

Interim Report January–March 2020

- Rental revenue increased to SEK 1,764 million (1,724). For comparable property holdings, the increase was 4% (6).
- New lettings corresponding to 49,000 square metres (93,000) and an annual rent of SEK 278 million (327) were contracted and net lettings amounted to SEK 143 million (167).
- The occupancy rate was 94.2% (93.5) at the end of the period. Of total vacancies, 1.4 percentage points (2.4) were attributable to ongoing projects and development properties.
- Operating surplus increased to a total of SEK 1,287 million (1,279). For comparable property holdings, the increase was 3% (8).
- Profit before value changes and tax amounted to SEK 936 million (968).
- The change in the property value amounted to a decline of SEK 1,786 million (increase: 716), corresponding to a 1.1% decrease (increase: 0.6) in value. The decline in value pertained essentially to the retail properties segment.
- At the end of the period, the portfolio value amounted to SEK 155,454 million (139,381).
- The value change in derivatives was SEK 666 million (negative: 627).
- Earnings after tax amounted to a loss of SEK 151 million (profit: 816).

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	April 2019–March 2020	Jan-Dec 2019
Rental revenue	1,764	1,724	7,080	7,040
Operating surplus	1,287	1,279	5,215	5,207
Profit before value changes and tax	936	968	4,889	4,921
Change in value of investment properties	-1,786	716	10,768	13,270
Profit after tax	-151	816	12,946	13,911
Cash flow from operating activities before changes in working capital	740	808	3,687	3,755
Market value of properties	155,454	139,381	155,454	156,071
Occupancy rate, %	94.2	93.5	94.2	94.1
Surplus ratio, %	73	74	73	74
Interest coverage ratio, multiple	4.4	4.9	4.5	4.6
Loan-to-value (LTV) ratio, %	37	39	37	38
Closing NAV, SEK m	91,725	79,506	91,725	91,742
Closing NNNNAV ¹⁾ , SEK m	83,306	71,715	83,306	82,363
Environmental certification, share of total area, %	85	84	85	85
Energy intensity on closing date, kWh/sq.m	88	101	88	92

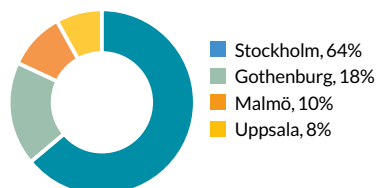
Vasakronan in brief

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 155 billion. The properties encompass centrally located office and retail properties in Stockholm, Gothenburg, Malmö and Uppsala.

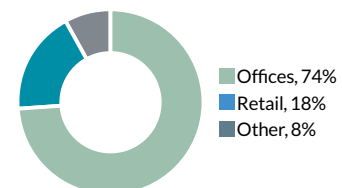
Vasakronan is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds, and thus contributes to financing the Swedish pension system. The company's operations embrace the management and development of commercial properties in growth areas of Sweden. Our vision is to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

Vasakronan has a rating of A3 with a stable outlook from Moody's.

Contracted rent by geographic market



Contracted rent by property type



Vasakronan has stable footings in turbulent times

Vasakronan first quarter

Lettings remained healthy through the first quarter of the year

The quarter showed the continued strength of the rental market with several new lettings and high demand for office premises. During the quarter, new lettings corresponding to 49,000 sq. m. (93,000) and an annual rent of SEK 278 million (327) were signed. The change between the quarters was primarily due to letting to the Swedish Tax Agency in Nya Kronan in Sundbyberg, which was completed in early 2019 for a total of 42,000 square metres.

A seven-year lease was signed with the accounting firm EY for 7,500 square metres at the Sergelhuset development property in central Stockholm in the quarter. Amazon Web Services has signed a six-year lease at the same property for 6,000 square metres. These two lettings mean the occupancy rate for office space in this project reached 92%. Sergelhuset is Vasakronan's largest urban development project and in autumn 2020, the first tenants are scheduled to move in.

Leases have been signed with Aurora Innovation and Tmpl Solutions at the Magasin X development property in Uppsala for a total of 1,600 square metres. Moreover, an add-on agreement has been signed with the Swedish Tax Agency for 1,000 square metres. Including Vasakronan's new Arena concept and Vasakronan's regional office, the occupancy rate at Magasin X amounts to 98% two years ahead of project completion.

Moreover, renegotiations and lease extensions completed during the quarter corresponded to 93,000 square metres (59,000) and annual rent of SEK 225 million (181), resulting in an increase on the previous rent payable of 10.0% (10.2). Ramboll has extended its lease at the Skjutsgröden property in Stockholm for a total of 7,000 square metres for a period of five years and Vattenfall has extended its lease at the Kromet property in Gothenburg for slightly more than 2,500 square metres.

Climate neutral road map for 2030

Climate challenges are global and are leaving their mark on politics, social debates and business in every country. In the slightly longer term, few challenges are greater for humanity than climate issues. Vasakronan realised the need to reorganise and give more consideration to the environment and climate as early as ten years ago. Through raising energy efficiency in the property portfolio, and transitioning to renewable energy sources, since 2006, Vasakronan has reduced its direct and indirect emissions from energy consumption (Scope 1 and 2) by more than 95%.

Driving demand from tenants for climate-smart solutions, and then meeting them, has made climate a success factor and thus a method for securing long-term profitability. Ahead of 2020, Vasakronan took the next step in climate initiatives by setting the challenging goal of achieving climate neutrality across the value chain by 2030¹⁾. This is an ambitious goal, but due to the successful and extensive efforts already implemented to reduce direct emissions, together with substantial commitment among staff, it feels fully realisable.

The reporting of last year's emission data was completed during the quarter. Once again, the company reduced both direct and indirect emissions compared with the previous year. In total, Scope 1 and 2 emissions decreased 36% over the year, with the largest decreases in the categories of district heating and electricity. One reason is that all district heating

suppliers have switched to climate neutral fuels, and that the share of property electricity not purchased via Vasakronan has decreased.

First quarter results

Profit before value changes and tax amounted to SEK 936 million (968). The change in the value of property during the quarter was a negative 1.1% (positive: 0.6), corresponding to a decrease of SEK 1,786 million (increase: 716) and value changes in derivatives amounted to SEK 666 million (negative: 627). Earnings after tax for the quarter amounted to a loss of SEK 151 million (profit: 816), of which negative SEK 2 million (–) was attributable to non-controlling interests. Cash flow from operating activities decreased to SEK 418 million (624) as a result of higher interest expenses.

Effects of Covid-19

The novel coronavirus Covid-19 started to spread in China at the end of 2019 and midway through the first quarter, the virus gained a hold in Europe and the US. Countries have taken various steps to slow the spread, which have entailed the shutdown of all or large parts of society. As a result, economies have abruptly slowed. The sectors hit hardest initially were restaurants, consumer durable retailing and the tourism sector. An extended crisis will however impact the office market, which is likely to note increased demand for more flexible contracts and solutions.

Many companies are currently suffering from acute liquidity problems and the number of bankruptcies and reconstructions is rising substantially. China noted an economic downturn already in the first quarter, while the effects on the West, including Sweden, will not be seen clearly until the second quarter. Just under 20% of Vasakronan's rental revenue derives from the sectors initially most affected by the pandemic. Vasakronan has offered monthly payment of quarterly rents and a deferral of rent payments to the hardest hit tenants. For the second quarter, Vasakronan has invoiced just over SEK 1,500 million, of which about SEK 245 million had not been received as of April. Agreements in the form of deferrals and monthly payments are in place for the majority of the sums outstanding.

To offset the effects of rent discounts, the government has introduced a support measure that entails the state defraying 50% of any rent reduction in the second quarter up to 25% of the total rent. If Vasakronan were to discount total rent to all tenants in the consumer durable retail, restaurant and hotel sectors by 25%, rental revenue would decline by just under SEK 90 million in the next quarter.

The pandemic has also given rise to considerable uncertainty in the financial markets, resulting in substantial stock markets declines. Access to capital via the commercial paper and bond markets, on which much of the property sector relies, has been significantly reduced for shorter maturities. Companies with strong finances, such as Vasakronan, have continued access to capital through the banks and the capital markets. Vasakronan's commercial paper outstanding increased and the company completed several issues in the bond market in the quarter. Vasakronan entered the crisis with good liquidity and at the end of the period held cash amounting to SEK 6.3 billion. The Board of Directors also withdrew the previously proposed dividend of SEK 6 billion to secure long-term financial stability. The company is assessed as well-equipped to withstand even a protracted crisis.

1) In Vasakronan's "Climate neutral road map for 2030", available at www.vasakronan.se

Successful
lettings at
Sergelhuset

Lettings and the property market

Our macro environment

At the start of 2020, there were several signs of the economic downturn slowing around the world. Trade relations between the US and China had improved, and in Germany and the rest of Europe prospects were brightening for the manufacturing industries. This optimism ended abruptly when the spread of Covid-19 accelerated, first in China and thereafter in large parts of the rest of the world, particularly in Europe and the US. In pace with the progress of the virus, many countries have taken strong steps to reduce the spread of infection. Country borders have been closed and large parts of society shut down with extremely negative consequences for the countries' economies. At present, it is mainly the service sector that has been affected, but large parts of the manufacturing sector have also been impacted. It is impossible to project the extent of these effects, since it is not possible to predict when the spread of the virus will be under control nor what the possible repercussions will be.

Many countries have introduced extensive fiscal and monetary policy measures aimed at softening the downturn. Despite this, both the US and large parts of Europe are expected to enter a recession. What remains uncertain is how deep and protracted it will be. The latest report from the National Institute of Economic Research estimates that Sweden's GDP will decline by 11% in the second quarter of this year. While the hope is that growth will recover slightly in the second half of the year, this remains highly uncertain.

The economic slowdown has resulted in substantial increases in people being furloughed in the short term or laid off, now at higher levels than during the financial crisis. The National Institute of Economic Research forecasts unemployment reaching 9–10% at the end of the year. According to Statistics Sweden and Evidens, employment in the office sector in the metropolitan regions is expected to decline 4% in 2020 before rising 4% in 2021. However, considerable uncertainty remains regarding the projections of the National Institute of Economic Research, Statistics Sweden and Evidens.

At its latest monetary policy meeting in April, the Riksbank decided to leave the repo rate unchanged at zero per cent. Recently, the Riksbank has taken several monetary policy measures to stimulate the economy in various ways. The Riksbank's assessment is that a further lowering of the key interest rate would have no additional positive effect on consumption or willingness to invest. The market forecast is a 15 basis point cut in the interest rate during the year.

Retail, particularly the consumer durable retail sector, is one of the hardest hit sectors by the measures taken by countries to reduce the virus spread due to the substantial reduction in the supply of goods and sales and the number of reconstructions and bankruptcies has increased noticeably. The latest report from HUI Research in March estimates growth in the consumer durable retail sector, including e-commerce, of 1.5% in 2020, down from its previous projection of 2.5% growth. Vasakronan's city retail index shows a general decline for consumer durables, mainly for sport and leisure articles as well as 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.

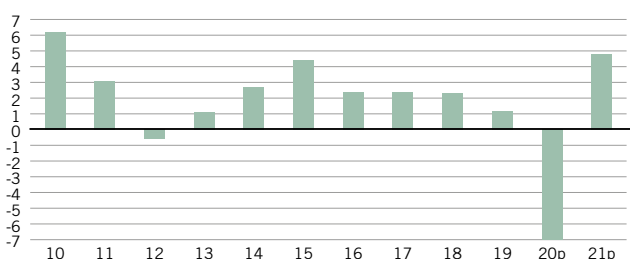
Property market

According to data provided by Cushman & Wakefield, transactions were completed in the Swedish property market for approximately SEK 40 billion in the first quarter, compared with SEK 31 billion in the corresponding period last year. Office property was the largest segment in terms of transaction volume, followed by residential property. Most of the transaction volume was attributable to turnover in Stockholm. Uncertainty about the future and a shortage of financing led transaction activity to slow at the end of March.

The office lettings market remained strong in the first quarter in all of Vasakronan's regions. Compared with the turn of the year, market rents remained unchanged or up slightly, especially in Central Stockholm (excluding the CBD) and Uppsala. Vacancy rates for office premises were also unchanged. At the start of the year, yield requirements continued to fall before recovering at the end of the quarter as uncertainty about the effects of Covid-19 increased.

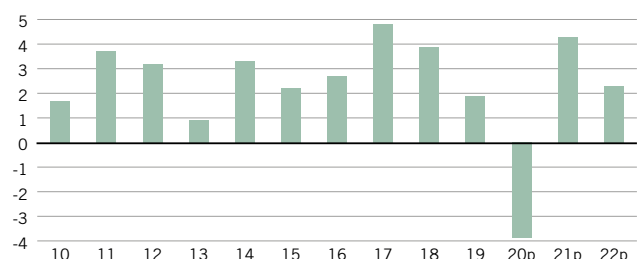
Only a slight decline in market rents and small increase in vacancies were noted for retail premises, which from March started to be heavily affected by the spread of Covid-19. The effects of Covid-19 have been significantly more visible in the second quarter, with greater shortage of liquidity and an increased number of bankruptcies and reconstructions in several sectors. Higher market yield requirements for commercial properties is highly likely, albeit the scope of the increase is difficult to assess at the current time.

Growth slowdown



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

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 2020	Jan-Mar 2019	April 2019- March 2020	Jan-Dec 2019
Rental revenue	1,764	1,724	7,080	7,040
Operating expenses	-197	-197	-682	-682
Repairs and maintenance	-31	-33	-117	-119
Property administration	-84	-84	-377	-377
Property tax	-165	-131	-689	-655
Total property expenses	-477	-445	-1,865	-1,833
Operating surplus	1,287	1,279	5,215	5,207
Central administration	-28	-26	-115	-113
Result from participations in joint ventures	-6	-1	1,100	1,105
Financial income	3	1	6	4
Financial expenses	-280	-249	-1,166	-1,135
Interest expenses, ground rents and land leases	-40	-36	-151	-147
Profit before value changes and tax	936	968	4,889	4,921
Change in value of investment properties	-1,786	716	10,768	13,270
Depreciation of land lease agreements	-2	-	-9	-7
Change in value of financial instruments	666	-627	412	-881
Divested/impaired goodwill	-	-74	-	-74
Profit/loss before tax	-186	983	16,060	17,229
Current tax	-66	-195	-101	-230
Deferred tax	101	28	3,017	-3,090
Profit/loss for the period	-151	816	12,942	13,909
Of which, attributable to non-controlling interests	-2	-	-4	-2
Total profit attributable to the Parent Company shareholders	-149	816	12,946	13,911
Other comprehensive income				
<i>Items that may not be reclassified¹⁾</i>				
Pensions, revaluation	-	-	-41	-41
Restriction for surplus in pension plan with asset cap	-	-	5	5
Income tax on pensions	-	-	7	7
Other comprehensive income for the period, net of tax	-	-	-29	-29
Total comprehensive income for the period²⁾	-149	816	12,917	13,882
Key metrics				
Surplus ratio, %	73	74	73	74
Interest coverage ratio ³⁾ , multiple	4.4	4.9	4.5	4.6

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

2) Since there are no material 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 1,764 million (1,724). In comparable property holdings, the increase was 4% (6) and was mainly attributable to higher gross rents from new lettings contracted and from renegotiated leases as well as from raised property tax supplements as a result of new property tax rates. New lettings corresponding to 49,000 square metres (93,000) and annual rent of SEK 278 million (327) were contracted, of which 19% (24) impacted on revenue in 2020. The change in new lettings between the years was primarily due to letting to the Swedish Tax Agency in Nya Kronan in Sundbyberg, which was completed in the first quarter of 2019 for a total of 42,000 square metres.

During the quarter, a seven-year lease was signed with the accounting firm EY for 7,500 square metres at the Sergelhuset development property in central Stockholm. Amazon Web Services has signed a six-year lease at the same property for 6,000 square metres. These two lettings mean the occupancy rate for office space in this project reached 92%. Sergelhuset is Vasakronan's largest urban development project and is scheduled for completion in autumn 2020, when the first tenants will move in.

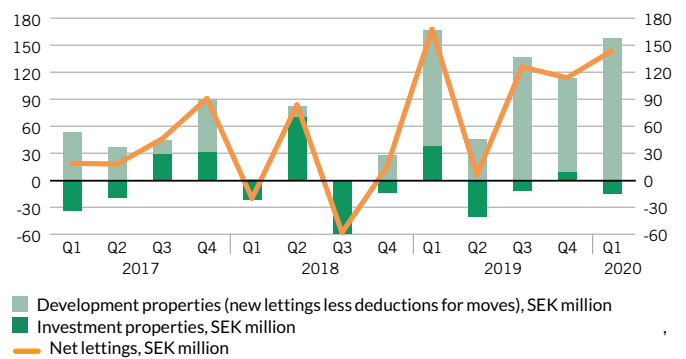
Renegotiations and lease extensions of 93,000 square metres (59,000) during the period corresponded to annual rent of SEK 225 million (181), resulting in an increase on the previous rent payable of 10.0% (10.2). Of all the contracts up for renegotiation over the last 12 months, 67% (70) of the tenants decided to extend their contracts.

Notice of termination was received during the period (tenant will be vacating) corresponding to annual rent of SEK 135 million (160), whereby net lettings amounted to SEK 143 (167) million.

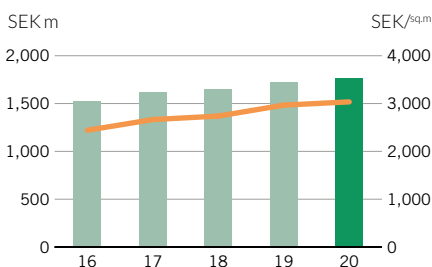
The result of lease renegotiations for the last 12 months related to retail amounted to 1.0% (4.9).

Contracted rent at end of the year amounted to SEK 7,200 million (6,891) and the average remaining maturity was 3.9 years (4.0). The closing occupancy rate was 94.2% (93.5). Of total vacancies, 1.4 percentage points (2.4) were attributable to ongoing projects and development properties.

Net lettings



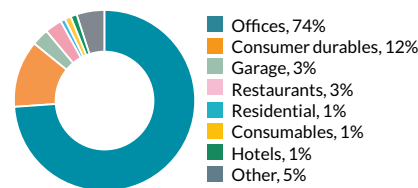
Rising rental revenue SEK/sq.m



January-March

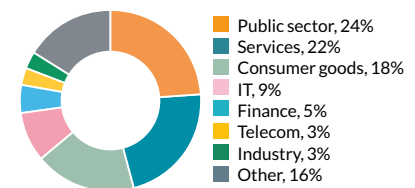
■ Rental revenue SEK m — Rental revenue SEK/sq.m

Predominantly office tenants



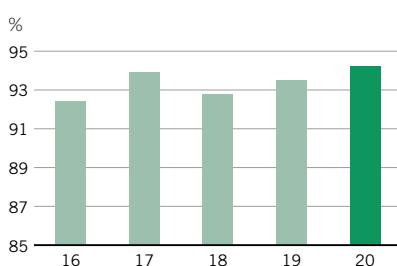
Breakdown by sector, share of contracted rent

Public sector comprises largest share of tenants



Breakdown by sector, share of contracted rent

Improved occupancy rate



At 31 March

Widely distributed over many tenants

	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
Handelsbanken	1
KPMG	1
The Riksdag Administration	1
Total	18

Largest tenants, share of contracted rent

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2020	894	784	11
2021	1,022	1,135	16
2022	812	1,434	20
≥2023	1,387	3,495	49
Total	4,115	6,848	96
Residential	1,175	101	1
Garage	-	251	3
Total	5,290	7,200	100

Maturity structure for contracted rent

Comments on the consolidated income statement (Cont.)

Property expenses

Property expenses amounted to SEK 477 million (expense: 445) for the period.

For comparable property holdings, the increase in property expenses was 6% (3). The increase in comparable property holdings was due to the rise in property tax. In the third quarter of 2019, the properties were assigned new taxation values that apply retroactively from 1 January 2019. The taxation values rose for most properties, resulting in a consequent increase in property tax, of which just over 90% was invoiced on to tenants. Excluding property tax, property expenses were unchanged for comparable property holdings.

Operating surplus

The operating surplus increased during the period to SEK 1,287 million (1,279), primarily due to increased rental revenue. For comparable property holdings, the increase in operating surplus was 3% (8).

The surplus ratio was 73% (74).

Administration

Property administration costs were SEK 84 million (expense: 84) and central administration costs were SEK 28 million (expense: 26). The increase was primarily due to higher staff and IT costs.

Net financial items

Net financial items amounted to an expense of SEK 277 million (expense: 248). The lower result was mainly due to higher borrowings compared with the corresponding period last year. The average interest rate for loans and derivatives amounted to 1.7% (1.8) at the end of the period.

The LTM interest coverage ratio increased to a multiple of 4.4 (4.9) due to the lower result for net financial items. The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

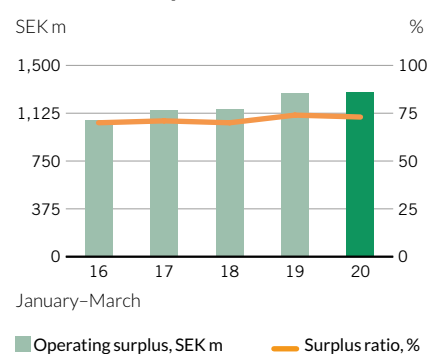
Profit before value changes and tax

Profit before value changes and tax amounted to SEK 936 million (968), down 3% primarily due to a lower result from net financial items.

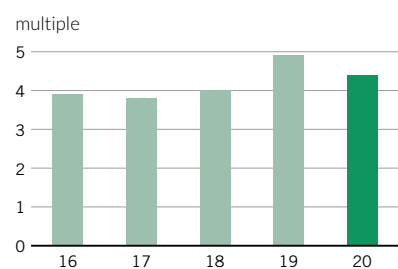
Financial risks

	Financial policy in brief	Outcome, 31 Mar 2020
Financing risk		
Loan-to-maturity	min. 2 years	5.2
Loans maturing, 12 months	max. 40%	24%
Credit commitments and cash/loans maturing 12 months	min. 100%	150%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	4.4
Fixed-interest period	min. 2 years	5.8
Fixed-interest maturity within 12 months	max. 55%	32%
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	Met
Currency risk		
Currency exposure	No exposure	Met

Increased surplus ratio



Stable interest coverage ratio



At 31 March, rolling 12-month period

Comments on the consolidated income statement (Cont.)

Change in value of investment properties

At 31 March 2020, the entire property portfolio had been valued internally. Altogether, the change in the property value amounted to a negative SEK 1,786 million (positive: 716), which corresponded to a 1.1% (increase: 0.6) decrease in value. On average, the yield requirement for the portfolio was 4.20%, compared to 4.16% for corresponding properties at the end of 2019.

The spread of Covid-19 and the steps taken to limit that spread have significantly impacted large parts of society. Uncertainty about the future and a shortage of financing has led to a halt in transaction activity. Therefore, the assumptions made in the valuation include an unusually high degree of uncertainty given that the long-term effects on property values are difficult to assess at present. At 31 March 2020, the value decline in Vasakronan's retail properties was assessed at 5–10%. The scale of the decline depends, inter alia, on the percentage of office space included in the respective retail property. At the end of the quarter, the value impact on office and public sector properties was assessed as limited.

Change in value of financial instruments

The value change in derivatives amounted to positive SEK 666 million (negative: 627), which was due to falling long market interest rates in Norway.

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 74,301 million (69,088), of which SEK 54,337 million (54,967) comprised interest-rate derivatives and SEK 19,964 million (14,121) cross-currency derivatives.

Tax

The Group reported a total tax effect of SEK 35 million (expense: 167). Of the tax expense, an expense of SEK 66 million (expense: 195) was current tax and SEK 101 million (expense: 28) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments.

The effective tax rate for the quarter amounted to 19.0% (17.0).

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.

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	-0.5	-0.3
Gothenburg	-2.6	-0.5
Uppsala	-1.5	-0.1
Malmö	-2.7	-0.2
Total	-1.1	-1.1

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	-1.0	-0.8
Development properties	-2.0	-0.3
Transactions	–	–
Total	-1.1	-1.1

Factors impacting value

	Value impact, %
Yield requirement	-1.1
Market rents	0
Total	-1.1

Consolidated balance sheet

Amounts in SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	2,027	2,014	2,024
Property, plant and equipment (PPE)			
Investment properties	155,454	139,381	156,071
Leaseholds and land leases	5,257	5,063	5,243
Equipment	42	43	40
	160,753	144,487	161,354
Financial assets			
Shares and participations in joint ventures	1,157	365	1,164
Receivables from joint ventures	-	165	130
Derivatives	1,766	511	642
Other non-current receivables	263	60	174
Total financial assets	3,186	1,101	2,110
Total non-current assets	165,966	147,602	165,488
Current assets			
Accounts receivable	29	11	35
Receivables from joint ventures	130	0	0
Derivatives	44	26	27
Other current receivables, prepaid expenses and accrued income	1,712	1,283	1,114
Cash and cash equivalents	6,292	5,910	3,515
Total current assets	8,207	7,230	4,691
TOTAL ASSETS	174,173	154,832	170,179
EQUITY AND LIABILITIES			
Equity	70,007	61,088	70,156
Non-current liabilities			
Interest-bearing liabilities	52,614	49,987	53,682
Liabilities, leaseholds and land leases	5,258	5,063	5,244
Deferred tax liability	21,267	18,258	21,368
Derivatives	3,975	2,599	2,725
Other non-current liabilities	624	497	385
Provision for pensions	118	89	119
Total non-current liabilities	83,856	76,493	83,523
Current liabilities			
Interest-bearing liabilities	16,238	14,103	12,956
Accounts payable	117	238	220
Liabilities joint ventures	11	11	12
Current tax liabilities	25	70	128
Derivatives	194	6	70
Other current liabilities, accrued expenses and deferred income	3,725	2,823	3,114
Total current liabilities	20,310	17,251	16,500
TOTAL EQUITY AND LIABILITIES	174,173	154,832	170,179

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 (1,908).

The remaining portion of intangible assets comprised the value of the Vasakronan brand, which amounted to SEK 100 million (100). SEK 19 million (6) invested in technical platforms was recognised as an intangible asset.

Investment properties

At 31 March 2020, Vasakronan's entire property portfolio had been valued internally. As a result of the prevailing uncertainty in the market, external appraisers have also been consulted, mainly in connection with value assumptions for retail properties. The assessed market value of the property portfolio was SEK 155,454 million at the end of the quarter, compared with SEK 156,071 million at the end of 2018. The change in value during the period was a negative SEK 1,786 million (positive: 716) and net investments totalled SEK 1,169 million (269). A change in the yield requirement of +/- 0.25 percentage points would have a negative impact of 5.6/6.3% 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 87 of Vasakronan's 2019 Annual Report.

Shortage of financing has led to a halt in transaction activity in the market and, therefore, difficulty in assessing the effects of Covid-19 on prop-

erty values. At 31 March 2020, a downward adjustment was made to property values for shopping malls, retail properties and hotels, which are the segments most clearly affected by the measures taken to limit the spread of Covid-19.

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, right-of-use agreements totalled SEK 5,257 million, compared with SEK 5,243 million at the year end.

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, 85% (84) of our property portfolio was environmentally certified, of which 73% (69) was rated LEED Gold or higher.

Property projects

Ongoing property projects have a total investment volume of SEK 14,959 million (12,444), of which SEK 7,726 million (4,669) had been capitalised as of 31 March. The occupancy rate for major projects was 76% (52) at the end of the period.

During the quarter, construction began in the redevelopment and extension of the Strömshuset property in Gothenburg, which inter alia, entails the creation of 1,000 square metres of office space through an all wood extension.

Higher property values

SEK m	2020	2019
Opening value, 1 January	156,071	138,934
Investments	1,169	986
Acquisitions, consideration	0	-
Sales, consideration	0	-1,255
Change in value	-1,786	716
Closing value, 31 March	155,454	139,381

Large investments in property projects

Location	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Estimated completion date	Occupancy rate, % ¹⁾	Environmental certification
Stockholm	Sergelhuset	4,000	2,996	75	56,500	Dec 2021	73	LEED Platinum
Gothenburg	Platinan	2,600	1,223	47	53,700	Dec 2022	68	LEED Platinum
Sundbyberg	Kronan 1	1,680	471	28	42,700	Nov 2021	100	LEED Platinum
Stockholm, Solna Strand	Nöten 5	916	694	76	26,000	Dec 2020	55	LEED Gold
Stockholm	Nattugglan, block 2	800	183	23	15,000	Jun 2020	80	LEED Platinum
Malmö	Priorn 5	530	465	88	13,200	Apr 2020	67	LEED Platinum
Uppsala	Magasin X	530	98	18	11,500	Mar 2022	73 ²⁾	LEED Platinum
Uppsala	Kronåsen 1:1 Celsius	420	329	78	10,200	Oct 2020	82	LEED Platinum
Stockholm	Sperlingens Backe	300	55	18	3,900	Dec 2021	47	LEED Gold
Stockholm	Styrpinnen 15	290	266	92	4,300	Jun 2020	100	LEED Gold
Gothenburg	Strömshuset	270	26	10	10,450	Nov 2021	71	LEED Platinum
Stockholm, Solna	Diktaren	115	21	18	6,400	Aug 2021	100	-
Total major property projects		12,451	6,826	55			76	
Stockholm	Sergelgatan	1,500	270			Mar 2023	³⁾	LEED Gold
Other projects		1,008	630					
Total		14,959	7,726					

1) Calculated based on area.

2) Including Vasakronan Arena and Vasakronan's regional office, the occupancy rate amounts to around 98%.

3) Part of the property and the occupancy rate is therefore not reported.

Comments on the consolidated balance sheet (Cont.)

Deferred tax

At 31 March 2020, the deferred tax liability was SEK 21,267 million (18,258) and pertained primarily to investment properties. The main reason for the change was the higher market value of the properties compared to the same period last year.

Deferred tax is calculated using a nominal rate of 20.6% on differences between the carrying amount and tax base of assets and liabilities.

Liabilities and cash

Interest-bearing liabilities, net of cash and cash equivalents, increased to SEK 62,560 million (58,180) during the period. Vasakronan strives to diversify borrowing by allocating across several different sources of funding and markets. As a result, since spring 2018, Vasakronan has a public rating of A3, with a stable outlook, from the credit-rating agency Moody's. The rating has opened access to advantageous financing in new markets with longer tenors.

As a result of the rise in long-term borrowing, the average loan-to-maturity increased to 5.2 years (4.4) and the average loan-to-maturity taking into consideration unutilised credit commitments increased to 5.6 years (4.8). Loans maturing within the next 12 months increased to 24% (22) of interest-bearing liabilities, at the same time as loans maturing in five years or more rose to 40% (31).

To minimise financing risk and 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. Cash and cash equivalents of SEK 6,292 million (5,910) and the unutilised credit facility together correspond to 150% (170) of loans maturing over the next 12 months. Of cash and cash equivalents, SEK 692 million (314) comprises deposits under CSAs.

During the quarter, the company issued debt equivalent to SEK 3.5 billion (6.4) in the bond market, distributed as follows: SEK 1.2 billion (3.6), JPY 1.4 billion (10), NOK 1,850 million (200) and EUR 30 million (199). Of the total liability at the end of the period, 28% (22) consisted of borrowings in currencies other than SEK. Borrowing in foreign currencies is hedged through cross-currency derivatives, which eliminates currency risk. During the period, unsecured bank loans totalling SEK 750 million (-) were obtained. Vasakronan aims to increase unsecured bank financing, which amounted to 8% (8) of interest-bearing liabilities at the end of the period. Total bank loans outstanding secured against mortgage deeds amounted to 7% (8) of the Group's total assets at the end of the period.

During the period, the company entered into new interest-rate derivatives with longer tenors. As a result, the average fixed-interest tenor increased to 5.8 years (5.1). The proportion of loans with fixed-interest maturities within one year declined to 32% (38) and loans with fixed-interest maturities of five years or more increased to 54% (51) of interest-bearing liabilities. The average interest rate for loans and derivatives amounted to 1.7% (1.8) at the end of the period.

After the end of the period, the company has raised loans totalling SEK 3.8 billion, of which SEK 1.6 billion pertained to secured bank financing and SEK 2.2 billion to bond financing.

The average fixed-interest tenor increased to 5.8 years (5.1) and the loan-to-maturity increased to 5.2 years (4.4).

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0-1 year	21,848	32	16,238	24
1-2 years	1,085	2	8,214	12
2-3 years	3,201	5	5,754	8
3-4 years	800	1	6,895	10
4-5 years	4,499	6	4,082	6
5 years or more	37,419	54	27,669	40
Total	68,852	100	68,852	100

1) The subscription commitment from the owners of SEK 18,000 million and cash and cash equivalents of SEK 6,292 million corresponded to a total of 150% of loans maturing in the next 12 months. Of cash and cash equivalents, SEK 692 million (314) comprises deposits received under CSAs for derivatives.

Breakdown of funding sources

SEK m	Nominal amount base currency, million	Carrying amount, SEK m	Share, %
Commercial paper		7,853	11
Bonds, SEK		24,351	35
Bonds, NOK	11,570	11,017	16
Bonds, EUR	467	5,103	7
Bonds, JPY	11,400	1,050	2
Bonds, AUD	80	486	1
Bonds, USD	185	1,832	3
Secured bank loans		11,601	17
NIB and EIB		5,559	8
Total		68,852	100

Comments on the consolidated balance sheet (Cont.)

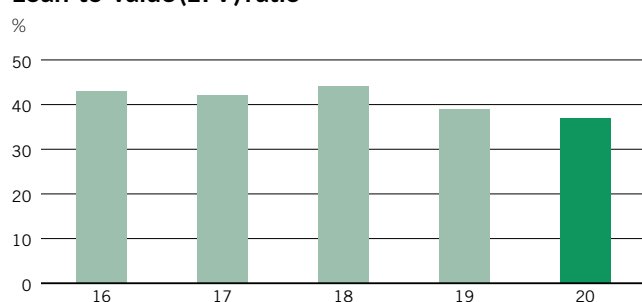
Green financing

In 2013, Vasakronan issued the world's first green corporate bond. In 2016, the first green bank loan was signed with Nordic Investment Bank (NIB) and since then, the company has broadened its investor base through the inclusion of green commercial paper. A new, green seven-year loan was signed with the NIB for SEK 750 million. The loan will finance the Nya Kronan development property in central Sundbyberg. Completion of Nya Kronan is scheduled for 2021 and it will be certified Platinum, LEED's highest rating. Solar photovoltaics will be installed on the roof and integrated into the façade, while geo-thermal climate control will provide both heating and cooling.

During the quarter, the company issued green bonds totalling SEK 3.2 billion (5.3). Green unsecured loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 5,559 million (4,827) at the end of the period, and green secured bank loans amounted to SEK 760 million (-).

The percentage of green funding consisting of green bonds, green commercial paper and green loans increased during the period to 52% (37) of the total loan portfolio, corresponding to an increase in green financing outstanding of SEK 12 billion.

Loan-to-value (LTV) ratio



At 31 March

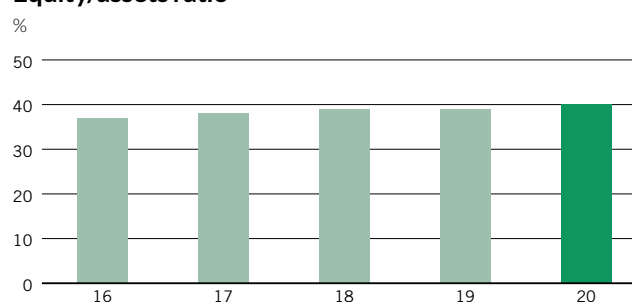
Equity

Equity decreased during the period to SEK 70,007 million (61,088) due to negative comprehensive income of SEK 149 million (positive: 816). The equity/assets ratio was 40% (39) and the loan-to-value ratio was 37% (39). In 2019, Vasakronan invested in two partially owned companies, which means that equity contains shares attributable to minority owners.

Green financing under the framework

	Amounts in SEK million
Green commercial paper	1,460
Green bonds, SEK	19,613
Green bonds, NOK	2,637
Green bonds, EUR	2,809
Green bonds, JPY	959
Green bonds, AUD	529
Green bonds, USD	1,672
Total volume of Green Finance Instruments	29,679
Total volume of Green Assets – Green Pool	38,542
Remaining approved borrowing capacity	8,863

Equity/assets ratio



At 31 March

Consolidated statement of changes in equity

Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Equity, opening balance at 1 Jan 2019	4,000	4,227	52,044	60,271	0	60,271
Profit for the period	-	-	13,911	13,911	-2	13,909
Minority share	-	-	-	-	5	5
Other comprehensive income	-	-	-29	-29	-	-29
<i>Comprehensive income for the period</i>	-	-	13,882	13,882	3	13,885
Dividend	-	-	-4,000	-4,000	-	-4,000
Equity, closing balance at 31 Dec 2019	4,000	4,227	61,926	70,153	3	70,156
Equity, opening balance at 1 Jan 2020	4,000	4,227	61,926	70,153	3	70,156
Profit for the period	-	-	-149	-149	-2	-151
Minority share	-	-	-	-	2	2
Other comprehensive income	-	-	-	-	-	-
<i>Comprehensive income for the period</i>	-	-	-149	-149	-	-149
Equity, closing balance at 31 Mar 2020	4,000	4,227	61,777	70,004	3	70,007

Consolidated cash-flow statement

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	April 2019- March 2020	Jan-Dec 2019
Operating activities				
Operating surplus	1,287	1,279	5,215	5,207
Central administration	-28	-25	-116	-113
Add back amortisation and depreciation	2	3	11	12
Adjustment for other non-cash items	-2	-2	-13	-13
Cash flow from operating activities before interest and tax	1,259	1,255	5,097	5,093
Interest paid ¹⁾	-377	-301	-1,270	-1,194
Interest received	1	1	3	3
Taxes paid	-143	-147	-143	-147
Cash flow before changes in working capital	740	808	3,687	3,755
Increase (-)/decrease (+) in operating receivables	-508	-372	-349	-213
Increase (+)/decrease (-) in operating liabilities	186	188	285	287
Cash flow from operating activities	418	624	3,623	3,829
Investing activities				
Investments in existing property	-1,169	-986	-4,623	-4,440
Property acquisitions	0	-	-977	-977
Property divestments	-	1,257	293	1,550
Other PPE, net	-3	-2	-4	-3
Acquisition of intangible assets	-3	-	-15	-12
Dividends from joint ventures	-	-	309	309
Cash flow from investing activities	-1,175	269	-5,017	-3,573
Cash flow after investing activities	-757	893	-1,394	256
Financing activities				
Dividends and Group contributions	-	-	-4,000	-4,000
Raised debt: interest-bearing liabilities	10,748	12,389	34,233	35,874
Repayment of debt: interest-bearing liabilities	-7,561	-9,916	-28,354	-30,709
Change in collateral	418	329	303	214
Redemption of financial instruments	-71	-	-406	-335
Cash flow from financing activities	3,534	2,802	1,776	1,044
Cash flow for the period	2,777	3,695	382	1,300
Opening balance, cash and cash equivalents	3,515	2,215	5,910	2,215
Cash flow for the period	2,777	3,695	382	1,300
Closing balance, cash and cash equivalents	6,292	5,910	6,292	3,515

1) Interest paid includes ground rents paid and land leases.

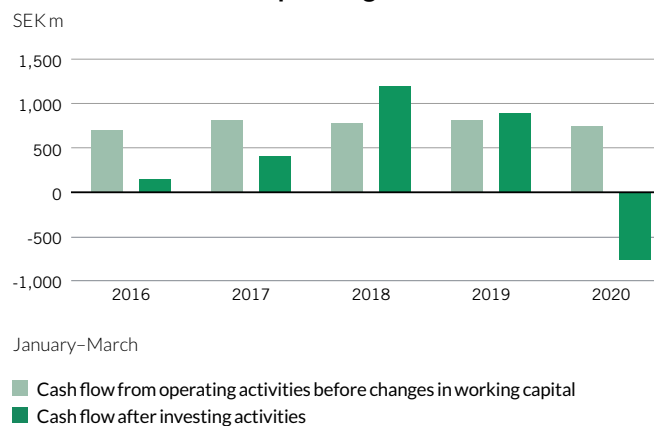
Comments to the consolidated cash-flow statement

Cash flow from operating activities before interest and taxes increased to SEK 1,259 million (1,255). Cash flow from operating activities after changes in working capital decreased to SEK 740 million (808) as a result of higher interest expenses.

During the period, investments in existing properties amounted to SEK 1,169 million (986). Investments during the period in tangible and intangible assets amounted to SEK 6 million and cash flow after investing activities therefore amounted to an outflow of SEK 1,175 million (inflow: 269).

In total, net borrowing for the period amounted to SEK 3,187 million (2,473). Altogether, cash and cash equivalents increased SEK 2,777 million (3,695) and totalled SEK 6,292 million (5,910) at the end of the period.

Stable cash flow from operating activities



Property divestments

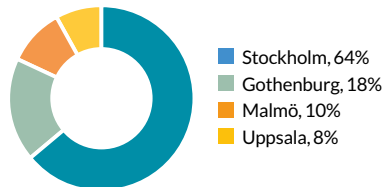
Agreed divestments to be completed	City	Buyer	Purchase price, SEK m	Transfer date
Smedjan 13 and 15	Malmö	Trianon	88	Dependent on detailed development plan
Total purchase price			88	

Vasakronan – in total and by region

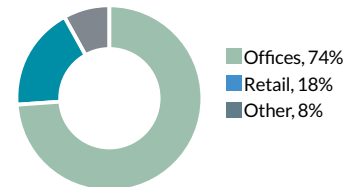
TOTAL VASAKRONAN Jan-Mar

	2020	2019
Market value of properties, SEK m	155,454	139,381
Rental revenue, SEK m	1,764	1,724
Operating surplus, SEK m	1,287	1,279
Occupancy rate, %	94	94
Number of properties	174	174
Area, thousand sq. m.	2,325	2,324
Environmental certification, %	85	84

Contracted rent by geographic market



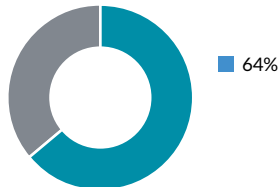
Contracted rent by property type



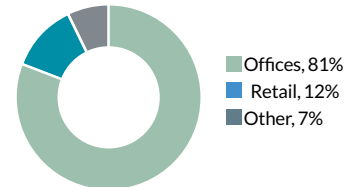
STOCKHOLM Jan-Mar

	2020	2019
Market value of properties, SEK m	105,361	92,918
Rental revenue, SEK m	1,109	1,020
Operating surplus, SEK m	812	824
Occupancy rate, %	94	96
Number of properties	80	81
Area, thousand sq. m.	1,381	1,395
Environmental certification, %	82	81

Stockholm's share of the total



Stockholm by property type



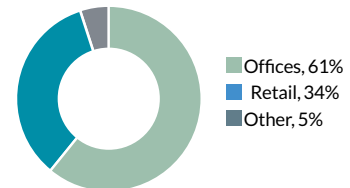
GOTHENBURG Jan-Mar

	2020	2019
Market value of properties, SEK m	27,641	25,872
Rental revenue, SEK m	331	318
Operating surplus, SEK m	250	242
Occupancy rate, %	96	96
Number of properties	34	34
Area, thousand sq. m.	403	403
Environmental certification, %	94	94

Gothenburg's share of the total



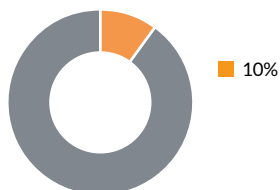
Gothenburg by property type



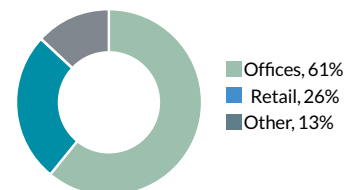
MALMÖ Jan-Mar

	2020	2019
Market value of properties, SEK m	12,705	12,001
Rental revenue, SEK m	178	181
Operating surplus, SEK m	120	120
Occupancy rate, %	90	92
Number of properties	33	33
Area, thousand sq. m.	296	290
Environmental certification, %	96	96

Malmö's share of the total



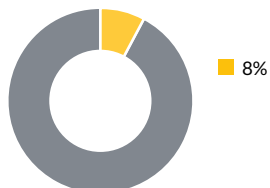
Malmö by property type



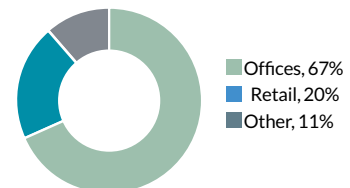
UPPSALA Jan-Mar

	2020	2019
Market value of properties, SEK m	9,747	8,590
Rental revenue, SEK m	147	137
Operating surplus, SEK m	105	93
Occupancy rate, %	97	98
Number of properties	27	26
Area, thousand sq. m.	244	236
Environmental certification, %	78	71

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-Mar 2020	Jan-Mar 2019
Net sales	121	118
Operating expenses	-154	-150
Capital gain on sales	-	3
EBIT	-33	-29
Financial items		
Profit from participations in subsidiaries	-2	144
Net interest	-81	-76
Change in value of financial instruments	666	-627
Profit before tax	550	-588
Tax	-118	122
Profit for the period	432	-466

Statement of comprehensive income

Profit for the period recognised in profit or loss	432	-466
Other comprehensive income	-	-
Total comprehensive income for the period	432	-466

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 121 million (118), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered. The result from participations in Group companies amounted to a loss of SEK 2 million (profit: 144) and pertained to dividends.

The change in the value of financial instruments amounted to SEK 666 million (negative: 627) due to lower long market interest rates. The profit before tax was SEK 550 million (loss: 588). Closing cash and cash equivalents amounted to SEK 6,278 million (5,907).

Balance sheet

Amounts in SEK million	31 Mar 2020	31 Mar 2019
ASSETS		
Non-current assets		
Equipment	6	11
Shares and participations in subsidiaries	37,634	40,080
Receivables from subsidiaries	40,125	36,911
Shares and participations in joint ventures	1	1
Deferred tax assets	308	266
Derivatives	1,766	511
Non-current receivables	258	223
Total non-current assets	80,098	78,003
Current assets		
Receivables from subsidiaries	4,087	312
Derivatives	44	26
Current receivables	923	695
Cash and cash equivalents	6,278	5,907
Total current assets	11,332	6,940
TOTAL ASSETS	91,430	84,943
EQUITY AND LIABILITIES		
Equity	13,074	11,010
Untaxed reserves	486	186
Liabilities		
Interest-bearing liabilities	68,852	64,090
Derivatives	4,169	2,605
Non-interest-bearing liabilities	1,622	932
Liabilities to subsidiaries	3,227	6,120
Total liabilities	77,870	73,747
TOTAL EQUITY AND LIABILITIES	91,430	84,943

Other information

Personnel

The number of employees at the end of the period was 308 (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 2019 Annual Report on pages 98–101. Risks for the effects of a pandemic were added after the completion of this risk assessment.

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 68 of Vasakronan's 2019 Annual Report for the sensitivity analysis.

Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7.3 on page 96 of Vasakronan's 2019 Annual Report. At the end of the period, the Third Swedish National Pension Fund held bonds issued by Vasakronan to a value of SEK 490 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 as the ones used in the most recently issued annual report have been applied. Refer to Vasakronan's 2019 Annual Report, pages 79–98.

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

Derivatives are valued in accordance with level 2 in the fair value hierarchy. For all derivatives, ISDA agreements are in place that allow offset-

ting 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 80 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 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 3.00 and 3.75%.

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.

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. Pages 17–18 also include a breakdown of specific performance measures where this is required.

Significant events after the end of the period

Other than the effects of Covid-19, no events have occurred after the end of the period that had any significant impact on Vasakronan's operations. Refer to page 2 for the effects of Covid-19.

Stockholm, 4 May 2020

Johanna Skogestig
Chief Executive Officer

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

For more information about this interim report, please contact:

Christer Nerlich, *Chief Financial Officer*

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

Key metrics

	Jan-Mar 2020	Jan-Mar 2019	April 2019- March 2020	Jan-Dec 2019
Property-related information				
Closing economic occupancy rate, %	94.2	93.5	94.2	94.1
Surplus ratio, %	73	74	73	74
Investments in existing projects, SEK m	1,169	986	4,623	4,440
Property acquisitions, SEK m	0	-	977	977
Property divestments, SEK m	-	-1,257	-293	-1,550
Net investments, SEK m	1,169	-269	5,307	3,867
Closing market value of property, SEK m	155,454	139,381	155,454	156,071
Closing area, thousand sq. m.	2,325	2,324	2,325	2,322
Closing number of properties	174	174	174	174
Environmental certification at closing date, %	85	84	85	85
Energy intensity at closing date, kWh/sq.m	88	101	88	92
Financial metrics				
Interest coverage ratio, multiple	4.4	4.9	4.5	4.6
Closing equity/assets ratio, %	40	39	40	41
Closing loan-to-value ratio, %	37	39	37	38
Average fixed-interest tenor, years	5.8	5.1	5.8	5.8
Average loan-to-maturity ¹⁾ , years	5.2	4.4	5.2	5.2
Closing NAV, SEK m, 1. NAV, SEK m	91,725	79,506	91,725	91,742
Closing NNNAV, SEK m, 2. NNNAV, SEK m	83,306	71,715	83,306	82,363
Closing average interest rate, %	1.7	1.8	1.9	1.7
Closing net interest-bearing liabilities, SEK m	62,560	58,180	62,560	63,123
Cash flow before changes in working capital, SEK m	740	808	3,687	3,755
Net interest-bearing liabilities/EBITDA ²⁾			11.9	12.0
Other				
Closing number of employees	308	314	308	304
Basis for key metrics				
1. NAV, SEK m				
Equity	70,007	61,088	70,007	70,156
Add back goodwill	-1,908	-1,908	-1,908	-1,908
Add back derivatives	2,359	2,068	2,359	2,126
Add back recognised deferred tax	21,267	18,258	21,267	21,368
	91,725	79,506	91,725	91,742
2. NNNAV, SEK m				
Equity	70,007	61,088	70,007	70,156
Add back goodwill	-1,908	-1,908	-1,908	-1,908
Add back recognised deferred tax	21,267	18,258	21,267	21,368
Deferred tax at fair value ³⁾	-6,502	-5,364	-6,502	-6,421
Adjustment of interest-bearing liabilities to fair value	442	-359	442	-832
	83,306	71,715	83,306	82,363
3. EBITDA, SEK m				
Operating surplus	1,287	1,279	5,215	5,207
Central administration	-28	-26	-115	-113
Cash flow from dividends from joint ventures	-	-	309	309
Ground rents and land leases	-42	-36	-160	-154
	1,217	1,217	5,249	5,249

1) Excluding unutilised credit commitments.

2) Only reported for rolling 12-month periods and full years.

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

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	Jan-Mar 2020	Jan-Mar 2019	April 2019- March 2020	Jan-Dec 2019
4. EBITDA margin, %				
Rental revenue	1,764	1,724	7,080	7,040
EBITDA	1,217	1,217	5,249	5,249
	69	71	74	75
5. Interest coverage ratio, multiple				
EBITDA	1,217	1,217	5,249	5,249
Net financial items	-277	-248	-1,160	-1,131
	4.4	4.9	4.5	4.6
6. Net interest-bearing liabilities, SEK m				
Non-current interest-bearing liabilities	52,614	49,987	52,614	53,682
Current interest-bearing liabilities	16,238	14,103	16,238	12,956
Cash and cash equivalents	6,292	5,910	6,292	3,515
	62,560	58,180	62,560	63,123
7. Loan-to-value ratio, %				
Net interest-bearing liabilities	62,560	58,180	62,560	63,123
Total assets excl. leaseholds and land leases	168,916	149,769	168,916	164,936
	37	39	37	38

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.

EBITDA, SEK m

Operating surplus less central administration, with the addition of cash flow from dividends from joint ventures and less ground rents and land leases. Intended as an indication of the current earnings in property management activities.

EBITDA margin, %

Rental revenue in relation to EBITDA. Intended as an indication of the current earnings in property management activities.

Energy intensity kWh/sq. m.

Purchased energy over the past 12 months for 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) after adjustment of heating energy to the level of a normal year.

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.

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 17.

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, in other words 6.2%. The metric shows the company's actual NAV, refer to the calculation on page 17.

Net investments, SEK m

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

Net lettings, SEK m

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

Profit before value changes and tax, SEK m

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.

Net interest-bearing liabilities/EBITDA, multiple

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

Interest coverage ratio, multiple

EBITDA in relation to 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 2020	10 July 2020
Interim report Jan–Sep 2020	4 November 2020
Year-end report 2020	4 February 2021
Annual Report 2020	March 2021

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