

Interim Report

January–March 2021

Q1

- > Rental revenue increased 3% to a total of SEK 1,818 million (1,764). For comparable property holdings, rental revenue was unchanged. Rent relief provided during the quarter due to Covid-19 and provisions for doubtful receivables had a negative impact of SEK 9 million on revenue.
- > New lettings corresponding to 18,000 square metres (49,000) and an annual rent of SEK 78 million (278) were contracted and net lettings amounted to negative SEK 154 million (positive: 143).
- > The price change after renegotiations amounted on average to 15.8% compared with 10.0% for the same quarter last year.
- > The occupancy rate was 91.5% (94.2) at the end of the period. Of total vacancies of 8.5%, 1.8 percentage points (1.4) were attributable to ongoing projects and development properties.
- > Operating surplus increased 4%, totalling SEK 1,333 million (1,287). For comparable property holdings, the operating surplus was unchanged.
- > Profit before value changes and tax rose to SEK 1,011 million (936).
- > The change in the property value amounted to SEK 1,638 million (decrease: 1,786), corresponding to a 1.0% increase (decrease: 1.1) in value. The change in value can be explained by lower yield requirements.
- > At the end of the period, the portfolio value amounted to SEK 164,819 million (155,454).
- > The value change in derivatives amounted to SEK 266 million (666), which was mainly due to the increase in long-term market interest rates.
- > Profit after tax amounted to SEK 2,313 million (loss: 151).



Amounts in SEK million	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Jan–Dec 2020
Rental revenue	1,818	1,764	7,060	7,006
Operating surplus	1,333	1,287	5,235	5,189
Profit before value changes and tax	1,011	936	3,652	3,577
Change in value of investment properties	1,638	-1,786	4,506	1,083
Profit/loss after tax	2,313	-151	6,178	3,714
Cash flow from operating activities before changes in working capital	798	740	3,605	3,547
Market value of properties	164,819	155,454	164,819	162,420
Occupancy rate, %	91.5	94.2	91.5	91.9
Surplus ratio, %	73	73	74	74
Interest coverage ratio, multiple	4.7	4.4	4.5	4.4
Loan-to-value (LTV) ratio, %	42	40	42	41
Closing EPRA NRV, SEK m	96,096	91,725	96,096	94,656
Closing EPRA NTA, SEK m	88,995	85,104	88,995	87,735
Closing EPRA NDV, SEK m	70,461	68,541	70,461	69,450
Environmental certification of investment portfolio, share of total area, %	90	91	90	92
Environmental certification, of investment portfolio, share of market value, %	92	92	92	92
Energy intensity on closing date, kWh/sq. m., rolling 12 month	84	88	84	83

Stable earnings trend

One year has passed since the pandemic broke out. Restrictions remain strict for society at large and it's clear that Vasakronan's markets – Sweden's largest cities – have been affected the most. Working from home continues and footfall in the city centres is low. Despite this, our revenue increased and we delivered stronger earnings for the quarter year-on-year.

The effect of the pandemic varies between businesses. For some, 2020 was a difficult journey with significant downsizings to secure a cost base that would enable survival. Other operations were relatively unaffected, or performed even better than before. Vaccinations have started, which will eventually allow society to open up. This has inspired confidence in households and businesses, and after a period of limited new store openings, during the quarter we signed several new agreements with tenants like Helly Hansen, Tiffany & Co. and Under Armour.

Strong renegotiation results

Many service companies are thinking a lot about what we call workplace strategy: how to best design an office to support and inspire a business. Flexible solutions and well-designed offices in prime locations are in demand. That is why we are pleased that, over the long term, we have built up exactly the kind of portfolio, knowledge and product range that is now in demand.

There is an increased tendency to move within our property portfolio and I noted an unusual high number of leases on which notice to vacate was received during the quarter. This impacts on net lettings and means we will focus even more on occupancy going forward. At the same time, there is definitely a willingness to pay for good offices in the right location. This is clearly reflected in the rent levels for leases signed during the period. We renegotiated leases corresponding to SEK 344 million in annual rent. This resulted in an average price change of just under 16%, with offices accounting for the largest share of volume and a price increase of 19.5%.



“Projects are progressing, tenants are starting to move in and we have noted a slight upswing in demand for attractive retail locations.”

Good financing at low cost

Access to financing remains good and we are being offered favourable terms. Compared with the first quarter of 2020, our total interest expense fell, even though our borrowings have increased. With SEK 73 billion in borrowings we are continuing with our long-term strategy of spreading borrowing across more markets and have now issued our first HKD denominated green bond. During the quarter we issued debt of SEK 5.5 billion in the bond market, with an average credit margin of 0.5% and an average maturity of over 7 years. Historically low levels will ensure a low interest expense for a long time to come.

Project operations are progressing according to plan and tenants are gradually moving in. This quarter we welcomed EY and DLA Piper, among others, to Sergelhusen.

The value of Vasakronan's property portfolio is SEK 165 billion and we noted a positive value change of 1%. The uptick was primarily the result of projects, in parallel with substantial interest from domestic and foreign investors in our kinds of properties: the best locations and the highest quality. This, along with good access to financing, is driving down yield requirements.

Prize-winning climate initiatives

By 2030, we intend to be climate neutral throughout the entire value chain. This is an ambitious target that will require focus, determination and excellent KPIs. We've already achieved a lot, but there is much left to do. It's encouraging, then, that Vasakronan received the "Miljöstrategipriset" award from the magazine "Miljö & Utveckling," based on our long history of climate work with clear goals and measures that have led to tangible results.

Firm ground

To summarise: we posted a strong performance for the quarter. Revenue increased and financing costs decreased. Tenants are starting to move in to our projects and we have noted a slight upswing in demand for attractive retail locations. The issue of office design, connected to new ways of working, is something that is beginning to engage our office customers as much as it engages us, and we are well equipped to address it with our products and services, our expertise and the incredible commitment of our employees. 2021 will likely offer challenges but we have very firm ground to stand on for further growth.

Stockholm 28 April 2021

Johanna Skogestig
Chief Executive Officer

Vasakronan first quarter

New lettings and renegotiations

Trends in Vasakronan's rental markets are cautious for offices as well as stores, primarily regarding larger premises. During the quarter, new lettings corresponding to 18,000 square metres (49,000) and an annual rent of SEK 78 million (278) were signed, allocated across 75 leases.

In Gothenburg, a five-year lease was signed with IFS for 1,000 square metres at the Platinan development property. The game developer Fall Damage Studio signed a three-year lease for 900 square metres at the Gamen investment property in Södermalm, Stockholm.

Stores account for just over 2,000 square metres of new lettings. During the quarter, contracts were signed in Stockholm with tenants like Tiffany & Co., Helly Hansen and Under Amour.

Renegotiations were also completed in the quarter corresponding to 97,000 square metres (93,000) and an annual rent of SEK 344 million (225). The result of renegotiations for the quarter for office leases amounted to 19.5% (12.5) and for retail the result was down 0.4% (down: 3.2). JM has extended its lease of 11,000 square metres at Frösunda in Stockholm for a period of three years and H&M has signed a four-year extension to its lease at Klara Zenit in central Stockholm for almost 4,600 square metres.

Net lettings amounted to negative SEK 154 million (positive: 143) primarily attributable to somewhat weaker new lettings. The occupancy rate was 91.5% (94.2). Of total vacancies, 1.8 percentage points (1.4) were attributable to ongoing projects and vacant development properties.

Good access to long-term financing

Vasakronan is continuing to expand its investor base by borrowing in new currencies. There is considerable interest in the company's bonds, primarily from investors in Asia. During the quarter, the company has for the first time issued a green bond

denominated in HKD. The bond has a maturity of 15 years and a total volume corresponding to SEK 440 million at the issue date. At the end of the quarter, 32% (28) of the total liability of SEK 73.2 billion (68.9) consisted of borrowings in currencies other than SEK. The favourable access to long-term financing in different currencies leads to reduced financing risk and lower interest expense over the long term.

High occupancy rate in ongoing projects

Vasakronan is creating a more sustainable and attractive property portfolio through new construction, extensions and redevelopments. At the end of the quarter, Vasakronan had a project portfolio with an investment volume of SEK 13,594 million (14,323), of which SEK 9,795 million (10,258) had been capitalised. All of the major projects currently ongoing will be completed within three years, but occupancy is already taking place in many of the development properties. The occupancy rate for major projects was 80% (76) at the end of the period, which represents an annual contracted rent of SEK 740 million.

Upgrades for Hötorgsskrapan 2 in central Stockholm started during the quarter. The goal is to create more modern office properties that can meet demand. The project is part of the development of "Sergelstan" and has an investment volume of SEK 460 million.

Continued reduction in energy consumption

Vasakronan's long-term goal is to become climate neutral throughout the entire value chain by 2030. The goal is summarised in the company's "2030 Road Map" and entails continued reduction of direct as well as indirect emissions from our operations. The company finished its 2020 environmental report during the quarter. It shows that the company continued to reduce its Scope 2 emissions (use of purchased energy) due to reduced energy consumption during the year.

The largest challenge remains in Scope 3, which primarily concerns emissions from project development and how tenants use our premises. These emissions decreased in 2020, though to some extent this was due to reduced activity from tenants due to the pandemic. The assessment is that several of the measures now being taken in project development and with our tenants will eventually lead to significantly reduced emissions, but it could take several years before the results are clear in the environmental report.

During the quarter, the magazine Miljö & Utveckling recognised the company's efforts to reduce its climate impact with the "Miljöstrategipriset" award. Vasakronan won the award based on our long history of climate work with clear goals and measures that have led to tangible results.

First quarter results

	Q1 2021	Q1 2020
Operating surplus, SEK m	1,333	1,287
Profit before value changes and tax, SEK m	1,011	936
Change in value of investment properties, SEK m	1,638	-1,786
Change in value of investment properties, %	1.0	-1.1
Change in value of financial instruments, SEK m	266	666
Profit after tax, SEK m	2,313	-151
Cash flow from operating activities, SEK m	612	418

The market during the first quarter

Better times ahead

The pandemic is maintaining its grip on Sweden and large parts of the world. New restrictions, more infections and delayed vaccine deliveries resulted in weak growth during the first quarter of the year. The National Institute of Economic Research's (NIER) assessment is that the economy will begin to recover during the coming quarters when more people have been vaccinated, thereby hopefully slowing the infection rate. Continued fiscal support from the Swedish government has helped economic development. In the latest forecast from NIER, the GDP is estimated to increase 3.7%, compared with a decrease of 2.8% in 2020. The increase for 2021 was revised upwards 0.5% compared with the previous forecast as exports performed better than expected.

According to NIER, unemployment was around 8.3% at the end of 2020. This figure then increased somewhat during the first quarter of the year. The assessment is that unemployment will fall slightly as the economic recovery takes off. According to Statistics Sweden and Evidens, office employment in metropolitan regions will rise 2.0% in 2021 and 2.4% in 2022. In 2020, office employment rose 0.9%.

Large portions of consumer durables were hit hard by the pandemic and the subsequent restrictions. Physical retail in particular has suffered negative consequences from social distancing and recommendations against shopping in person. The digital transition in the industry, which was already under way, was given an incredible boost and an increasing share of consumer durables are now purchased online. This trend was also noted in Vasakronan's city retail index, which shows a general decline for consumer durables in physical stores, mainly for clothing and footwear.

In its March report, HUI Research estimates that consumer durables, including e-commerce, will increase 2.5% in 2021 and 2.0% in 2022, compared with an increase of 2.9% in 2020.

Stabilised financial market

To support the markets and mitigate the pandemic's effect on the economy, central banks around the world decided to add liquidity for banks and for companies. Sweden's central bank, the Riksbank, acted primarily by lending to banks and through buying securities. At its mid-February meeting, the Riksbank decided to keep the repo rate unchanged at 0%.

Access to financing remains very healthy, particularly for companies with strong credit ratings, such as Vasakronan. At the end of the period, credit margins were at historic lows.

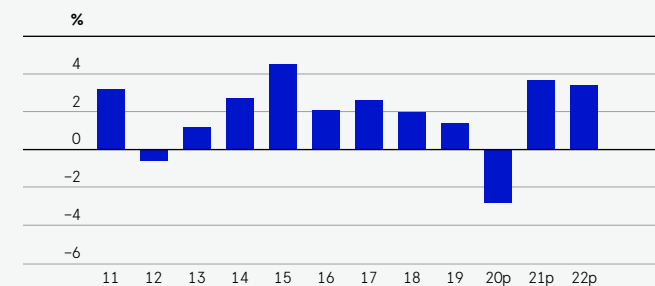
Cautious rental market

According to data provided by Cushman & Wakefield, transactions were completed in the Swedish property market for SEK 40 billion in the first quarter of the year. Transaction volumes are in line with the same quarter in the previous year. Residential and industrial property were the largest segments in terms of transaction volume. The majority of the transactions were conducted in Stockholm. Swedish and foreign investors have a great interest in acquiring properties with strong cash flows.

The office rental market remained cautious in the first months of 2021 across all of Vasakronan's regions. At the end of the period, market rents and yield requirements for offices are assessed as remaining at unchanged levels compared with the end of the year. However, there was a drop in yield requirements for Vasakronan's property portfolio. According to Cushman & Wakefield, vacancy levels have increased somewhat in all regions except for central Stockholm.

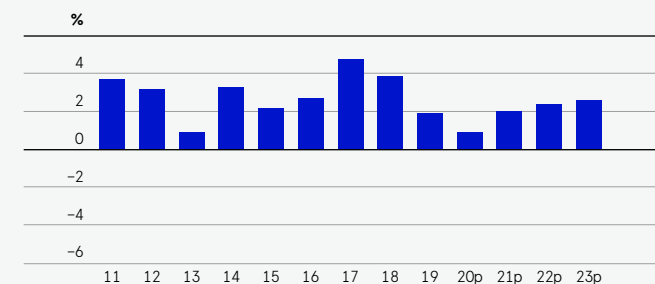
Within retail, a certain downturn was noted in market rents, primarily in Stockholm – a downturn that had been noted prior to the outbreak of the pandemic as a result of increased e-commerce. Vacancy levels are also assessed as having risen somewhat since the year end, according to Cushman & Wakefield, primarily in Stockholm. The market's yield requirements for stores, however, remains at the same levels.

Expected recovery for growth



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

Rising 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 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Jan–Dec 2020
Rental revenue	1,818	1,764	7,060	7,006
Operating expenses	-208	-197	-707	-696
Repairs and maintenance	-26	-31	-110	-116
Property administration	-87	-84	-356	-353
Property tax	-164	-165	-652	-652
Total property expenses	-485	-477	-1,825	-1,817
Operating surplus	1,333	1,287	5,235	5,189
Central administration	-33	-28	-123	-118
Result from participations in joint ventures	21	-6	-192	-219
Financial income	1	3	7	9
Financial expenses	-271	-280	-1,117	-1,126
Interest expenses, ground rents and land leases	-40	-40	-158	-158
Profit before value changes and tax	1,011	936	3,652	3,577
Change in value of investment properties	1,638	-1,786	4,506	1,083
Depreciation of right-of-use assets	-2	-2	-7	-7
Change in value of financial instruments	266	666	-232	167
Profit/loss before tax	2,913	-186	7,919	4,820
Current tax	-96	-66	-233	-203
Deferred tax	-504	101	-1,508	-903
Profit/loss for the period	2,313	-151	6,178	3,714
Of which, attributable to non-controlling interests	-2	-2	-4	-4
Total profit/loss attributable to the Parent Company shareholders	2,315	-149	6,182	3,718

Amounts in SEK million	Jan–Mar 2021	Jan–Mar 2020	Apr 2020–Mar 2021	Jan–Dec 2020
Other comprehensive income²				
<i>Items that may not be reclassified¹⁾</i>				
Pensions, revaluation	-	-	-16	-16
Restriction for surplus in pension plan with asset cap	-	-	6	6
Income tax on pensions	-	-	2	2
Other comprehensive income for the period, net of tax	-	-	-8	-8
Total comprehensive income for the period²⁾	2,315	-149	6,174	3,710
Key metrics				
Surplus ratio, %	73	73	74	74
Interest coverage ratio, multiple	4.7	4.4	4.5	4.4

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

2) Other comprehensive income is attributable in its entirety 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 during the period increased 3% to SEK 1,818 million (1,764). In comparable property holdings, revenue was in line with the same quarter in the previous year. Rent relief provided due to Covid-19 and provisions for doubtful receivables had a negative impact of SEK 9 million on revenue during the quarter.

New lettings corresponding to 18,000 square metres (49,000) and annual rent of SEK 78 million (278) were contracted, of which 37% (19) impacted on revenue in 2021. Of the new lettings for the period, SEK 14 million (158) pertained to development properties.

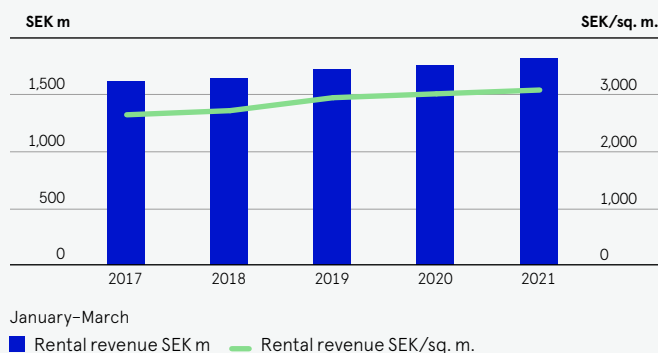
A five-year lease was signed with IFS for 1,000 square metres at the Platinan development property in Gothenburg. The game developer Fall Damage Studio signed a three-year lease for 900 square metres at the Gamen investment property in Södermalm, Stockholm.

Stores account for just over 2,000 square metres of new lettings. During the quarter, contracts were signed in Stockholm with tenants like Tiffany & Co., Helly Hansen and Under Armour.

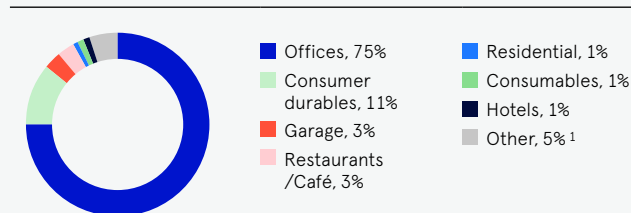
Notice of termination was received during the period (tenant will be vacating) corresponding to annual rent of SEK 232 million (135) and net lettings amounted to a negative SEK 154 million (positive: 143).

A repurchase of 97,000 square metres (93,000) during the period corresponding to annual rent of SEK 344 million (278), resulted in an increase on the previous rent payable of 15.8% (10.0). The result of renegotiations for the quarter for office leases amounted to 19.5% (12.5) and for retail the result was down 0.4% (down: 3.2). Of all the contracts up for renegotiation over the period with add-ons for moving within the property portfolio, nearly 69% (58) of the tenants decided to remain a tenant of Vasakronan.

Rising rental revenue



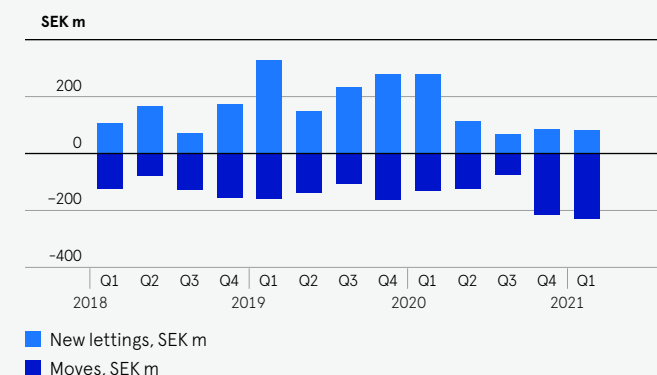
Predominantly office tenants



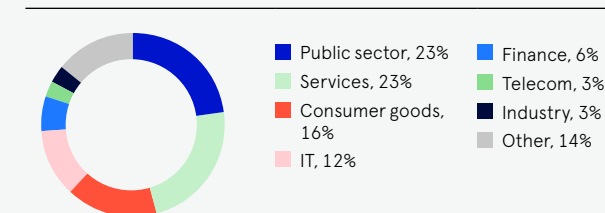
Breakdown by sector, share of contracted rent

1) Other encompasses sectors including health and social care, sports and recreation facilities, and warehouses.

Net lettings



Public sector comprises largest share of tenants



Breakdown by sector, share of contracted rent

Comments on the consolidated income statement (Cont.)

Contracted rent at the end of the year amounted to SEK 7,520 million (7,200) and the average remaining maturity was 3.9 years (3.9). The closing occupancy rate was 91.5% (94.2). Of total vacancies, 1.8 percentage points (1.4) were attributable to ongoing projects and development properties.

Property expenses

Property expenses amounted to SEK 485 million (expense: 477) for the period. In comparable property holdings, the property expenses increased just under 1% (6). The increase was primarily due to higher tariff-based costs and higher costs for snow removal.

Operating surplus

Operating surplus for the period increased 4% to SEK 1,333 million (1,287). For comparable property holdings, the operating surplus was unchanged. The surplus ratio was 73% (73).

Administration

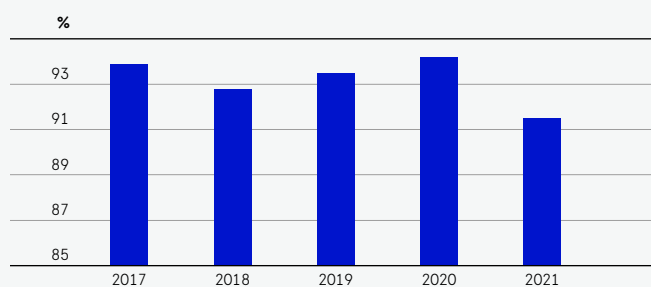
Property administration costs were SEK 87 million (expense: 84) and central administration costs were SEK 33 million (expense: 28). The increase was primarily due to higher development costs.

Widely distributed over many tenants

	Share in %
Ericsson	3
Swedish Police Authority	3
H&M	2
Swedish Prison and Probation Service	2
King	2
Försäkringskassan (Social Insurance Agency)	1
Swedish National Courts Administration	1
EY	1
Åhléns	1
Handelsbanken	1
Total	17

Largest tenants, share of contracted rent

Declining occupancy rate



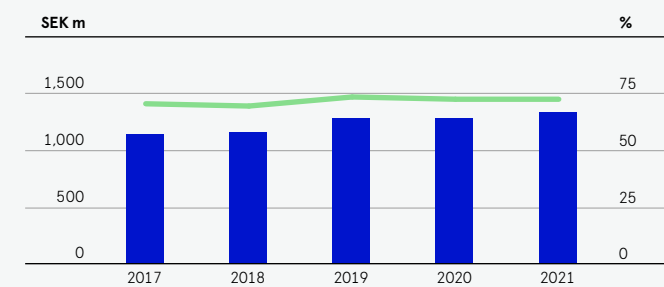
As of 31 March

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2021	836	764	10
2022	1,064	1,456	20
2023	739	1,220	16
≥2024	1,362	3,746	50
Total	4,001	7,185	96
Residential	1,169	102	1
Garage	-	233	3
Total	5,170	7,520	100

Maturity structure for contracted rent.

Stable surplus ratio



As of 31 March

■ Operating surplus, SEK m — Surplus ratio, %

Comments on the consolidated income statement (Cont.)

Result from participations in joint ventures

The result from participations in joint ventures amounted to a profit of SEK 21 million (loss: 6). The earnings during the quarter stemmed from a positive effect from divesting development rights in joint ventures.

Net financial items

Net financial items for the period improved to an expense of SEK 270 million (expense: 277), primarily due to lower credit margins. The average interest rate for loans and derivatives decreased to 1.5% (1.7) at the end of the period.

The LTM interest coverage ratio amounted to a multiple of 4.5 (4.4). The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

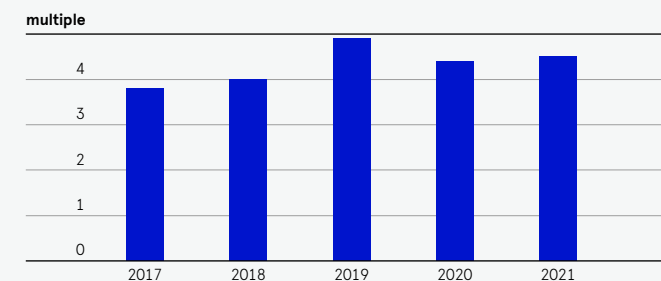
Profit before value changes and tax

Profit before value changes and tax amounted to SEK 1,011 million (936). This change was primarily due to a higher operating surplus and higher result from participations in joint ventures.

Financial risks

	Financial policy in brief	Outcome, 31 Mar 2021
Financing risk		
Loan-to-maturity	min. 2 years	5.2
Loans maturing, 12 months	max. 40%	21%
Credit commitments and cash/ loans maturing 12 months	min. 100%	162%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	4.5x
Fixed-interest period	min. 2 years	5.5 years
Fixed-interest maturity within 12 months	max. 55%	31
Credit risk		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
Currency risk		
Currency exposure	No exposure	met

High 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 2021, the entire property portfolio had been valued internally. Altogether, the change in the property value amounted to SEK 1,638 million (decrease: 1,786), which corresponded to a 1.0% (decrease: 1.1) increase in value for the period. Changes in value amounted to an increase of SEK 1,295 million (decrease: 1,264), corresponding to an increase of 0.9% (decrease: 1.0), for investment properties and to an increase of SEK 368 million (decrease: 1,264), corresponding to an increase of 1.5% (decrease: 2.0), for development properties.

The positive value growth was primarily attributable to the downward adjustment of yield requirements. The average yield requirement used for valuation of the property portfolio was 4.08%, compared with 4.12% for corresponding properties at the end of 2020. The increase in value was largest for office properties in central Stockholm and Gothenburg, as well as for public sector properties. Retail properties also posted a slight increase in value during the quarter.

The value increase in the project portfolio was due primarily to reduced completion risk and a good occupancy rate.

Unpredictability regarding the pandemic's long-term effects on the rental market entail that the assumptions made in the valuations include an unusually high degree of uncertainty.

Change in value of financial instruments

The value change in derivatives amounted to SEK 266 million (666) which was mainly due to the increase in long-term market interest rates during the period.

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 73,857 million compared to SEK 71,349 million at year end, of which SEK 50,430 million (50,505) comprised interest-rate derivatives and SEK 23,427 million (20,844) cross-currency derivatives.

Tax

The Group reported a total tax effect of an expense of SEK 600 million (gain: 35). Of the tax expense, an expense of SEK 96 million (expense: 66) was current tax and SEK 504 million (recovery: 101) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments.

The effective tax rate for the period amounted to 20.6% (19.0).

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

Factors impacting value

	Value impact, %
Yield requirement	0.8
Market rents	–
Other valuation parameters, e.g., changed cost and investment assumptions	0.2
Total	1.0

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	1.2	0.8
Gothenburg	1.1	0.2
Uppsala	0.6	0.0
Malmö	0.2	0.0
Total		1.0

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	0.9	0.8
Development properties	1.5	0.2
Transactions		0.0
Total		1.0

Consolidated balance sheet

Amounts in SEK million	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	2,044	2,027	2,044
Property, plant and equipment (PPE)			
Investment properties	164,819	155,454	162,420
Right-of-use assets, leaseholds and land leases	5,162	5,257	5,163
Equipment	61	42	47
	170,042	160,753	167,630
Financial assets			
Shares and participations in joint ventures	931	1,157	911
Derivatives	961	1,766	934
Other non-current receivables	441	263	915
Total financial assets	2,333	3,186	2,760
Total non-current assets	174,419	165,966	172,434
Current assets			
Accounts receivable	129	29	73
Receivables from joint ventures	131	130	131
Derivatives	9	44	4
Other current receivables, prepaid expenses and accrued income	2,241	1,712	1,026
Cash and cash equivalents	4,415	6,292	2,558
Total current assets	6,925	8,207	3,792
TOTAL ASSETS	181,344	174,173	176,226

Amounts in SEK million	31 Mar 2021	31 Mar 2020	31 Dec 2020
EQUITY AND LIABILITIES			
Equity	73,186	70,007	70,869
Non-current liabilities			
Interest-bearing liabilities	58,109	52,614	55,659
Lease liability, leaseholds and land leases	5,163	5,258	5,164
Deferred tax liability	22,773	21,267	22,269
Derivatives	2,917	3,975	4,284
Other non-current liabilities	57	624	58
Provision for pensions	121	118	120
Total non-current liabilities	89,140	83,856	87,554
Current liabilities			
Interest-bearing liabilities	15,058	16,238	13,658
Accounts payable	100	117	72
Liabilities joint ventures	26	11	11
Current tax liabilities	35	25	91
Derivatives	98	194	80
Other current liabilities, accrued expenses and deferred income	3,701	3,725	3,891
Total current liabilities	19,018	20,310	17,803
TOTAL EQUITY AND LIABILITIES	181,344	174,173	176,226

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 2021, goodwill was SEK 1,908 million, unchanged compared with year-end 2020.

The remaining portion of intangible assets comprised the value of the Vasakronan brand, which amounted to SEK 100 million (100). SEK 36 million (36) invested in technical platforms was recognised as an intangible asset.

Investment properties

At 31 March 2021, Vasakronan's entire property portfolio had been valued internally. The assessed market value of the property portfolio was SEK 164,819 million at the end of the period, compared with SEK 162,420 million at the end of 2020. The change in value during the period amounted to SEK 1,636 million (decrease: 1,786), corresponding to an increase in value of 1.0% (decrease: 1.1). Net investments in the quarter totalled SEK 762 million (1,169). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 9.4 billion/positive SEK 10.6 billion on the value of the current property portfolio.

Market value is influenced by property-specific events during the period, such as new and renegotiated leases, properties being vacated and investments made. Consideration has also been taken for any assessed changes in market rents and yield requirements since the previous external valuation. A more comprehensive description of Vasakronan's property valuation methodology is available on pages 108–109 of Vasakronan's 2020 Annual Report.

Change in property values

SEK m	2021	2020
Opening value, 1 January	162,420	156,071
Investments	945	1,169
Acquisitions	181	0
Sales	-364	0
Change in value	1,637	-1,786
Closing value, 31 March	164,819	155,454

Environmental certification

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 and to obtain environmental certification for the entire investment portfolio.

At the end of the period, slightly more than 90% (92) of the area of our investment portfolio was environmentally certified, of which 76 percentage points (77) were rated LEED Gold or higher.

Right-of-use assets, leaseholds and land leases

Ground rent agreements are treated as perpetual rental agreements that are given market valuations. 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.

At 31 March 2021, right-of-use agreements totalled SEK 5,162 million, compared with SEK 5,163 million at the year end.

Comments on the consolidated balance sheet (Cont.)

Property projects

Ongoing property projects have a total investment volume of SEK 13,594 million (14,323), of which SEK 9,795 million had been capitalised as of 31 March 2021, compared with SEK 10,258 million at the year end. The change in the investment volume was primarily attributable to the completion of the Noten 5 property by Solna Strand and the Celsius property in Uppsala corresponding to a total investment volume of SEK 1,300 million. The occupancy rate for major projects was 80% (81) at the end of the quarter.

The redevelopment project for Hötorgshus 2 in central Stockholm was started during the quarter. The property will be renovated and modernised to meet market demand for attractive and sustainable premises. The project is a key component in Vasakronan's development of Sergelstan and is expected to be completed in spring 2023.

Shares and participations in joint ventures

The value of holdings in the form of shares and participations in joint ventures amounted to SEK 931 million (911) at the end of the period. The positive value change was due to the divestment of development rights in joint venture companies during the period.

Deferred tax

At 31 March 2021, the deferred tax liability was SEK 22,773 million, compared with SEK 22,269 million at the year end. The deferred tax liability pertained primarily to investment properties.

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

Large investments in property projects

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Start Occupancy	Occupancy rate, % ¹	Estimated completion date	LEED environmental certification ⁵
Stockholm	Sergelhusen	4,000	3,781	95	56,500	Q4 2020	85 ²	Dec 2021	Platinum
Gothenburg	Platinan	2,600	1,958	75	53,700	Q4 2021	74	Mar 2022	Platinum
Sundbyberg	Kronan 1	1,680	1,085	65	44,400	Q2 2021	100	Nov 2021	Platinum
Stockholm	Nattugglan, block 2	800	420	53	15,000	Q2 2022	80	Jun 2022	Platinum
Uppsala	Magasin X	530	302	57	11,500	Q4 2021	73 ³	Mar 2022	Platinum
Stockholm	Hötorgshus 2	460	30	6	8,000	Q3 2022	0	April 2023	Gold
Stockholm	Sperlingens Backe 45	370	124	34	3,900	N/A	47	Dec 2022	Gold
Gothenburg	Strömshuset	270	173	64	10,500	N/A	74	Jan 2022	Platinum
Stockholm, Solna	Diktaren	135	101	75	6,400	Q3 2021	100	Aug 2021	–
Stockholm	Sergelgatan	1,500	867	58	15,500	N/A	4	Mar 2023	Gold
Total major property projects		12,345	8,841	72			80		
Other projects		1,249	954						
Total		13,594	9,795						

1) Calculated based on area.

2) Excluding housing, storerooms and bicycle garage.

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

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

5) Forecast at completion.

Comments on the consolidated balance sheet

Liabilities, and cash and cash equivalents

Access to financing was good throughout the quarter and, at the end of the period, credit margins were still at historic lows.

Vasakronan strives to diversify borrowing by allocating across several different sources of funding and to achieve an even maturity structure for the company's borrowings. Since 2018, Vasakronan has a public rating of A3, with a stable outlook, from the credit-rating agency Moody's. This confirms the high quality of the company's properties and its diversified tenant portfolio over many sectors that contains a high percentage of public operations. Moody's also takes into consideration the strength of the ownership structure when rating the company. The strong rating reduces financing risk as it provides access to financing in most markets and also access to longer maturities, in some cases as long as 25 years.

Interest-bearing liabilities, net of cash and cash equivalents, amounted to SEK 68,752 million (66,759) at period end. The proportion of loans maturing within the next 12 months amounted to 21% (20) of interest-bearing liabilities, while the share of loans maturing in ten years or more amounted to 12% (11). The average loan-to-maturity increased to 5.2 years (5.0) and the average loan-to-maturity taking into consideration unutilised credit commitments increased to 5.6 years (5.4).

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. As before, none of these credit facilities were utilised during the year. Cash and cash equivalents of SEK 4,415 million (2,558), unutilised credit facilities with the owners and the unutilised credit facility of SEK 2 billion with the EIB together correspond to 162% (165) of loans maturing over the next 12 months.

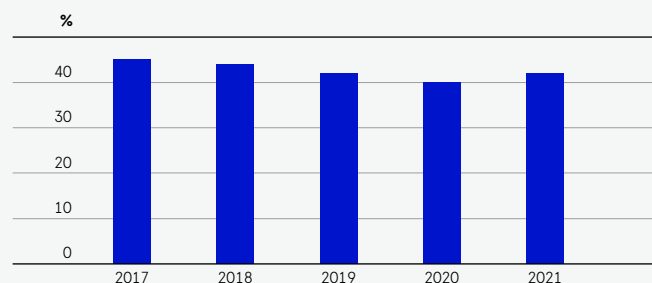
Vasakronan is one of the largest corporate issuers in the Swedish and Norwegian bond markets. The company also issues

bonds in other currencies to investors from Europe and Asia. During the quarter, Vasakronan issued its first HKD denominated bond. The green bond has a maturity of 15 years and a total volume of HKD 400 million, which corresponded to SEK 440 million at the issue date. During the period, the company issued debt equivalent to SEK 5.5 billion (3.5) in the bond market, distributed as follows: SEK 3 billion (1.2), NOK 1.6 billion (1.85), USD 65 million (–) and HKD 400 million (–). Of the total liability at the end of the period, 32% (28) 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, no new bank loans were raised and bank loans outstanding secured against mortgage deeds amounted to 5% (6) of the Group's total assets at the end of the period.

The proportion of loans with fixed-interest maturities within one year increased to 31% (29) and loans with fixed-interest maturities of ten years or more amounted to 16% (16) of interest-bearing liabilities. The average fixed-interest tenor had increased to 5.5 years (5.6) at the end of the period. The average interest rate for loans and derivatives decreased to 1.5% (1.6) at the end of the period.

Stable loan-to-value ratio



As of 31 March

Fixed-interest tenors and loan-to-maturity

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0–1 year	22,866	31	15,058	21
1–2 years	3,201	4	6,281	9
2–3 years	1,097	1	9,866	13
3–4 years	4,296	6	4,689	6
4–5 years	3,347	5	7,384	10
5–6 years	3,398	5	7,925	11
6–7 years	6,350	9	2,803	4
7–8 years	7,900	11	3,440	5
8–9 years	4,600	6	3,239	4
9–10 years	4,050	6	3,977	5
10 years or more	12,062	16	8,505	12
Total	73,167	100	73,167	100

Breakdown of funding sources

SEK m	Nominal amount base currency, SEK m	Carrying amount, SEK m	Share, %
Commercial paper		8,944	12
Bonds, SEK		25,481	35
Bonds, NOK	12,320	12,600	17
Bonds, EUR	477	4883	7
Bonds, JPY	11,400	897	1
Bonds, AUD	160	1,066	1
Bonds, USD	405	3,533	5
Bonds, HKD	400	449	1
Secured bank loans		9,969	14
NIB and EIB		5,346	7
Total		73,167	100

Comments on the consolidated balance sheet (Cont.)

Green financing

All bonds issued during the period were green, and thus meet the requirements pursuant to Vasakronan's Green Finance Framework. In total, SEK 5.5 billion (3.2) in green bonds were issued. At the end of the period, green bonds had been issued in seven different currencies.

The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 5,346 million (5,482) at the end of the period, and green secured bank loans amounted to SEK 1,760 million (1,760). In addition to the above, there is an unutilised green credit facility with the European Investment Bank of SEK 2 billion (2).

The percentage of green funding consisting of green bonds, green commercial paper and green loans increased during the period to 65% (61) of the total loan portfolio.

A more comprehensive description of Vasakronan's Green Finance Framework is available in the Impact Report on pages 162–169 of Vasakronan's 2020 Annual Report.

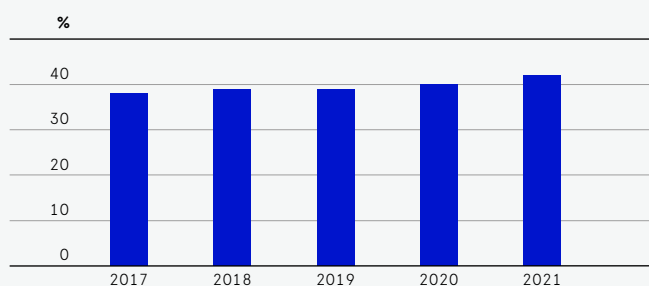
Equity

Equity increased during the period to SEK 73,186 million (70,869) as a result of comprehensive income of SEK 2,315 million (3,710). The equity/assets ratio was 40% (40) and the loan-to-value ratio was 42% (41) at the end of the period. The minority share of equity amounted to SEK 8 million (6).

Green financing under the framework

	Amounts in SEK million
Green commercial paper	2,170
Green bonds, SEK	24,347
Green bonds, NOK	5,405
Green bonds, EUR	2,915
Green bonds, JPY	959
Green bonds, AUD	1,030
Green bonds, USD	3,397
Green bonds, HKD	439
Total volume of Green Finance Instruments	40,662
Total volume of Green Assets – Green Pool	53,778
Remaining approved borrowing capacity	13,116

Equity/assets ratio



As of 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 2020	4,000	4,227	61,926	70,153	3	70,156
Profit for the period	-	-	3,718	3,718	-4	3,714
Other comprehensive income	-	-	-8	-8	-	-8
<i>Comprehensive income for the period</i>	-	-	<i>3,710</i>	<i>3,710</i>	-	<i>3,710</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	7	7
Dividend	-	-	-3,000	-3,000	-	-3,000
Equity, closing balance at 31 Dec 2020	4,000	4,227	62,636	70,863	6	70,869
Equity, opening balance at 1 Jan 2021	4,000	4,227	62,636	70,863	6	70,869
Profit for the period	-	-	2,315	2,315	-2	2,313
Other comprehensive income	-	-	-	-	-	-
<i>Comprehensive income for the period</i>	-	-	<i>2,315</i>	<i>2,315</i>	-	<i>2,315</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	4	4
Equity, closing balance at 31 Mar 2021	4,000	4,227	64,951	73,178	8	73,186

Consolidated cash-flow statement

Amounts in SEK million	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Jan–Dec 2020
Operating activities				
Operating surplus	1,333	1,287	5,235	5,189
Central administration	-33	-28	-123	-118
Add back amortisation and depreciation	3	2	14	13
Adjustment for other non-cash items	1	-2	-10	-13
Cash flow from operating activities before interest and tax	1,304	1,259	5,116	5,071
Interest paid ¹⁾	-376	-377	-1,294	-1,295
Interest received	1	1	6	6
Taxes paid	-131	-143	-223	-235
Cash flow before changes in working capital	798	740	3,605	3,547
Increase (-)/decrease (+) in operating receivables	-541	-508	-23	10
Increase (+)/decrease (-) in operating liabilities	355	186	430	261
Cash flow from operating activities	612	418	4,012	3,818
Investing activities				
Investments in existing property	-945	-1,169	-5,090	-5,314
Property acquisitions	-181	0	-362	-181
Property divestments	364	-	593	229
Other PPE, net	-17	-3	-28	-14
Acquisition of intangible assets	-	-3	-20	-23
Dividends from joint ventures	-	-	34	34
Cash flow from investing activities	-779	-1,175	-4,873	-5,269
Cash flow after investing activities	-167	-757	-861	-1,451

Amounts in SEK million	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Jan–Dec 2020
Financing activities				
Dividend	-	-	-3,000	-3,000
Raised debt: interest-bearing liabilities	12,621	10,748	37,717	35,844
Repayment of debt: interest-bearing liabilities	-9,888	-7,561	-33,744	-31,417
Change in collateral	-713	418	-1,794	-663
Redemption of financial instruments	-	-71	-206	-277
Transactions with non-controlling interests	4	-	11	7
Cash flow from financing activities	2,024	3,534	-1,877	494
Cash flow for the period	1,857	2,777	-1,877	-957
Opening balance, cash and cash equivalents	2,558	3,515	6,292	3,515
Cash flow for the period	1,857	2,777	-1,877	-957
Closing balance, cash and cash equivalents	4,415	6,292	4,415	2,558

1) Interest paid includes interest on lease liabilities for ground rents and land leases.

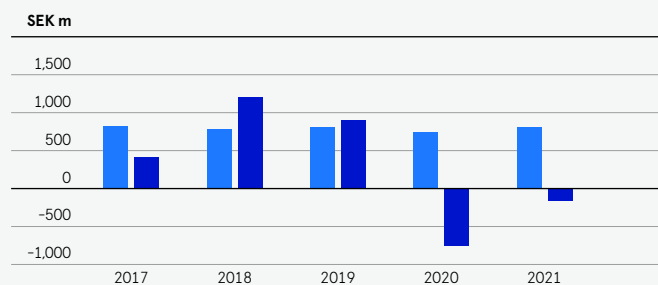
Comments to the consolidated cash-flow statement

Cash flow from operating activities before interest and taxes increased to SEK 1,304 million (1,259). Cash flow from operating activities before changes in working capital increased to SEK 798 million (740) as a result of higher net operating income.

During the period, investments in existing properties amounted to SEK 945 million (1,169). Cash flow from investing activities amounted to a total outflow of SEK 779 million (outflow: 1,175), where the comparative figures were positively affected by property sales.

In total, net borrowing for the period amounted to SEK 2,733 million (4,427). Altogether, cash and cash equivalents increased SEK 1,857 million (12,777) during the period and totalled SEK 4,096 million (6,292) at the end of the period.

Stable cash flow from operating activities



January–March

- Cash flow from operating activities before changes in working capital
- Cash flow after investing activities

Property acquisitions 2021

Property	City	Seller	Purchase price, SEK m	Occupancy
Svärdsliljan 1	Solna	Järvastaden AB	187	Jan 2021
Total agreed property value				
Transaction costs, as well as deduction for deferred tax			-6	
Total purchase price			181	

Property divestments 2021

Property	City	Buyer	Purchase price, SEK m	Transfer date
Gulmåran 1	Solna	JM AB	180	Feb 2021
Svärdsliljan 1	Solna	JM AB	184	Feb 2021
Total agreed property value			364	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-	
Total purchase price			364	

Agreed divestments to be completed

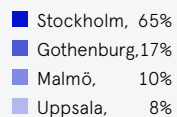
Property	City	Buyer	Purchase price, SEK m	Transfer date
Smedjan 13 and 15	Malmö	Trianon	88	Dependent on detailed development plan
Total purchase price			88	

Total Vasakronan

January–March	2021	2020
Market value of properties, SEK m	164,819	155,454
Rental revenue, SEK m	1,818	1,764
Operating surplus, SEK m	1,333	1,287
Surplus ratio, %	73	73
Occupancy rate, %	92	94
Number of properties	170	174
Area, thousand sq. m.	2,344	2,325
Environmental certification in the investment portfolio based on market value, %	92	92

Contracted rent by geographic market

Pertains to share of contracted rent



Stockholm

2021	2020
111,377	105,361
1,181	1,109
883	812
75	73
91	94
78	80
1,376	1,381
90	91



Gothenburg

2021	2020
29,995	27,641
314	331
231	250
74	76
93	96
34	34
403	403
96	96



Malmö

2021	2020
13,070	12,705
176	178
115	120
65	67
89	90
33	33
311	296
100	100



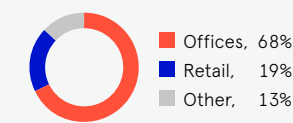
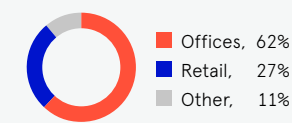
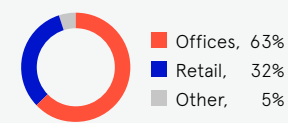
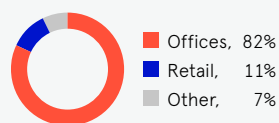
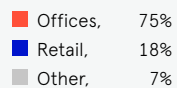
Uppsala

2021	2020
10,377	9,747
147	147
104	105
71	72
96	97
25	27
254	244
82	88



Contracted rent by property type

Pertains to share of contracted rent



Vasakronan AB – Parent Company in summary

Income statement

Amounts in SEK million	Jan–Mar 2021	Jan–Mar 2020
Net sales	126	121
Operating expenses	-165	-154
EBIT	-39	-33
Financial items		
Profit from participations in subsidiaries	-	-2
Net interest	-98	-81
Change in value of financial instruments	266	666
Profit before tax	129	550
Tax	-27	-118
Profit for the period	102	432

Statement of comprehensive income

Profit for the period recognised in profit or loss	102	432
Other comprehensive income	-	-
Total comprehensive income for the period	102	432

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 126 million (121), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered.

The value change in financial instruments was SEK 266 million (666) as a result of the increase in long-term market interest rates during the period. Profit before tax was SEK 129 million (550). Closing cash and cash equivalents amounted to SEK 4,400 million (6,278).

Balance sheet

Amounts in SEK million	31 Mar 2021	31 Mar 2020
ASSETS		
Non-current assets		
Equipment	23	6
Shares and participations in subsidiaries	37,636	37,634
Receivables from subsidiaries	39,472	40,125
Shares and participations in joint ventures	0	1
Deferred tax assets	313	308
Derivatives	961	1,766
Non-current receivables	435	258
Total non-current assets	78,840	80,098
Current assets		
Receivables from subsidiaries	7,269	4,087
Derivatives	9	44
Current receivables	1,588	923
Cash and cash equivalents	4,400	6,278
Total current assets	13,266	11,332
TOTAL ASSETS	92,106	91,430
EQUITY AND LIABILITIES		
Equity	12,925	13,074
Untaxed reserves	686	486
Liabilities		
Interest-bearing liabilities	73,167	68,852
Derivatives	3,015	4,169
Non-interest-bearing liabilities	648	1,622
Liabilities to subsidiaries	1,665	3,227
Total liabilities	78,495	77,870
TOTAL EQUITY AND LIABILITIES	92,106	91,430

Other information

Personnel

The number of employees at the end of the period was 299 (293).

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 2020 Annual Report on pages 62–67.

Since the start of the coronavirus pandemic, Vasakronan's Management Team and Board have met regularly to evaluate the effects of the pandemic on Vasakronan's operations. The risk areas identified comprised the risk of infection for tenants and staff, rental revenue, financing, development projects and property values. Numerous actions were taken to mitigate risks in these areas, which resulted in the effects over the short term being limited. These actions are being continuously re-evaluated based on the progress of the pandemic. How the pandemic will affect the property market in the long term remains difficult to forecast at present.

In many sectors, the EU taxonomy has been the subject of much debate and the proposed criteria that will affect Vasakronan's operations have been analysed by the company. The Taxonomy Regulation is part of the EU Action Plan: Financing Sustainable Growth and aims to define sustainable investments. The regulation applies from 31 December 2021 and most companies will be required to report the share of their operations that qualify as green under this taxonomy. The EU has also presented guidelines for green bonds, mainly through the link to the EU's definition of green assets.

Vasakronan is monitoring developments and will refrain from drawing any conclusions and acting until a final decision is made on the applicable criteria.

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 109 of Vasakronan's 2020 Annual Report for the sensitivity analysis.

Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7.4 on page 118 of Vasakronan's 2020 Annual Report. At the end of the period, the Third Swedish National Pension Fund held bonds issued by Vasakronan to a total of SEK 490 million.

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

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 2020 Annual Report, pages 98–118.

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 EPRA NDV.

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 99 of Vasakronan's Annual Report.

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 23. Page 22 also includes a breakdown of specific performance measures where this is required.

Significant events after the end of the period

No significant events have taken place after the end of the period.

Stockholm 28 April 2021

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 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Jan–Dec 2020
Property-related information				
Closing economic occupancy rate, %	91.5	94.2	91.5	91.9
Surplus ratio, %	73	73	74	74
Investments in existing projects, SEK m	945	1,169	5,090	5,314
Property acquisitions, SEK m	181	0	362	181
Property divestments, SEK m	-364	-	-593	-229
Net investments, SEK m	-762	1,169	4,859	5,266
Closing market value of property, SEK m	164,819	155,454	164,819	162,420
Closing area, thousand sq. m.	2,344	2,325	2,344	2,339
Closing number of properties	170	174	170	171
Environmental certification of investment portfolio, share of total area, %	90	91	90	92
Environmental certification, of investment portfolio, share of market value, %	92	92	92	92
Energy intensity on closing date, kWh/sq. m., rolling 12 month	84	88	84	83

	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Jan–Dec 2020
Financial metrics				
EBITDA margin, %	69	69	71	71
Interest coverage ratio, multiple	4.7	4.4	4.5	4.4
Closing equity/assets ratio, %	40	40	40	40
Closing loan-to-value ratio, %	42	40	42	41
Average fixed-interest tenor, years	5.5	5.8	5.5	5.6
Average loan-to-maturity ¹⁾ , years	5.2	5.2	5.2	5.0
Closing EPRA NRV, SEK m	96,096	91,725	96,096	94,656
Closing EPRA NTA, SEK m	88,995	85,104	88,995	87,735
Closing EPRA NDV, SEK m	70,461	68,541	70,461	69,450
Closing average interest rate, %	1.5	1.7	1.5	1.6
Closing net interest-bearing liabilities, SEK m	68,752	62,560	68,752	66,759
Cash flow before changes in working capital, SEK m	798	740	3,605	3,547
Net interest-bearing liabilities/EBITDA ²⁾			13.8	13.5
Other				
Closing number of employees	299	308	299	293

1) Excluding unutilised credit commitments.

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

Basis for key metrics

	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Jan–Dec 2020
1. EPRA NRV, SEK m				
Equity	73,186	70,007	73,186	70,869
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,908	-1,908
Add back derivatives	2,045	2,359	2,045	3,426
Add back recognised deferred tax	22,773	21,267	22,773	22,269
	96,096	91,725	96,096	94,656
2. EPRA NTA, SEK m				
Equity	73,186	70,007	73,186	70,869
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,908	-1,908
Add back other intangible assets	-136	-119	-136	-136
Add back derivatives	2,045	2,359	2,045	3,426
Add back recognised deferred tax	22,773	21,267	22,773	22,269
Deferred tax at fair value ¹⁾	-6,965	-6,502	-6,965	-6,785
	88,995	85,104	88,995	87,735
3. EPRA NDV, SEK m				
Equity	73,186	70,007	73,186	70,869
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,908	-1,908
Assessed fair value of interest-bearing liabilities	-817	442	-817	489
	70,461	68,541	70,461	69,450
4. EBITDA, SEK m				
Operating surplus	1,333	1,287	5,235	5,189
Central administration	-33	-28	-123	-118
Cash flow from dividends from joint ventures	-	-	34	34
Ground rents and land leases	-42	-42	-165	-165
	1,258	1,217	4,981	4,940

	Jan–Mar 2021	Jan–Mar 2020	Apr 2020– Mar 2021	Jan–Dec 2020
5. EBITDA margin, %				
Rental revenue	1,818	1,764	7,060	7,006
EBITDA	1,258	1,217	4,981	4,940
	69	69	71	71
6. Interest coverage ratio, multiple				
EBITDA	1,258	1,217	4,981	4,940
Net financial items	-270	-277	-1,110	-1,117
	4.7	4.4	4.5	4.4
7. Net interest-bearing liabilities, SEK m				
Non-current interest-bearing liabilities	58,109	52,614	58,109	55,659
Current interest-bearing liabilities	15,058	16,238	15,058	13,658
Cash and cash equivalents	-4,415	6,292	-4,415	-2,558
	68,752	62,560	68,752	66,759
8. Loan-to-value ratio, %				
Net interest-bearing liabilities	68,752	62,560	68,752	66,759
Fair value of investment properties	164,819	155,454	164,819	162,420
	42	40	42	41

1) 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 the fair value of investment properties 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.

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) for the past 12 months. Reported energy intensity also includes some tenant electricity and process cooling which, for technical reasons, is not possible to remove from the calculation.

EPRA NRV (Net Reinstatement 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 21.

EPRA NTA (Net Tangible Assets), SEK m

Recognised equity adding back goodwill, derivatives and other intangible assets after adjustment for estimated actual deferred tax. Calculated on the basis of a 30% current tax rate, in other words 6.2%. The metric reflects the actual NAV. Refer to the calculation on page 21.

EPRA NDV (Net Disposal Value), SEK m

Equity adjusted for goodwill and the fair value of interest-bearing liabilities as well as the full extent of deferred tax, refer to the calculation on page 21.

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 of investment properties, %

The total area/market value of investment properties certified pursuant to LEED or BREEAM, divided by the area/market value of the entire investment portfolio as of the balance-sheet date. Development properties are not included in the investment portfolio.

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 Jan–Jun 2021	9 July 2021
Interim report Jan–Sep 2021	11 November 2021
Year-end report 2021	3 February 2022
Annual Report 2021	March 2022

ANNUAL GENERAL MEETING

Annual General Meeting	28 April 2021
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Vasakronan in brief

Vasakronan is Sweden's largest property company. The portfolio comprises 170 properties with a total area of about 2.3 million square metres and a market value of SEK 164 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.

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

Vasakronan