased to 4.2 years (4.4). The proportion of loans maturing within the next 12 months increased to 25% (22), and the share of loans maturing in five years or more rose to 28% (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 73% (68) and the share of bank financing was 27% (32). Secured bank loans fell to 8% (12) of the Group's total assets during the period and the total volume of secured bank loans amounted to SEK 11,885 million (16,271).

During the period, the company issued bonds for SEK 7.7 billion (7.6) in the Swedish capital market, and for NOK 3.05 billion (2.8) in the Norwegian capital market. No secured bank loans were raised during the period (3.2).

The credit facility 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 2,152 million (2,963) and the unutilised credit facility together correspond to 130% (177) of loans maturing over the next 12 months or all loan maturities through the next 19 months.

Green financing

Vasakronan updated its framework for green funding during the period. The new framework enables raising funds from the majority of funding sources where the funds raised are earmarked for investments that help lower energy consumption and reduce environmental impact. In September, Vasakronan issued the world's first green commercial paper under the framework. The commercial paper is listed on Nasdaq Stockholm's new green commercial paper list.

Green funding under the framework

	Amounts in SEK million
Green commercial paper	936
Green bonds	13,999
Green bonds, NOK	597
Total volume of green financial instruments	15,532
Total volume of green assets – green pool	22,960
Remaining approved borrowing capacity	7,428

In addition to commercial paper and bond funding operations under this framework, Vasakronan has green unsecured loans with the Nordic Investment Bank and the European Investment Bank that total SEK 4,827 million (2,790).

The percentage of green funding consisting of green bonds, green commercial paper and green loans increased during the period to 33% (16) of the total loan portfolio.

During the period, Moody's completed an assessment of the green bonds, which resulted in the top rating of GB1 (Excellent).

Equity

Equity increased during the period to SEK 56,279 million (48,950) due to positive comprehensive income of SEK 8,902 million (6,833). The equity/assets ratio was 40% (38) and the loan-to-value ratio was 42% (46).

Breakdown of funding sources

SEK m	Loan limit	Amount utilised	Share, %
Commercial paper	25,000	6,338	10
Bonds	50,000 ¹⁾	27,661	45
Bonds, NOK ²⁾		10,533	17
Secured bank loans	11,885	11,885	20
NIB and EIB	4,827	4,827	8
Credit facility from owners	18,000	0	0
Total		61,244	100

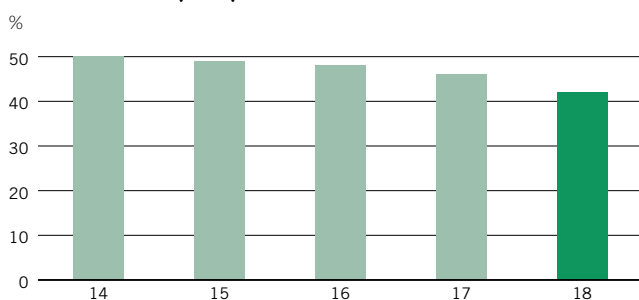
1) Joint loan limit for EUR, SEK and NOK.

2) The amount corresponds to NOK 9,700 million and is fully hedged.

Consolidated statement of changes in equity

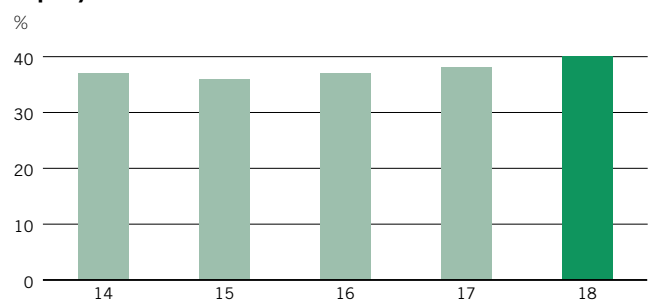
Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity
Equity, opening balance at 1 Jan 2017	4,000	4,227	37,890	46,117
Profit for the year	-	-	9,269	9,269
Other comprehensive income	-	-	-9	-9
<i>Comprehensive income for the year</i>	-	-	9,260	9,260
Dividends	-	-	-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	-	-	8,902	8,902
Other comprehensive income	-	-	-	-
<i>Comprehensive income for the period</i>	-	-	8,902	8,902
Dividend	-	-	-4,000	-4,000
Equity, closing balance at 30 Sep 2018	4,000	4,227	48,052	56,279

Loan-to-value (LTV) ratio



At 30 September

Equity/assets ratio



At 30 September

Consolidated cash-flow statement

Amounts in SEK million	Jan–Sep 2018	Jan–Sep 2017	Jul–Sep 2018	Jul–Sep 2017	Oct 2017– Sep 2018	Jan–Dec 2017
Operating activities						
Net operating income	3,616	3,499	1,220	1,168	4,795	4,678
Central administration	-70	-69	-19	-23	-98	-97
Add back amortisation and depreciation	9	11	3	4	13	15
Adjustment for other non-cash items	-6	-6	-1	-1	-7	-7
Cash flow from operating activities before interest and tax	3,549	3,435	1,203	1,148	4,703	4,589
Interest paid	-776	-848	-271	-312	-1,121	-1,193
Interest received	2	1	1	0	3	2
Taxes paid	-83	-12	0	-4	-86	-15
Cash flow before changes in working capital	2,692	2,576	933	832	3,499	3,383
Increase (-)/decrease (+) in operating receivables	-182	-265	113	88	105	22
Increase (+)/decrease (-) in operating liabilities	180	194	-267	22	49	63
Cash flow from operating activities	2,690	2,505	779	942	3,653	3,468
Investing activities						
Investments in existing property	-2,383	-1,729	-746	-639	-3,197	-2,543
Property acquisitions	-534	-	-285	-	-1,583	-1,049
Property divestments	2,181	315	1,146	0	2,478	612
Other PPE, net	-7	-5	0	-1	-7	-5
Dividends from joint ventures	162	-	162	-	162	-
Cash flow from investing activities	-581	-1,419	277	-640	-2,147	-2,985
Cash flow after investing activities	2,109	1,086	1,056	302	1,506	483
Financing activities						
Dividends and Group contributions	-4,000	-4,000	0	0	-4,000	-4,000
Raised debt: interest-bearing liabilities ¹⁾	27,311	33,633	7,727	7,998	34,531	40,853
Repayment of debt: interest-bearing liabilities ¹⁾	-25,080	-29,647	-8,707	-8,018	-32,777	-37,344
Change in collateral ²⁾	581	-256	175	-43	480	-357
Redemption of financial instruments	-192	-	-107	-	-551	-359
Cash flow from financing activities	-1,380	-270	-912	-63	-2,317	-1,207
Cash flow for the period	729	816	144	239	-811	-724
Opening balance, cash and cash equivalents	1,423	2,147	2,008	2,724	2,963	2,147
Cash flow for the period	729	816	144	239	-811	-724
Closing balance, cash and cash equivalents	2,152	2,963	2,152	2,963	2,152	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.

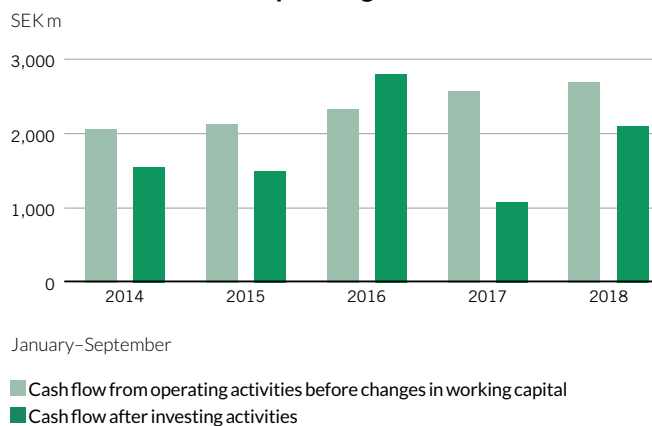
Comments to the consolidated cash-flow statement

Cash flow from operating activities before interest and taxes increased SEK 114 million to SEK 3,549 million (3,435). The increase was primarily attributable to higher net operating income. Cash flow from working capital improved SEK 69 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 2,690 million (2,505).

Investments in existing properties increased during the period to SEK 2,383 million (1,729) due to major investments in projects. Cash flow from the purchase and sale of properties posted a net improvement of SEK 1,647 million (315) due to increased property sales. Cash flow after investing activities thus amounted to SEK 2,109 million (1,086).

In total, net borrowing for the year amounted to SEK 2,231 million (3,986). The redemption of financial instruments had a negative impact on cash flow from financing activities of SEK 192 million (0). In total, cash and cash equivalents increased SEK 729 million (816) and totalled SEK 2,152 million (2,963) 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
Solna Järva 2:29, 2:37, 2:38	Solna	JM	126	Jul 2018
Gårda 18:23 and Gårda 18:24	Gothenburg	Platzer	1,068	Sep 2018
Total property value			2,254	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-72	
Total purchase price			2,181	
Agreed divestments to be completed				
Smedjan 13 and 15	Lund	Trianon	88	Dependent on detailed development plan

Property acquisitions

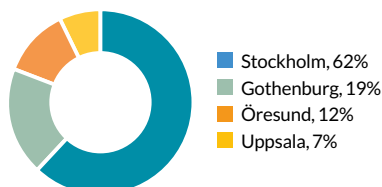
Property	City	Seller	Purchase price, SEK m	Occupancy
Priorn 5	Malmö	The City of Malmö	78	Feb 2018
Part of Midsommarkransen 1:1	Stockholm	The City of Stockholm	31	Apr 2018
Solna Järva 2:29, 2:37, 2:38	Solna	Järvastaden	137	Jun 2018
Dragarbrunn 18:3	Uppsala	SEB Trygg Liv	285	Aug 2018
Total property value			530	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			4	
Total purchase price			534	

Vasakronan – in total and by region

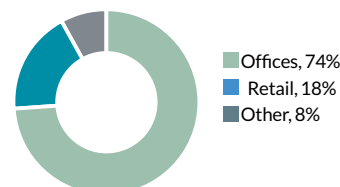
VASAKRONAN IN TOTAL Jan-Sep

	2018	2017
Market value, SEK m	134,303	122,999
Rental revenue, SEK m	5,006	4,836
Net operating income, SEK m	3,616	3,499
Surplus ratio, %	72	72
Occupancy rate, %	93	93
Number of properties	176	178
Area, thousand sq. m.	2,382	2,420
Environmental certification, %	85	83

Contracted rent by geographic market



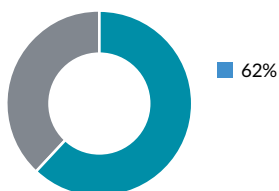
Contracted rent by property type



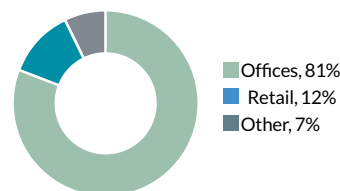
STOCKHOLM Jan-Sep

	2018	2017
Market value, SEK m	88,105	79,455
Rental revenue, SEK m	3,089	2,999
Net operating income, SEK m	2,244	2,167
Surplus ratio, %	73	72
Occupancy rate, %	92	92
Number of properties	79	78
Area, thousand sq. m.	1,395	1,413
Environmental certification, %	81	77

Stockholm's share of the total



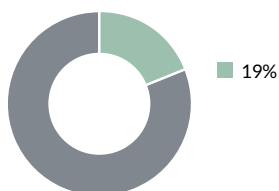
Stockholm by property type



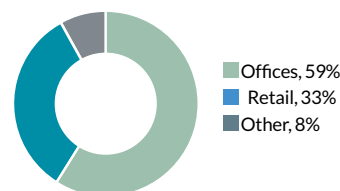
GOTHENBURG Jan-Sep

	2018	2017
Market value, SEK m	24,786	23,262
Rental revenue, SEK m	961	929
Net operating income, SEK m	727	717
Surplus ratio, %	76	77
Occupancy rate, %	96	97
Number of properties	34	36
Area, thousand sq. m.	402	423
Environmental certification, %	94	94

Gothenburg's share of the total



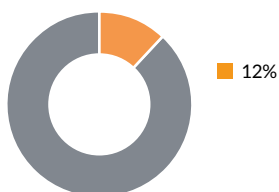
Gothenburg by property type



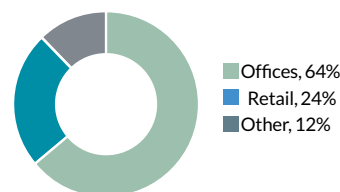
ÖRESUND Jan-Sep

	2018	2017
Market value, SEK m	13,240	12,697
Rental revenue, SEK m	568	562
Net operating income, SEK m	367	374
Surplus ratio, %	65	67
Occupancy rate, %	89	89
Number of properties	38	37
Area, thousand sq. m.	351	353
Environmental certification, %	97	97

Öresund's share of the total



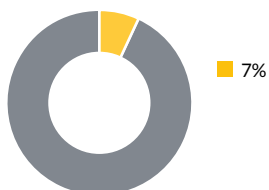
Öresund by property type



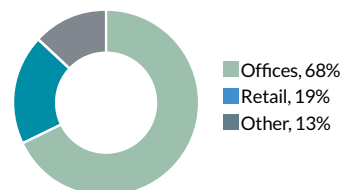
UPPSALA Jan-Sep

	2018	2017
Market value, SEK m	8,171	7,585
Rental revenue, SEK m	388	346
Net operating income, SEK m	278	241
Surplus ratio, %	72	70
Occupancy rate, %	98	96
Number of properties	25	27
Area, thousand sq. m.	234	231
Environmental certification, %	77	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–Sep 2018	Jan–Sep 2017
Net sales	350	324
Operating expenses	–434	–404
Capital gain on sales	334	–
EBIT	250	–80
Financial items		
Profit from participations in subsidiaries	5,975	1,612
Net interest	–792	–847
Change in value of financial instruments	170	535
Profit before tax	5,603	1,220
Tax	56	–21
Profit for the period	5,659	1,199

Statement of comprehensive income

Profit for the period recognised in profit or loss	5,659	1,199
Other comprehensive income	–	–
Total comprehensive income for the period	5,659	1,199

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 350 million (324), 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 170 million (535). Profit before tax was SEK 5,603 million (1,220) and was attributable to increased dividends from subsidiaries. Closing cash and cash equivalents amounted to SEK 2,150 million (2,961).

Balance sheet

Amounts in SEK million	30 Sep 2018	30 Sep 2017
ASSETS		
Non-current assets		
Equipment	13	21
Shares and participations in subsidiaries	30,480	30,456
Receivables from subsidiaries	7,796	10,196
Shares and participations in joint ventures	1	1
Deferred tax assets	168	346
Derivatives	537	338
Non-current receivables	54	153
Total non-current assets	39,049	41,511
Current assets		
Receivables from subsidiaries	33,849	27,556
Derivatives	51	28
Current receivables	798	682
Cash and cash equivalents	2,150	2,961
Total current assets	36,848	31,227
TOTAL ASSETS	75,897	72,738
EQUITY AND LIABILITIES		
Equity	10,859	8,138
Untaxed reserves	186	44
Liabilities		
Interest-bearing liabilities	61,244	59,058
Derivatives	2,076	2,925
Non-interest-bearing liabilities	936	538
Liabilities to subsidiaries	596	2,035
Total liabilities	64,852	64,556
TOTAL EQUITY AND LIABILITIES	75,897	72,738

Other information

Personnel

The number of employees at the end of the period was 310 (348). 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 the 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 1.1 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 90 million as well as SEK 250 million in commercial paper.

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

Accounting policies

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

From 1 January 2018, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are 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 NNNNAV.

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 19. Page 18 also includes a breakdown on specific performance measures where this is required.

Events after the end of the period

After the end of the period, Vasakronan established an Euro Medium Term Note programme (EMTN programme). The EUR 6 billion programme enables Vasakronan to issue bonds in several markets and currencies, thereby further broadening the funding base.

Stockholm, 8 November 2018

Fredrik Wirdenius
Chief Executive Officer

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

Auditor's report

Report of review of the interim financial information (interim report) prepared in accordance with IAS 34 and the Swedish Annual Accounts Act

Introduction

We have reviewed the interim financial information (interim report) of Vasakronan AB as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 8 November 2018

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorized Public Accountant
Lead partner

Daniel Algotsson
Authorized Public Accountant

Key metrics

	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Oct 2017– Sep 2018	Jan-Dec 2017
Property-related information						
Closing economic occupancy rate, %	92.8	92.7	92.8	92.7	92.8	93.1
Surplus ratio, %	72	72	73	73	72	72
Investments in existing projects, SEK m	2,383	1,729	746	639	3,197	2,543
Property acquisitions, SEK m	534	-	285	-	1,583	1,049
Property divestments, SEK m	-2,181	-315	-1,146	-	-2,478	-612
Net investments, SEK m	736	1,414	-115	639	2,302	2,980
Closing market value of property, SEK m	134,303	122,999	134,303	122,999	134,303	126,875
Closing area, thousand sq. m.	2,382	2,420	2,382	2,420	2,382	2,430
Closing number of properties	176	178	176	178	176	179
Environmental certification at closing date, %	85	83	85	83	85	84
Energy intensity on closing date, kWh/m ²	104	103	104	103	104	100
Financial metrics						
Interest coverage ratio, multiple	4.4	3.9	4.3	3.9	4.3	3.9
Closing equity/assets ratio, %	40	38	40	38	40	39
Closing loan-to-value ratio, %	42	46	42	46	42	43
Average fixed-interest tenor, years	4.4	3.9	4.4	3.9	4.4	4.5
Average loan-to-maturity ³⁾ , years	3.8	3.8	3.8	3.8	3.8	3.8
Closing NAV, SEK m ¹⁾	73,062	65,543	73,062	65,543	73,062	68,581
Closing NNAV, SEK m ²⁾	66,068	58,946	66,068	58,946	66,068	60,872
Closing average interest rate, %	1.7	1.8	1.7	1.8	1.7	1.7
Closing net interest-bearing liabilities, SEK m	59,092	56,095	59,092	56,095	59,092	56,998
Cash flow before changes in working capital, SEK m	2,692	2,576	933	832	3,499	3,383
FFO/net debt, %	6.1	6.2	6.1	6.2	6.1	6.1
Other						
Closing number of employees	310	348	310	348	310	349
Basis for key metrics						
1) NAV, SEK m						
Equity	56,279	48,950	56,279	48,950	56,279	51,377
Add back goodwill	-1,998	-2,065	-1,998	-2,065	-1,998	-2,045
Add back derivatives	1,488	2,559	1,488	2,559	1,488	2,426
Add back recognised deferred tax	17,293	16,099	17,293	16,099	17,293	16,824
	73,062	65,543	73,062	65,543	73,062	68,581
2) NNAV, SEK m						
Equity	56,279	48,950	56,279	48,950	56,279	51,377
Add back goodwill	-1,998	-2,065	-1,998	-2,065	-1,998	-2,045
Add back recognised deferred tax	17,293	16,099	17,293	16,099	17,293	16,824
Deferred tax at fair value	-5,126 ⁴⁾	-3,770 ⁵⁾	-5,126 ⁴⁾	-3,770 ⁵⁾	-5,126 ⁴⁾	-4,933 ⁴⁾
Adjustment of interest-bearing liabilities to fair value	-380	-268	-380	-268	-380	-351
	66,068	58,946	66,068	58,946	66,068	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 18.

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 18.

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.

Net interest, SEK m

Interest income less interest expenses.

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

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