

Interim Report January–March 2019

- Rental revenue increased to SEK 1,724 million (1,643). For comparable property holdings, the increase was 6% (5).
- New lettings corresponding to 93,000 square metres (27,000) and an annual rent of SEK 327 million (106) were contracted and net lettings amounted to SEK 167 million (decrease: 23)
- The occupancy rate was 93.5% (92.8) at the end of the period. Of total vacancies, 2.4 percentage points (2.8) were attributable to ongoing projects and development properties.
- Operating surplus increased to a total of SEK 1,279 million (1,156), of which SEK 38 million was attributable to the transition to the new lease standard, IFRS 16.
- Profit before value changes and tax rose to SEK 968 million (861), corresponding to an increase of 12% (3). The increase was primarily due to higher rental revenue.
- The change in the property value amounted to SEK 716 million (1,708), corresponding to a 0.6% (1.4) increase in value.
- The value change in derivatives amounted to negative SEK 627 million (negative: 24), which was due to lower long market interest rates.
- At the end of the period, the portfolio value amounted to SEK 139,381 million (128,339).
- Profit after tax amounted to SEK 816 million (2,027).

Amounts in SEK million	Jan–Mar 2019	Jan–Mar 2018 ¹⁾	Apr 2018–Mar 2019 ²⁾	Jan–Dec 2018 ²⁾
Rental revenue	1,724	1,643	6,799	6,718
Operating surplus	1,279	1,156	4,992	4,869
Profit before value changes and tax	968	861	3,991	3,884
Profit after tax	816	2,027	11,691	12,902
Cash flow from operating activities before changes in working capital	808	770	3,605	3,567
Market value of properties, SEK m	139,381	128,339	139,381	138,934
Occupancy rate, %	93.5	92.8	93.5	93.1
Surplus ratio, %	74	70	73	73
Interest coverage ratio ²⁾ , multiple	4.9	4.2	4.9	4.7
Loan-to-value (LTV) ratio ²⁾ , %	39	42	39	41
Closing NAV, SEK m	79,506	70,541	79,506	78,542
Closing NNNNAV ²⁾ , SEK m	71,715	63,150	71,715	70,823
Environmental certification, share of total area, %	84	84	84	85
Energy intensity on closing date, kWh/m ²	101	99	101	103

1) Comparison figures have not been restated according to IFRS 16.

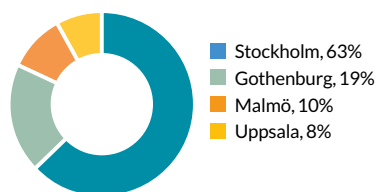
2) Calculations for this period have been made according to previous years' accounting policies.

Vasakronan in brief

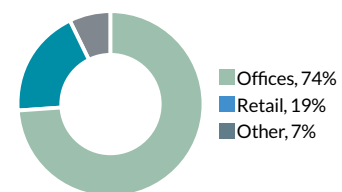
Vasakronan is Sweden's largest property company. The portfolio comprises 174 properties with a total area of about 2.3 million square metres and a market value of SEK 139 billion. The properties encompass centrally located office and retail properties in Stockholm, Gothenburg, Malmö and Uppsala.

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

Contracted rent by geographic market



Contracted rent by property type



A strong start to 2019

Vasakronan first quarter

Major new lettings characterise the quarter

The first quarter of the year made a strong start with several major new lettings. In total, new lettings corresponding to 93,000 square metres (27,000) and an annual rent of SEK 327 million (106) were signed. At Nya Kronan in Sundbyberg, the Swedish Tax Agency has signed a ten-year lease for 42,000 square metres. The lease encompasses two newly constructed buildings and one existing building undergoing renovation for a total investment of SEK 1,650 million. 2,700 workplaces are being created here, and occupancy is planned for the end of 2021. The agreement with the Swedish Tax Agency means the Nya Kronan property is now fully let.

At the Tre Vapen property in Östermalm in Stockholm, a six-year lease has been signed with Handelsbanken for 12,600 square metres. Handelsbanken is moving into the property when the current tenant, Naturvårdsverket (the Swedish Environmental Protection Agency), moves out at the end of June this year.

At the Strand development property in Solna Strand, a six-year lease for 7,200 square metres has been signed with Statistics Sweden. The agreement with Statistics Sweden means that just over half of the project is now let and the investment is estimated at SEK 916 million.

In addition to new lettings, renegotiations and lease extensions during the quarter corresponded to 59,000 square metres (57,000) and annual rent of SEK 181 million (174), resulting in an increase on the previous rent payable of 10.2% (10.7). Riksdag Administration has chosen to extend its 3,200 square metre lease at the Jakob Större property in Stockholm for another three years. In Gothenburg, Intersport renegotiated its 1,500 square metre lease. The lease has been extended by six years. Skogforsk has chosen to extend its 2,400 square metre lease at the Husaren property in Uppsala for another five years.

Heightened environmental certification ambitions

For many years, Vasakronan has been the property industry leader in terms of sustainability and, at the turn of the year, 85% of our portfolio were environmentally certified. Environmental certification is an important part of Vasakronan's efforts to promote a reduced climate impact and sustainable societal development. It also provides independent evidence of our properties' low environmental impact and is a precondition for our green funding.

To certify properties, Vasakronan primarily uses the LEED environmental certification system, which is regarded as the most commonly used international system. A LEED certification includes an assessment of the property's energy consumption, indoor environment, material use, waste management and water use.

Vasakronan certified its first property approximately ten years ago, and now we are taking the next step by raising the ambition levels for environmental certification at the existing properties. Prior to 2019, the company made it a goal to increase the number of properties with the LEED Gold rating or higher. Achieving the highest rat-

ing, LEED Platinum, in all project developments was already a previous goal. One example is Sergelhuset in Stockholm, where Vasakronan's different technical solutions to reduce energy and water consumption at the property. Certification also sets stringent requirements for the recycling of all waste generated and that all material used in the property's construction has been evaluated in terms of its climate impact during the property's life cycle. At the end of the period, the share of properties certified in accordance with LEED Gold or higher amounted to 68 percent (69).

New accounting for leases

The new accounting standard, IFRS 16 Leases applies from 1 January 2019. Under the new standard, assets and liabilities must be recognised in the balance sheet for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Lease payments connected to these agreements that were previously recognised in operating surplus are now recognised as an interest expense. For Vasakronan, the transition to IFRS 16 resulted in increased total assets of SEK 5,063 million, primarily due to recognition of the company's ground rent agreements as assets and their classification as investment properties, leaseholds and land leases with a corresponding non-current liability. For the quarter, ground rents and land leases corresponded to SEK 36 million are recognised as interest expense. A revaluation effect related to the land leases of SEK 2 million are also recognised. Vasakronan has chosen to apply the modified approach, which means that no comparison figures were restated.

The Swedish Tax Agency signed a lease for 42,000 square metres at Nya Kronan

Change in holdings

During the quarter, Vasakronan transferred the Nya Vattentornet 2 and 4 properties in the Ideon area of Lund to Wihlborgs for a property value of SEK 1,260 million. With this sale, Vasakronan is leaving Lund.

First quarter results

Profit before value changes and tax rose to SEK 968 million (861) and was mainly due to higher rental revenue and lower net financial items. The change in the value of property during the quarter was 0.6% (1.4), corresponding to SEK 716 million (1,708) and value changes in derivatives amounted to a negative SEK 627 million (negative: 24). Profit after tax was SEK 816 million (2,027). Cash flow after investing activities decreased to SEK 893 million (993) during the quarter and was mainly attributable to a year-on-year reduction in operating liabilities.

After the end of the period

After eleven years as CEO of Vasakronan, Fredrik Wirdenius has informed the Board that he intends to step down from his role. Recruiting a new CEO has begun, and Fredrik will continue as CEO until a replacement is found.

Continued interest in Swedish property

Our macro environment

There is global concern over uncertainties regarding import tariffs, the effects of Brexit and the risk of a slowdown in the global economy. The US economy remains strong with high private consumption, healthy willingness to invest and a strong labour market, whereas euro area growth is weaker.

Sweden has performed somewhat better than the average EU, even if the latest report from the National Institute of Economic Research states that Sweden has entered a slowdown phase. In its latest forecast, GDP growth was estimated at 1.5% for 2019 and 1.6% for 2020, compared with 2018 when GDP increased 2.3%. The low rate of growth is negatively affected by lower investments in housing and a lower growth rate in the demand for Swedish exports.

At its February meeting, the Riksbank (Sweden's central bank) decided to keep the repo rate unchanged at negative 0.25%. The forecast from the Riksbank indicates that the next hike would likely take place in the second half of 2019.

The labour market in Sweden remains strong even if employment is expected to increase more slowly moving forward. Employment increased 1.8% in 2018. For 2019, employment is forecast to grow 1.1% and in 2020 it is expected to grow 0.5%, with all growth expected from the service sector. According to Statistics Sweden and Evidens, office employment in metropolitan regions will rise 2.2% in 2019.

The latest report from HUI Research projects retail sector growth of 2.5% in 2019. The structural overhaul within retail is ongoing, and physical retail stores continue to lose ground to e-commerce. Last year, e-commerce grew 15%, accounting for all of the growth within slow-moving consumer goods. The report is in line with Vasakronan's city retail index, which also shows a decline, mainly for clothes and footwear. The city retail index is based on the sales turnover from stores in Vasakronan's portfolio, and is a tool that the company uses to measure and meet city retail trends.

Property market

The property market in Sweden has performed well over the last few years due to the economic boom, low interest rates and good access to capital. Interest in properties in the Swedish market remains strong, especially from foreign investors. According to data provided by Cushman & Wakefield, transactions were completed in the Swedish property market for almost SEK 29 billion in the first quarter of

the year. Office property was the largest segment in terms of transaction volume, followed closely by residential property. Most of the transaction volume was attributable to turnover in Stockholm.

Stockholm

The rental market in Stockholm remains strong and market rents in the CBD continued to rise during the first quarter. Rents are primarily being driven up by high demand in combination with historically low supply. Vacancy rates for office and retail premises in Stockholm's CBD remain low, at 3% and 2%, respectively. In central Stockholm, outside the CBD, rents increased during the first quarter, while the rents in the Stockholm suburbs remain at the same level they were at the end of the year. The vacancy rates in central Stockholm and the suburbs are 8% and 13%, respectively, which is in line with the end of the year. Vacancy levels vary between different areas and objects. In the CBD as well as central Stockholm and the inner suburbs, the market's yield requirements stabilised at around 3.5%, 3.9% and 4.3%, respectively.

Gothenburg

The dominant aspect in the office rental market in Gothenburg was still the lack of newly produced office premises, which resulted in rent levels that continued to rise during the first quarter. Vacancy rates are at historic lows and amounted to just over 4% for office premises in Gothenburg's CBD and around 2% for retail premises. The yield requirement for prime office and retail objects in Gothenburg's CBD remains low at 3.7%.

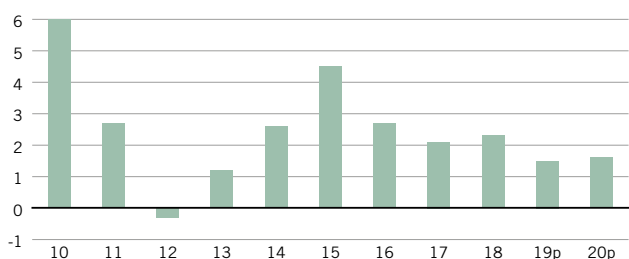
Malmö

In Malmö, the demand for office premises remains stable and rent levels are unchanged since the year end. The vacancy level in office premises is unchanged at 9%, but increased somewhat for retail premises to 4%. The yield requirement for the best objects in Malmö's CBD stabilised at 4.3% some years ago.

Uppsala

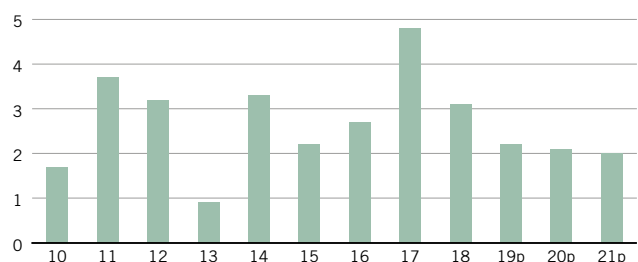
Rent levels for office premises in central Uppsala are assessed as being unchanged since the year end. Vacancies remained at the same level and amounted to 5% for offices and 3% for retail premises. The yield requirement for centrally located office and retail properties was 4.8% and 4.9%, respectively.

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-Mar 2019	Jan-Mar 2018 ¹⁾	April 2018- March 2019 ¹⁾	Jan-Dec 2018 ¹⁾
Rental revenue	1,724	1,643	6,799	6,718
Operating expenses	-197	-197	-711	-711
Repairs and maintenance	-33	-29	-112	-108
Property administration	-84	-83	-358	-357
Property tax	-131	-137	-521	-527
Ground rents and land leases	0	-41	-105	-146
Total property expenses	-445	-487	-1,807	-1,849
Operating surplus	1,279	1,156	4,992	4,869
Central administration	-26	-23	-104	-101
Result from participations in joint ventures	-1	-1	159	159
Financial income	1	1	3	3
Financial expenses	-249	-272	-1,023	-1,046
Ground rents and land leases	-36	-	-36	-
Profit before value changes and tax	968	861	3,991	3,884
Change in value of investment properties	716	1,708	9,659	10,651
Change in value of financial instruments	-627	-24	-590	13
Divested/impaired goodwill	-74	-36	-100	-62
Profit before tax	983	2,509	12,960	14,486
Current tax	-195	-137	-178	-120
Deferred tax	28	-345	-1,091	-1,464
Profit for the period	816	2,027	11,691	12,902
Other comprehensive income				
<i>Items that may not be reclassified²⁾</i>				
Pensions, revaluation	-	-	-18	-18
Restriction for surplus in pension plan with asset cap	-	-	8	8
Income tax on pensions	-	-	2	2
Other comprehensive income for the period, net of tax	-	-	-8	-8
Total comprehensive income for the period³⁾	816	2,027	11,683	12,894
Key metrics				
Surplus ratio, %	74	70	73	73
Interest coverage ratio ⁴⁾ , multiple	4.9	4.2	4.9	4.7

1) Comparison figures have not been restated according to IFRS 16.

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

3) 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.

4) Calculations for the current period have been made according to previous accounting policies.

Comments on the consolidated income statement

Rental revenue

Rental revenue increased during the period to SEK 1,724 million (1,643). In comparable property holdings, the increase was 6% (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 93,000 square metres (27,000) and annual rent of SEK 327 million (106) were contracted, of which 24% (50) impacted on revenue in 2019. Changes in new lettings between the years was primarily attributable to the major new lettings to the Swedish Tax Agency in Nya Kronan and to Handelsbanken in Tre Vapen. Notice of termination was received during the period (tenant will be vacating) corresponding to annual rent of SEK 160 million (129), whereby net lettings amounted to SEK 167 million (decrease: 23).

Renegotiations and lease extensions of 59,000 square metres (57,000) during the period corresponded to annual rent of SEK 181 million (174), resulting in an increase on the previous rent payable of 10.2% (10.7). Of all the contracts up for renegotiation over the last 12 months, 70% (63) of the tenants decided to extend their contracts.

Contracted rent at the end of the year amounted to SEK 6,891 million (6,453) and the average remaining maturity was 4.0 years (4.2). The closing occupancy rate was 93.5% (92.8). Of total vacancies, 1.8 percentage points (2.5) were attributable to ongoing projects and 0.6 percentage points (0.3) to vacant development properties.

Property expenses

Property expenses amounted to SEK 445 million (expense: 487) for the period. For comparable property holdings, excluding IFRS 16, the increase in property expenses was 3% (4). The increase in comparable property holdings is due to the high costs for repairs and property administration. The year-on-year decrease was largely due to the transition to IFRS 16, where SEK 38 million pertaining to ground rents and land leases were reclassified from property expenses to interest expenses and value changes.

Operating surplus

The operating surplus increased during the period to SEK 1,279 million (1,156), primarily due to increased rental revenue. For comparable property holdings, the increase in net operating income¹⁾ was almost 8% (5). The operating surplus has also increased SEK 38 million as a result of the transition to IFRS 16.

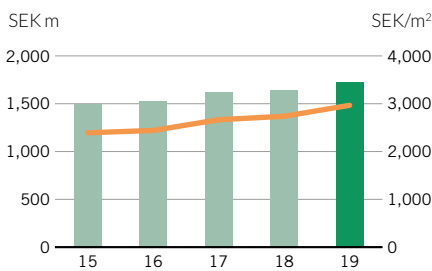
The surplus ratio increased to 74% (70), of which 2 percentage points were a result of the transition to IFRS 16.

Administration

Property administration costs were SEK 84 million (expense: 83) and central administration costs were SEK 25 million (expense: 23). The increase was primarily due to higher costs resulting from salaries and social security expenses.

1) Net operating income corresponds to operating surplus adjusted for IFRS 16.

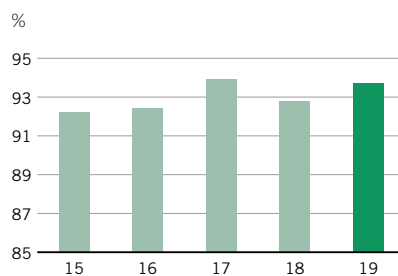
Rising rental revenue SEK/m²



January-March

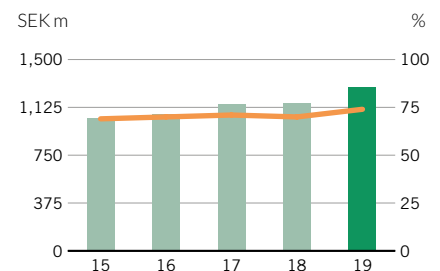
■ Rental revenue SEK — Rental revenue SEK/sq. m.

Stable occupancy rate



At 31 March

High surplus ratio



January-March

■ Operating surplus, SEK m — Surplus ratio, %

Widely distributed over many tenants

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

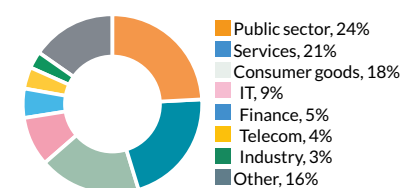
Largest tenants, share of contracted rent

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2019	952	909	13
2020	1,089	1,095	16
2021	774	1,187	17
≥2022	1,321	3,380	49
Total	4,136	6,571	95
Residential	1,175	100	2
Garage	-	220	3
Total	5,311	6,891	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 financial items

Net financial items amounted to an expense of SEK 248 million (expense: 271). The improvement was attributable to lower interest rates and credit margins.

To reduce interest-rate risk in the loan portfolio, Vasakronan has entered into new interest-rate derivatives with longer tenors. As a result, the average fixed-interest tenor increased to 5.1 years (4.3). The proportion of loans with fixed-interest maturities within one year declined to 38% (42) and loans with fixed-interest maturities of five years or more increased to 51% (40) of interest-bearing liabilities, excluding liabilities leaseholds and land leases.

The average interest rate for loans and derivatives amounted to 1.8% (1.7) at the end of the period.

The LTM interest coverage ratio increased to a multiple of 4.9 (4.0) as a result of an improved net operating income¹⁾ 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.

As a result of the transition to IFRS 16, as of 1 January 2019 a portion of the ground rent and land leases are recognised as an interest expense and amounted to SEK 36 million for the quarter. Interest expenses pertaining to leaseholds and land leases are not included in net financial items.

Profit before value changes and tax

Profit before value changes and tax amounted to SEK 968 million (861), corresponding to an increase 12%.

Change in value of investment properties

At 31 March 2019, the entire property portfolio had been internally valued through an update of the external valuations conducted by the appraisers Cushman & Wakefield and Forum Fastighetsekonomi.

Altogether, the change in the property values, excluding IFRS 16, amounted to SEK 718 million (1,708), which corresponded to an 0.6% (1.4) increase in value.

On average, the yield requirement for the portfolio was 4.3%, which is only a minor change compared to the end of 2018 for the corresponding properties.

The value changes connected to investment properties, leaseholds and land leases amounts to a decrease of SEK 2 million and were attributable to IFRS 16.

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	0.7	0.5
Gothenburg	0.3	0.1
Malmö	0.3	0.0
Uppsala	0.2	0.0
Total		0.6

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	0.6	0.5
Development properties	0.3	0.1
Transactions		0.0
Total		0.6

Factors impacting value²⁾

	Value impact, %
Yield requirement	0.4
Market rents	0.2
Total	0.6

1) Net operating income corresponds to operating surplus adjusted for IFRS 16.

2) 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 foreign currencies. At the end of the period, the derivative portfolio amounted to SEK 69,088 million (61,959).

The value change in derivatives amounted to a decrease of SEK 627 million (decrease: 24), which was due lowered interest rates during the period.

Tax

The Group reported a total tax expense of SEK 167 million (expense: 482). Of the tax expense, SEK 195 million (expense: 137) was current tax and SEK 28 million (expense: 345) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments. The effective tax rate amounted to 17.0% (19.2).

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.

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

The average fixed-interest tenor increased to 5.1 years (4.3) and the loan-to-maturity increased to 4.4 years (3.9).

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0-1 year	24,273	38	14,103 ¹⁾	22
1-2 years	1,030	2	10,382	16
2-3 years	2,085	3	8,426	13
3-4 years	2,987	5	4,325	7
4-5 years	800	1	7,038	11
5 years or more	32,915	51	19,816	31
Total	64,090²⁾	100	64,090²⁾	100

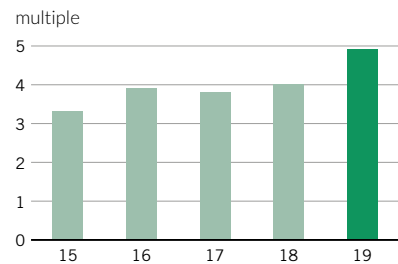
1) The credit commitment from owners of SEK 18,000 million and cash and cash equivalents of SEK 5,910 million corresponded to a total of 170 percent of loans maturing in the next 12 months, see page 10 for more information.

2) Excluding liabilities leaseholds and land leases.

Financial risks

	Financial policy in brief	Outcome, 31 March 2019
Financing risk		
Loan-to-maturity	min. 2 years	4.4
Loans maturing, 12 months	max. 40%	22%
Credit commitments and cash/loans maturing 12 months	min. 100%	170%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	4.9
Fixed-interest	min. 2 years	5.1
Fixed-interest maturity within 12 months	max. 55%	38%
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
Currency risk		
Currency exposure	No exposure	met

Improved interest coverage ratio



At 31 March, rolling 12-month period

Consolidated balance sheet

Amounts in SEK million	31 Mar 2019	31 Mar 2018 ¹⁾	31 Dec 2018 ¹⁾
ASSETS			
Non-current assets			
Intangible assets	2,014	2,109	2,089
Property, plant and equipment (PPE)			
Investment properties	139,381	128,339	138,934
Investment properties, leaseholds and land leases	5,063	-	-
Equipment	43	44	44
	144,487	128,383	138,978
Financial assets			
Shares and participations in joint ventures	365	367	365
Receivables from associated companies	165	-	165
Derivatives	511	359	214
Other non-current receivables	60	105	270
Total financial assets	1,101	831	1,014
Total non-current assets	147,602	131,323	142,081
Current assets			
Accounts receivable	11	13	29
Receivables from joint ventures	0	0	0
Derivatives	26	39	39
Other current receivables, prepaid expenses and accrued income	1,283	1,389	837
Cash and cash equivalents	5,910	2,618	2,215
Total current assets	7,230	4,059	3,120
TOTAL ASSETS	154,832	135,382	145,201
EQUITY AND LIABILITIES			
Equity	61,088	53,404	60,271
Non-current liabilities			
Interest-bearing liabilities	49,987	45,890	45,956
Liabilities, leaseholds and land leases	5,063	-	-
Deferred tax liability	18,258	17,169	18,286
Derivatives	2,599	2,375	2,200
Other non-current liabilities	497	219	76
Provision for pensions	89	84	91
Total non-current liabilities	76,493	65,737	66,609
Current liabilities			
Interest-bearing liabilities	14,103	13,013	15,131
Accounts payable	238	191	118
Liabilities joint ventures	11	12	151
Current tax liabilities	70	118	42
Derivatives	6	-	20
Other current liabilities, accrued expenses and deferred income	2,823	2,907	2,859
Total current liabilities	17,251	16,241	18,321
TOTAL EQUITY AND LIABILITIES	154,832	135,382	145,201

1) Comparison figures have not been restated according to IFRS 16.

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 31 March, goodwill was SEK 1,908 million (2,009), 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). SEK 6 million (-) invested in a new technical platform was recognised as an intangible asset.

Investment properties

At 31 March 2019, based on internal appraisals, the estimated market value of Vasakronan's property portfolio was SEK 139,381 million compared with SEK 138,934 million at year-end 2018. The change in value during the period, excluding IFRS 16, was SEK 718 million (1,708) 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 5/6% 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 83 of Vasakronan's 2018 Annual Report.

Due to the application of IFRS 16 from 1 January, Vasakronan's ground rent agreements and land leases are recognised as investment properties. At 31 March, usufructs totalled SEK 5,063 million. Comparison figures have not been restated.

Vasakronan has set high goals for environmental certification of its property portfolio. Our ambition is for the share of properties certified in accordance with LEED Gold or higher to increase. At the end of the period, 84% (84) of our property portfolio was environmentally certified, of which 68% was rated LEED Gold or higher.

During the quarter, Vasakronan sold and transferred two properties in Lund, the Nya Vattentorget 2 and 4 properties, to Wihlborgs for a property value of SEK 1,260 million. The sale means that Vasakronan has ceased all operations in Lund.

Property projects

Ongoing property projects have a total investment volume of SEK 12,444 million (9,049), of which SEK 4,669 million (2,549) had been capitalised as of 31 March. The occupancy rate for major projects was 52% (38) at the end of the period.

After the end of the financial year, Vasakronan signed a ten-year lease with the Swedish Tax Agency for 42,000 square metres at the Nya Kronan property in Sundbyberg. The agreement means that renovation and modernisation of Nya Kronan has begun. The investment amounts to SEK 1,650 million and encompasses two buildings and one existing building undergoing renovation.

A six-year lease for 7,200 square metres has been signed with Statistics Sweden for the Strand property in Solna Strand. The agreement with Statistics Sweden means that just over half of the project is now let. The total investment in the project is estimated at SEK 916 million.

In the beginning of the year, the fully-let Bohusgatan property in Gothenburg was completed.

Higher property values

SEK m	2019	2018
Opening value, 1 January	138,934	126,875
Investments	986	713
Acquisitions, consideration	-	78
Sales, consideration	-1,257	-1,035
Change in value	718	1,708
Closing value, 31 March	139,381	128,339

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	1,840	50	56,500	Dec 2021	4	LEED
Gothenburg	Platinan	2,600	633	24	52,900	Dec 2021	47	LEED
Sundbyberg	Kronan 1	1,650	110	7	41,700	Nov 2021	100	LEED
Stockholm	Nattugglan, block 2	800	105	13	15,000	Jun 2021	80	LEED
Stockholm, Solna Strand	Nöten 5	916	216	24	26,000	Dec 2020	54	LEED
Malmö	Priorn 5	560	378	68	13,200	Apr 2020	55	LEED
Uppsala	Kronåsen 1:1 Celsius	420	142	34	10,200	Dec 2020	82	LEED
Stockholm, Frösunda	Hilton 7	390	345	88	10,000	Sep 2019	63	LEED
Stockholm	Styrpinnen 15	190	125	66	3,650	Jun 2020	0	LEED
Stockholm, Solna	Diktaren	115	5	4	6,400	Aug 2021	100	LEED
Total major property projects		11,341	3,898	34			52	
Other projects		1,083	771					
Total		12,424	4,669					

1) Calculated based on area.

Comments on the consolidated balance sheet (Cont.)

Deferred tax

At 31 March 2019, the deferred tax liability was SEK 18,258 million (17,169) and pertained primarily to investment properties. The main reason for the change was the higher market value of the properties.

From and including mid-2018, deferred tax is calculated using a nominal rate of 20.6% on differences between the carrying amount and tax base of assets and liabilities. 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 58,180 million (56,285). The average loan-to-maturity increased to 4.4 years (3.9) and the average loan-to-maturity taking into consideration unutilised credit commitments amounted to 4.8 years (4.3). The proportion of loans maturing within the next 12 months increased to 22% (22), and the share of loans maturing in five years or more rose to 31% (27) of interest-bearing liabilities.

Vasakronan strives to diversify borrowing by allocating across several different sources of funding and markets. All borrowing in the capital markets is unsecured. At the end of the period, the share of capital market financing was 74% (70) and the share of bank financing was 26% (30).

During the quarter, Vasakronan has further diversified its borrowing through its first emission in Japanese yen. The green bond of JPY 10 billion has a tenor of 20 years. Of the total liability, 22% (13) consists of borrowings in currencies other than SEK. Borrowing in foreign currencies are hedged through currency interest-rate derivatives, which eliminates currency risk.

During the quarter, the company issued bonds totalling SEK 3.3 billion (3.6) in the Swedish market, NOK 200 billion (400) million in the Norwegian market and EUR 199 million (-) in the European market. Borrowing during the quarter totalled SEK 6.4 billion.

Diversification in several currencies and markets has provided increased access to borrowing with longer tenors, sometimes as long as 25 years. No new secured bank loans were taken during the quarter, and in total, bank loans outstanding secured against mortgage deeds declined to 8% (11) of the Group's total assets.

To secure its access to capital, the company has a credit facility with the First, Second, Third and Fourth Swedish national pension funds that amounts to SEK 18 billion. The agreement extends until further notice with a notice period of two years.

To finance the proposed dividend, cash and cash equivalents have increased SEK 3,695 million (1,195) and amounted to SEK 5,910 million (2,618) at the end of the period. Cash and cash equivalents and unutilised credit facilities together correspond to 170% (170) of loans maturing over the next 12 months.

Access to financing on favourable terms has been deemed very good, in both the bank and capital markets.

As a result of the transition to IFRS 16, a non-current liability of SEK 5,063 pertaining to future ground rents and land leases is recognised as of 31 March 2019. The liability is interest-bearing but is not included in the net interest-bearing liabilities calculations.

Green funding

During the period, the company issued bonds totalling SEK 5.3 billion. Vasakronan is the Nordic region's largest issuer of green corporate bonds and has now issued green bonds in SEK, NOR, EUR and JPY.

Green funding under the framework

	Amounts in SEK million
Green commercial paper	885
Green bonds, SEK	15,633
Green bonds, NOK	592
Green bonds, EUR	1,184
Green bonds, JPY	838
Total volume of green financial instruments	19,132
Total volume of green assets – green pool	25,401
Remaining approved borrowing capacity	6,270

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 (3,386).

The percentage of green funding consisting of green bonds, green commercial paper and green loans increased during the period to 37% (25) of the total loan portfolio.

Equity

Equity increased during the period to SEK 61,088 million (53,404) due to positive comprehensive income of SEK 816 million (2,027). The equity/assets ratio was 39% (39) and the LTV was 39% (42).

Breakdown of funding sources

SEK m	Loan limit	Amount utilised	Share, %
Commercial paper	25,000	6,180	10
Bonds, SEK ¹⁾	62,533	27,057	42
Bonds, NOK		10,901 ²⁾	17
Bonds, EUR		2,382 ³⁾	4
Bonds, JPY		838 ⁴⁾	1
Secured bank loans	11,905	11,905	18
NIB and EIB	4,827	4,827	8
Credit facility from owners	18,000	0	0
Total		64,090	100

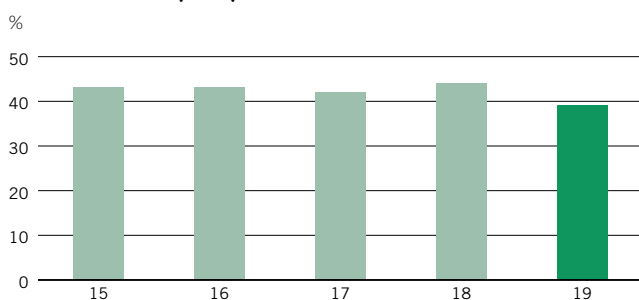
1) The amount corresponds to EUR 6 billion and encompasses all currencies.
2) The amount corresponds to NOK 9,720 million and is fully hedged.

3) The amount corresponds to EUR 228.6 million and is fully hedged.
4) The amount corresponds to JPY 10,000 million and is fully hedged.

Consolidated statement of changes in equity

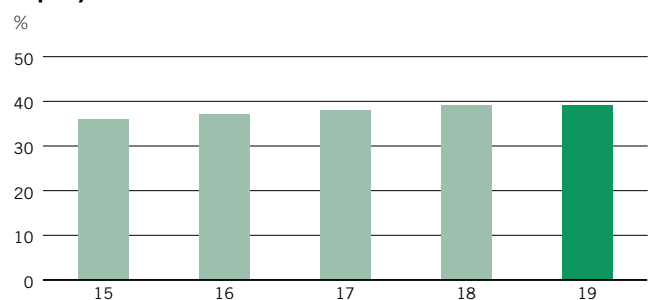
Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity
Equity, opening balance at 1 Jan 2018	4,000	4,227	43,150	51,377
Profit for the period	-	-	12,902	12,902
Other comprehensive income	-	-	-8	-8
<i>Comprehensive income for the period</i>	-	-	12,894	12,894
Dividend	-	-	-4,000	-4,000
Equity, closing balance at 31 Dec 2018	4,000	4,227	52,044	60,271
Equity, opening balance at 1 Jan 2019	4,000	4,227	52,044	60,271
Profit for the period	-	-	816	816
Other comprehensive income	-	-	-	-
<i>Comprehensive income for the period</i>	-	-	816	816
Dividend	-	-	-	-
Equity, closing balance at 31 Mar 2019	4,000	4,227	52,860	61,088

Loan-to-value (LTV) ratio¹⁾



At 31 March

Equity/assets ratio



At 31 March

1) Figures for 2019 have been calculated based on previous accounting policies.

Consolidated cash-flow statement

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018 ¹⁾	Apr 2018- Mar 2019 ¹⁾	Jan-Dec 2018 ¹⁾
Operating activities				
Operating surplus	1,279	1,156	4,992	4,869
Central administration	-25	-23	-103	-101
Add back amortisation and depreciation	3	3	12	12
Adjustment for other non-cash items	-2	-2	-9	-9
Cash flow from operating activities before interest and tax	1,255	1,134	4,892	4,771
Interest paid	-301 ²⁾	-282	-1,088	-1,069
Interest received	1	1	3	3
Taxes paid	-147	-83	-202	-138
Cash flow before changes in working capital	808	770	3,605	3,567
Increase (-)/decrease (+) in operating receivables	-372	-399	-163	-190
Increase (+)/decrease (-) in operating liabilities	188	379	67	258
Cash flow from operating activities	624	750	3,509	3,635
Investing activities				
Investments in existing property	-986	-713	-3,608	-3,335
Property acquisitions	-	-78	-556	-634
Property divestments	1,257	1,035	2,748	2,526
Other PPE, net	-2	-1	-10	-9
Acquisition of intangible assets	-	-	-7	-7
Dividends from joint ventures	-	-	162	162
Cash flow from investing activities	269	243	-1,271	-1,297
Cash flow after investing activities	893	993	2,238	2,338
Financing activities				
Dividends and Group contributions	-	-	-4,000	-4,000
Raised debt: interest-bearing liabilities	12,389	10,157	37,140	34,908
Repayment of debt: interest-bearing liabilities	-9,916	-10,106	-32,033	-32,223
Change in collateral ³⁾	329	203	379	253
Redemption of financial instruments	-	-52	-432	-484
Cash flow from financing activities	2,802	202	1,054	-1,546
Cash flow for the period	3,695	1,195	3,292	792
Opening balance, cash and cash equivalents	2,215	1,423	2,618	1,423
Cash flow for the period	3,695	1,195	3,292	792
Closing balance, cash and cash equivalents	5,910	2,618	5,910	2,215

1) Comparison figures have not been restated according to IFRS 16.

2) Interest paid includes ground rents paid and land leases of SEK 38 million.

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

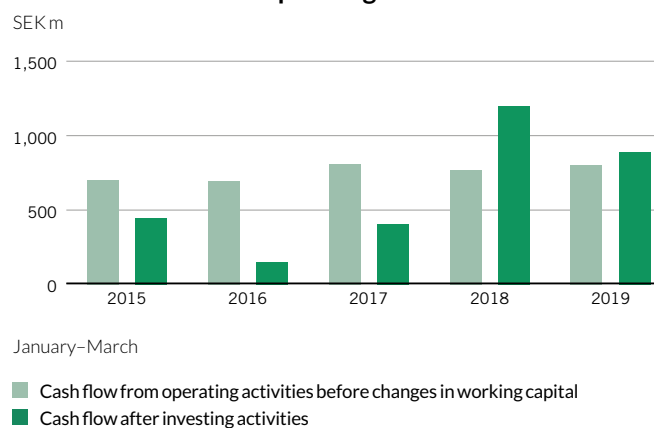
Comments to the consolidated cash-flow statement

Cash flow from operating activities before interest and taxes increased SEK 121 million to SEK 1,255 million (1,134). The increase was primarily attributable to higher rental revenue but was also an effect of ground rents corresponding to SEK 38 million being reclassified as an interest expense under IFRS 16. Cash flow from operating activities after changes in working capital increased to SEK 808 million (770).

Investments in existing properties rose during the period to SEK 986 million (713) due to increased investments in projects. Cash flow from the purchase and sale of properties posted a net improvement of SEK 1,257 million (outflow: 957) due to increased property sales. Cash flow after investing activities thus amounted to SEK 272 million (243).

In total, net borrowing for the period amounted to SEK 2,473 million (51). Due to the proposed dividend, cash and cash equivalents have increased SEK 3,695 million (1,195) and amounted to SEK 5,910 million (2,618) at the end of the period.

Stable cash flow from operating activities



Property divestments

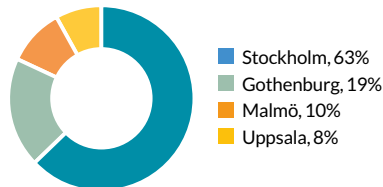
Property	City	Buyer	Purchase price, SEK m	Transfer date
Nya Vattentornen 2 and 4	Lund	Wihlborgs	1,265	February 2019
Total property value			1,265	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-8	
Total purchase price			1,257	
Agreed divestments to be completed				
Smedjan 13 and 15	Lund	Trianon	88	Dependent on detailed development plan
Stockholm Telefonfabriken 7	Stockholm	Einar Matsson Projekt	210	Dependent on demolition
Total purchase price			298	

Vasakronan – in total and by region

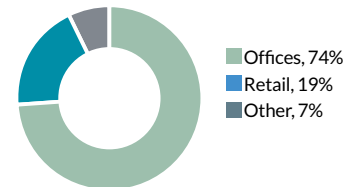
TOTAL VASAKRONAN Jan-Mar

	2019	2018
Market value of properties, SEK m	139,381	128,339
Rental revenue, SEK m	1,724	1,643
Net operating income ¹⁾ , SEK m	1,242	1,156
Occupancy rate, %	94	93
Number of properties	174	176
Area, thousand sq. m.	2,324	2,400
Environmental certification, %	84	84

Contracted rent by geographic market



Contracted rent by property type



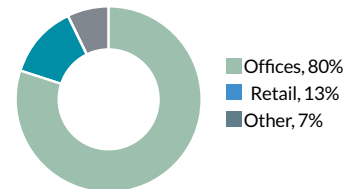
STOCKHOLM Jan-Mar

	2019	2018
Market value of properties, SEK m	92,918	83,946
Rental revenue, SEK m	1,088	1,020
Net operating income ¹⁾ , SEK m	787	713
Occupancy rate, %	96	92
Number of properties	81	78
Area, thousand sq. m.	1,395	1,395
Environmental certification, %	81	81

Stockholm's share of the total



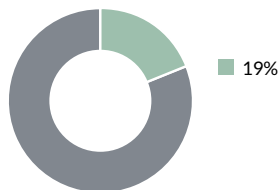
Stockholm by property type



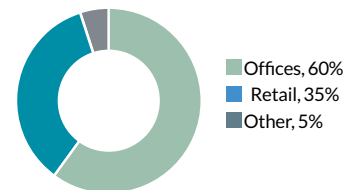
GOTHENBURG Jan-Mar

	2019	2018
Market value of properties, SEK m	25,872	23,999
Rental revenue, SEK m	318	310
Net operating income ¹⁾ , SEK m	242	238
Occupancy rate, %	96	95
Number of properties	34	36
Area, thousand sq. m.	403	423
Environmental certification, %	94	92

Gothenburg's share of the total



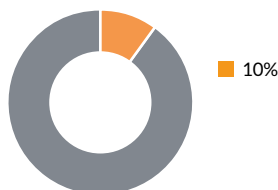
Gothenburg by property type



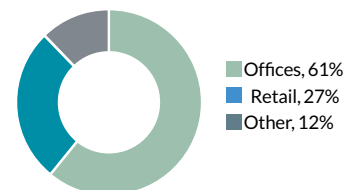
MALMÖ Jan-Mar

	2019	2018
Market value of properties, SEK m	12,001	12,814
Rental revenue, SEK m	181	189
Net operating income ¹⁾ , SEK m	120	121
Occupancy rate, %	92	90
Number of properties	33	38
Area, thousand sq. m.	290	353
Environmental certification, %	96	97

Malmö's share of the total



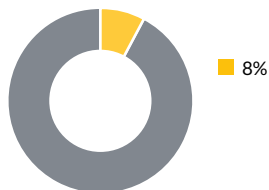
Malmö by property type



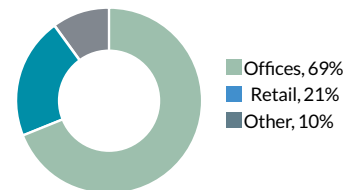
UPPSALA Jan-Mar

	2019	2018
Market value of properties, SEK m	8,590	7,580
Rental revenue, SEK m	137	124
Net operating income ¹⁾ , SEK m	93	84
Occupancy rate, %	98	97
Number of properties	26	24
Area, thousand sq. m.	236	229
Environmental certification, %	71	74

Uppsala's share of the total



Uppsala by property type



1) Net operating income = operating surplus including ground rents and land leases, internal control metric

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-Mar 2019	Jan-Mar 2018
Net sales	118	118
Operating expenses	-150	-146
Capital gain on sales	3	-
EBIT	-29	-28
Financial items		
Profit from participations in subsidiaries	144	162
Net interest	-76	-263
Change in value of financial instruments	-627	-24
Appropriations	-	-
Profit before tax	-588	-153
Tax	122	34
Profit for the period	-466	-119

Statement of comprehensive income

Profit for the period recognised in profit or loss	-466	-119
Other comprehensive income	-	-
Total comprehensive income for the period	-466	-119

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 118 million (118), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered. The change in the value of financial instruments was a negative SEK 627 million (negative: 24), due to lower long market interest rates. The loss before tax was SEK 588 million (Loss: 153). Closing cash and cash equivalents amounted to SEK 5,907 million (2,616).

Balance sheet

Amounts in SEK million	31 Mar 2019	31 Mar 2018
ASSETS		
Non-current assets		
Equipment	11	18
Shares and participations in subsidiaries	40,080	30,772
Receivables from subsidiaries	36,911	8,195
Shares and participations in joint ventures	1	1
Deferred tax assets	266	234
Derivatives	511	359
Non-current receivables	223	102
Total non-current assets	78,003	39,681
Current assets		
Receivables from subsidiaries	312	29,506
Derivatives	26	39
Current receivables	695	799
Cash and cash equivalents	5,907	2,616
Total current assets	6,940	32,960
TOTAL ASSETS	84,943	72,641
EQUITY AND LIABILITIES		
Equity	11,010	9,081
Untaxed reserves	186	186
Liabilities		
Interest-bearing liabilities	64,090	58,903
Derivatives	2,605	2,375
Non-interest-bearing liabilities	932	659
Liabilities to subsidiaries	6,120	1,437
Total liabilities	73,747	63,374
TOTAL EQUITY AND LIABILITIES	84,943	72,641

Other information

Personnel

The number of employees at the end of the period was 314 (314).

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 2018 Annual Report on pages 94–97. Thereafter, no material changes have occurred that affect the Board's and the CEO's assessment.

On 13 June 2018, new tax rules for the business sector were introduced. The act entails, inter alia, 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.

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 64 of Vasakronan's 2018 Annual Report for the sensitivity analysis.

Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7 on page 92 of Vasakronan's 2018 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.

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 that were used in the most recently issued annual report have been applied. Refer to Vasakronan's 2018 Annual Report, pages 75–93, with exceptions for IFRS 16, which has been applied from 1 January 2019.

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.

Vasakronan's activities have been organised according to the geographic regions of Stockholm, Gothenburg, Malmö and Uppsala. These regions thus represent the four operating segments used for reporting purposes. Refer to page 76 of Vasakronan's Annual Report.

IFRS 16

From 1 January, IFRS 16 Leases replaces the previous standard IAS 17. Under this new standard, assets and liabilities must be recognised in the balance sheet for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This means that future lease fees are discounted over the term of the contract and recognised as liabilities and assets, respectively. From 1 January 2019, Vasakronan will recognise ground rent agreements and land lease agreements of around SEK 5,063 million as assets with corresponding liabilities. Ground rent agreements are treated as perpetual rental agreements that are given market valuations and, therefore, are not written down. The market values are calculated by discounting future fees using a discount rate corresponding to between 3.25 and 3.5%.

For land leases, present values are calculated over the term of the contract by discounting future land leases by the market interest rate with a corresponding tenor to the contract. From 1 January 2019, ground rents and land lease fees are recognised as interest expense. For the first quarter of the year, this expense amounted to SEK 36 million. In relation to these land lease agreements, a revaluation effect of SEK 2 million is recognised as a change in value of investment properties.

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 of specific performance measures where this is required.

Stockholm, 7 May 2019

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 review report

Independent auditor's report on the review of the condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act

Introduction

We have reviewed the condensed interim financial information (interim report) of Vasakronan AB (publ) as of 31 March 2019 and the three-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, 7 May 2019

Öhrlings PricewaterhouseCoopers AB

Helena Ehrenborg
Authorised Public Accountant
Lead partner

Daniel Algotsson
Authorised Public Accountant

Key metrics

	Jan-Mar 2019	Jan-Mar 2018 ³⁾	Apr 2018- Mar 2019 ³⁾	Jan-Dec 2018 ³⁾
Property-related information				
Closing economic occupancy rate, %	93.5	92.8	93.5	93.1
Surplus ratio, %	74	70	73	73
Investments in existing projects, SEK m	986	713	-3,608	3,335
Property acquisitions, SEK m	-	78	-556	634
Property divestments, SEK m	1,257	-1,035	-2,748	-2,526
Net investments, SEK m	-274	-244	-1,416	-1,443
Closing market value of property, SEK m	139,381	128,339	139,381	138,934
Closing area, thousand sq. m.	2,324	2,400	2,324	2,372
Closing number of properties	174	176	174	174
Environmental certification at closing date, %	84	84	84	85
Energy intensity on closing date, kWh/m ²	101	99	101	103
Financial metrics				
Interest coverage ratio ⁴⁾ , multiple	4.9	4.2	4.9	4.7
Closing equity/assets ratio, %	39	39	39	42
Closing loan-to-value ratio ⁴⁾ , %	39	44	39	41
Average fixed-interest tenor, years	5.1	4.3	5.1	4.7
Average loan-to-maturity ⁵⁾ , years	4.4	3.9	4.4	3.9
Closing NAV, SEK m ¹⁾	79,506	70,541	79,506	78,542
Closing NNNNAV, SEK m ^{2,4)}	71,715	63,150	71,715	70,823
Closing average interest rate, %	1.8	1.7	1.8	1.6
Closing net interest-bearing liabilities, SEK m	58,180	56,285	58,180	58,872
Cash flow before changes in working capital, SEK m	808	770	3,605	3,567
FFO/net debt, %	6.3	6.1	6.3	6.2
Other				
Closing number of employees	314	314	314	309
Basis for key metrics				
1) NAV, SEK m				
Equity	61,088	53,404	61,088	60,271
Add back goodwill	-1,908	-2,009	-1,908	-1,982
Add back derivatives	2,068	1,977	2,068	1,967
Add back recognised deferred tax	18,258	17,169	18,258	18,286
	79,506	70,541	79,506	78,542
2) NNNNAV, SEK m				
Equity	61,088	53,404	61,088	60,271
Add back goodwill	-1,908	-2,009	-1,908	-1,982
Add back recognised deferred tax	18,258	17,169	18,258	18,286
Deferred tax at fair value ⁶⁾	-5,364	-5,035	-5,364	-5,465
Adjustment of interest-bearing liabilities to fair value ³⁾	-359	-379	-359	-287
	71,715	63,150	71,715	70,823

3) Comparison figures have not been restated according to IFRS 16.

4) Calculations for the current period have been adjusted for IFRS 16.

5) Excluding unutilised credit commitments.

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

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 less deductions for leaseholds and land leases 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.

Operating surplus, SEK m

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

Net operating income, SEK m

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

Energy intensity 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 intensity 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 adjusted 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.

Net financial items

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

Average loan-to-maturity, years

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

Average interest rate, %

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

Average fixed-interest tenor, years

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

Average remaining term to maturity, years

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

Rental value, SEK m

Contracted rent plus the assessed market rent for vacant premises.

Investments in existing projects, SEK m

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

Comparable property holdings

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

Contracted rent, SEK m

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

Contracted rent by property type

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

Cash and cash equivalents, SEK m

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

Environmental certification, %

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, excluding liabilities for leaseholds and land leases, 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

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

Net interest-bearing liabilities, SEK m

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

Interest coverage ratio, multiple

Operating surplus plus ground rents and land leases, central administration, profit (loss) from participations in joint ventures and earnings from services divided by net financial items. Intended as an indication of the company's sensitivity to fluctuations in interest rates.

Equity/assets ratio, %

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

Occupancy rate, %

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

Surplus ratio, %

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

Financial Calendar

Reports

Mid-year report January–June 2019	12 Jul 2019
Interim Report January–September 2019	30 Oct 2019
Year-end report 2019	30 Jan 2020
Annual Report 2019	Mar 2020

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