

Vasakronan

PRESS RELEASE

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Vasakronan's interim report January–September 2020

Stable earnings trend

A repurchase of 228,000 square metres (230,000) was made during the period corresponding to annual rent of SEK 642 million (772). The result of renegotiations for leases related to offices amounted to 9.6% (15.1). Of all the contracts up for renegotiation, nearly 60% (68) of the tenants decided to extend their contracts. The Swedish Agency for Economic and Regional Growth has renegotiated its lease of 4,000 square metres at Nattugglan in Södermalm, Stockholm for a period of five years and Intersport has renegotiated its lease at Köpmannen in Gothenburg for almost 1,500 square metres for a period of six years.

- **Rental revenue** amounted to a total of SEK 5,234 million (5,232). For comparable property holdings, the increase was 1% (7). Rent discounts provided during Q2 due to Covid-19 had a negative impact of SEK 59 million on revenue.
- **New lettings** corresponding to 100,000 square metres (170,000) and an annual rent of SEK 453 million (706) were contracted and net lettings amounted to SEK 119 million (298).
- **The occupancy rate** was 92.6% (93.1) at the end of the period. Of total vacancies 7.4%, 1.5 percentage points (2.3) were attributable to ongoing projects and development properties.
- **Operating surplus** amounted to a total of SEK 3,876 million (3,875). For comparable property holdings, the increase was 1% (7).
- **Profit before value changes and tax** decreased to SEK 2,520 million (3,716). The change was primarily due to lower earnings from joint ventures, loss of SEK 294 million (profit: 887) due to a lower expected volume for development rights.
- **The change in the property value** amounted to a decline of SEK 863 million (increase: 6,769), corresponding to a 0.5% decrease (increase: 5.0) in value. The decline in value pertained essentially to the retail properties segment.
- **The portfolio value** amounted to SEK 158,641 million (147,385) at the end of the period.
- **The value change in derivatives** amounted to SEK 292 million (negative: 1,713), primarily due to falling long market interest rates in Norway.
- **Profit after tax** amounted to SEK 1,448 million (7,215).
- **A dividend** of SEK 3,000 million (4,000) for the 2019 financial year has been proposed.

“The economy looks brighter now than earlier in the summer, even if rental markets continue to be cautious for understandable reasons. Despite this, I can say that there is demand for good products in the right location. This is reflected in the lettings contracted during the quarter and in the high net lettings for the year. Access to financing is healthy and credit margins have returned to low levels. Altogether, this means that Vasakronan has a strong position and is financially robust,” says Johanna Skogestig, CEO of Vasakronan.

This information is of such a kind that Vasakronan AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication through the agency of the above contact people on 4 November 2020, at 2.00 p.m. CET.

Vasakronan is Sweden's largest property company with a portfolio valued at around SEK 159 billion. The portfolio is focused on centrally located office and retail properties in the growth regions of Stockholm, Uppsala, Gothenburg and Malmö. In terms of city retail, Vasakronan is the largest in all regions. The property portfolio comprises 171 properties with a total area of about 2.3 million square metres. The company is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds. Read more at www.vasakronan.se

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