



# Annual Report 2020

Vasakronan




The image from the cover is from the roof terrace at Sergelhusen.


This is an interactive, clickable PDF.

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# Sweden’s largest property company

Vasakronan’s assignment is to generate a high, risk-weighted return for our owners the First, Second, Third and Fourth Swedish National Pension Funds, A return that will benefit Sweden’s current and future pensioners, though never at the expense of the environment and people.

In addition to the assignment from our owners, Vasakronan’s ambition is to be Sweden’s leading property company.

We will achieve this by:

- Generating a high total yield, that should also exceed that of the industry in general
- Being the preferred choice for tenants looking for office or retail premises.
- Being perceived as the most attractive employer in the industry.
- Running our operations sustainably, from economic, environmental and social perspectives.

To accomplish our assignment, we must create long-term sustainable value in the business. This is achieved through good property management and development of our properties, streets and areas, supplemented by active transactions.

*Our vision is to create future-proof cities for everyone, where people and companies thrive.*



Property value SEK billion	Rental revenue SEK million	Operating surplus SEK million
162	7,006	5,189
Result of renegotiations per cent	Environmental certification Share of buildings in %	Energy intensity kWh/sq. m. <sup>2</sup>
7.3	85	83
Occupancy rate per cent	Square metres million	Project volumes SEK million
91.9	2.3	14,323





# Highlights 2020

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2020 was a challenging year, for individuals, businesses and society at large. The pandemic also affected Vasakronan. But there were also bright spots that deserve some extra attention. Some of them are listed here.

## Successful new lettings at Sergelhusen

During the year, EY, DLA Piper and Amazon Web Services signed rental contracts for Sergelhusen totalling 17,000 square metres. King and Stureplansgruppen had already decided to establish themselves in the property. The transformation of Sergelhusen encompasses three buildings totalling 60,000 square metres at Sergels Torg in the heart of Stockholm. Occupancy began in autumn 2020 and will continue throughout 2021.



## World's first environmental certification at the press of a button

Together with the PropTech company Idun Real Estate Solutions, Vasakronan created a solution to automate LEED certification of existing buildings.

All of the data from the properties is submitted directly to the certification platform ARC. It saves time and increases the quality of the data. In addition to data about water, energy and waste, data about levels of various emissions, carbon dioxide and particles as well as relative humidity and temperature are now collected and can be automatically transmitted digitally through air quality meters installed in the properties.

During the year, the preliminary data for re-certifying just over one third of the company's properties was submitted at the press of a button.



## Celsius: the world's largest BIM project

Essentially all of the work in the new construction project Celsius in Uppsala Science Park is digital and model-based, from planning and procurement to purchasing, production and management. This earned the project the buildingSmart International Award. The award is the foremost in the world for Building Improvement Modelling projects. Celsius encompasses 10,000 square metres and LEED certification is ongoing, with the objective of earning a Platinum certification.





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Climate efforts improve profitability

The competitive advantages of working on climate issues are obvious. We can clearly see that climate initiatives have been a success factor that have driven and responded to market demand for climate-smart solutions. This has, in turn, contributed to the company’s profitability. In 2020 we developed the 2030 Road Map. With this we resolved that our operations should be climate neutral throughout the entire value chain by 2030. This is a challenging goal, but we are convinced that it is possible.



Reused concrete a winner

Even though Sergelhusen is not yet complete, it is already a winner in two competitions. In the autumn, the Sweden Green Building Council named the building as winner in the category “LEED Building/Project of the Year” and at Betonggalan (“Concrete Gala”) it won the year’s environmental prize. Judges in both competitions noted how Vasakronan clearly demonstrates sustainability gains by reusing a concrete framework and extending its lifespan.



Project completion hat trick

During the year, three of our projects were completed and entered into management: Celsius in Uppsala Science Park, Bankpalatset in Stockholm and Priorn in Malmö. In Celsius, which is fully let, the Swedish Food Agency is the largest tenant. Game developer Embark Studios will move in to Bankpalatset at Kungsträdgården in Stockholm (pictured). This means that Bankpalatset, at 4,350 square metres, is fully let. Tenants at Priorn include COWI, Region Skåne and E. ON Wind.



Stability through green assets and strong ratings

In uncertain times, the difference between green and more traditional financing is becoming clear. After a short period of turbulence in the capital market during the spring, access to financing is good and credit margins have returned to low levels. A low interest rate, a strong credit rating and strong owners means that Vasakronan is a secure issuer in the bond market. This means that we remain strong in uncertain times. This is primarily due to a large share of green assets. During the year, the company issued debt of just over SEK 12 billion in the bond market, of which 96% was green.



# Earnings remained stable

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Despite a challenging year, Vasakronan remained stable and continued to deliver a healthy operating surplus on a par with the previous year. At the same time, the company's development projects started to reach completion and the property portfolio expanded with several new, attractive properties in prime locations.

## How would you summarise 2020 for Vasakronan?

"It was a year unlike any other – for society, for our customers and for Vasakronan. That is why I'm extremely pleased and proud of working together with such a stable, committed and dedicated organisation. Our ability to act quickly when conditions changed in spring shows Vasakronan's strength and is a precondition for the company to continue to stand strong. The management of customers, projects and the year at large shows that our strategy holds true and our operations are resilient, even in the face of sudden and drastic changes."

## How was Vasakronan affected by the pandemic?

"We can state that we stand stable, that our operations are robust and that we are financially strong. The pandemic had a limited effect on lettings and earnings, even though city centres in major cities were affected the most by restrictions."

"We continued to have favourable occupancy volumes and during the year we contracted new lettings of SEK 535 million. This is a relatively normal level. At the same time, we finished renegotiations corresponding to approximately SEK 1 billion and rents in the renegotiated contracts increased just over 7% and, for offices, 11%. This shows that there is a willingness to pay for good products in good locations, and large parts of society and the business world continued to perform well even during the pandemic."

## 2020 was a tough year for your retail tenants, wasn't it?

"Yes, even if there was only a minor impact on our earnings, many of our retail, restaurant and tourism customers experienced one of their worst years ever. During the year we had close dialogues with those most affected to see how we could best support them."

"We have provided rent rebates, granted deferrals on rent payments and the number of new store openings has been few. At the same time, there are positive signs. One of the clearest was that the fashion chain Uniqlo went against the grain and followed their successful establishment in Stockholm with the decision to open a store with us in Gothenburg in spring 2021."

## You have a large project portfolio, but do you anticipate any risk when the market changes as quickly as it did in 2020?

"The occupancy rate in the project portfolio is high and the properties meet the exact requirements that became even clearer over the past year: premises in the best locations and with smart designs. Our assessment is that they are coming to market at just the right time. This inspires me with confidence, despite an increasingly cautious market."

"Additionally, we're relatively careful when we start new projects. One example of this is the Celsius property in Uppsala Science Park. At the project start, it was already fully







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“The occupancy rate in the project portfolio is high and the properties meet the exact requirements that became even clearer over the past year.”

let to the Swedish Food Agency, which moved in at the end of 2020. This is also true for Nya Kronan in Sundbyberg, where the Swedish Tax Agency will move to in 2021. When it comes to renovating existing properties, this is done in attractive locations that we know are in demand, such as Sergelhusen and Hötorgshusen.”

#### Will Vasakronan continue to invest in new construction and redevelopment projects?

“Vasakronan has a property portfolio in fantastic locations. Taking advantage of the potential of existing properties and development rights is therefore self-evident. This is a way to raise the quality of the property portfolio and a good alternative to acquisitions when the transaction market is strong and property prices are at historically high levels.

“We have a pipeline with attractive project opportunities in the property portfolio and will continue to invest in developing our areas moving forward. Kaj 16 in Lilla Bommen in Gothenburg, the Hugin district in Uppsala, Södra Hagalund in Solna and Kista are some examples.”

#### Vasakronan’s largest development project is Sergelhusen in the middle of Stockholm City. You’ve also moved your head office there. Why?

“As Sweden’s leading property company, we need to be at the cutting edge and drive the development of tomorrow’s workplaces. The trend is clear and our customers are demanding flexible premises of the highest quality with attractive letting formats. In Sergelhusen we offer our entire range of products. So it’s only natural for us to move our own head office there – it’s a showroom where we can demonstrate possibilities in a tangible manner.”

#### You talk a lot about your range of products. What does this include?

“In a nutshell, you can say that it includes four, more or less, complete office solutions; customised, ready for occupancy, fully furnished and co-working. The difference between them is the degree of flexibility, both in design and contract.

“When we customise a solution, we build and adapt the building and premises entirely based on the customer’s wishes and needs. Arena, our co-working offering, is thought of as an extension of a customer’s own office and gives customers full flexibility when they need to reduce or expand operations. It offers very well designed workplaces, services, smart technology and an inspiring environment. Between customised and Arena, we offer ready for occupancy, a finished premises that the tenant furnishes themselves, and our comprehensive alternative, Smart & Klart. A Smart & Klart office is fully equipped and the customer can move in and out on short notice.”

#### In 2020, many of our usual patterns were turned on their heads, not least when it comes to where we work. How does that affect Vasakronan’s customer offering?

“Issues that became urgent for many companies were ones that we had been working with for many years. The major issue isn’t whether there is a demand for offices. We know there is, as meeting places that create culture. The challenge is finding formats for working and how to design an office to support the desired format. When will everyone be in the office, when do we meet physically and when are digital meetings a better alternative? We know that creativity and innovation arise when we meet physically. Most businesses want employees to meet and to have employees who want to come in to the office. That is why we believe that demand for excellent offices in good locations with easy access to public transportation will be even greater in the future.

“For example, a company can have their own office to build culture and community and then supplement it with Smart & Klart for a certain period and some workplaces at Arena. That’s what we thought when we designed our product range, our own head office in Sergelhusen and several of our projects.”

#### One of your development projects, Magasin X, is especially important to you and your colleagues. Why?

“Magasin X has a prime location near Uppsala Central Station and will be Vasakronan’s, and Sweden’s, largest office property with a frame made entirely of wood. The project is a milestone on the way building office properties more sustainable. There has been a great deal of interest in Magasin X, which was already fully let two years ahead of its completion in 2022. This is



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evidence that market demand exists for sustainable alternatives for premises.

“An environmentally sustainable approach is in demand from customers, owners and investors. This encourages us to continue our work unabated in our four focus areas of energy, waste, transportation and material. During the year, we grew our ambitions and launched the 2030 Road Map. The goal is for our entire value chain to be climate neutral by 2030.”

### **That’s an ambitious goal. How are you working to achieve it?**

“We’ve worked systematically to reduce our climate impact and other sustainability issues for many years. Commitment to these issues has been a central part of our corporate culture. What we’ve accomplished to date has been successful and we’re continuing ahead with determination. Since 2009, we’ve reduced the energy consumption of our property portfolio over 60% and the energy intensity in the property portfolio is now 83 kWh/sq. m. per year. We’re proud of this, but we will reduce it even further. When it comes to transportation, waste and material, it is primarily in our development projects, together with our suppliers, that we have a big job to do.

“Redeveloping Sergelhusen is a good example of how we work to reduce the environmental impact of our development projects. We kept the existing concrete framework instead of ripping it out and building a new one, and we reused more than 40 tonnes of construction material. We dismantled the old building carefully and much of what was removed has been reused or otherwise seen new life.”

**“Commitment to sustainability issues has been a central part of our corporate culture.”**

### **Sustainability also leaves its mark on your financing, doesn’t it?**

“Yes, interest in and knowledge of sustainability in the credit and financial markets has increased noticeably in the last few years. Our entire property portfolio adheres to a high environmental standard and at the end of 2020, 92% of our property portfolio was environmentally certified. This means we can issue green bonds and commercial paper and several of our projects are financed by both the NIB and the EIB. During a year like 2020, when the credit market was periodically a little shaky, it was a strength to be able to offer green assets. This means that we have good access to attractive financing and are less affected by uncertainty in the financial markets.”

### **What do your expectations and challenges look like for the rest of 2021?**

“With a vaccine on the way, I’m naturally hoping for some improvement. At the same time, I’m realistic. I’m sure that restrictions and recommendations will continue to challenge all of us in various ways throughout 2021 as well.

“Working remotely will continue to some extent. More and more of our customers are considering how the mix of remote working and physical presence in the office will look in the future. The issue is often about what the hybrid way of working will entail for operations. The need for the office as a meeting place has increased, as has interest in how to design offices to meet requirements for comfort, collaboration and flexibility. This is an exciting development that we’ve seen coming for many years and are well prepared to meet.

“I think 2021 will remain challenging for ground floor operations in our city centres, which is where Vasakronan is active. From a slightly longer perspective, I have confidence in our long-term strategy and portfolio composition. We are financially strong, we have an excellent property portfolio in locations where people want to be and we have a project portfolio that will contribute positively to our profitability and rental revenues in the coming years. Our employees have exactly the kind of knowledge that customers are now demanding and we have a product range that meets the market’s changed needs and desires. In other words, we are very well positioned and have good preconditions for successfully navigating 2021.”

Stockholm, March 2021

**Johanna Skogestig**  
*Chief Executive Officer*





# Operations







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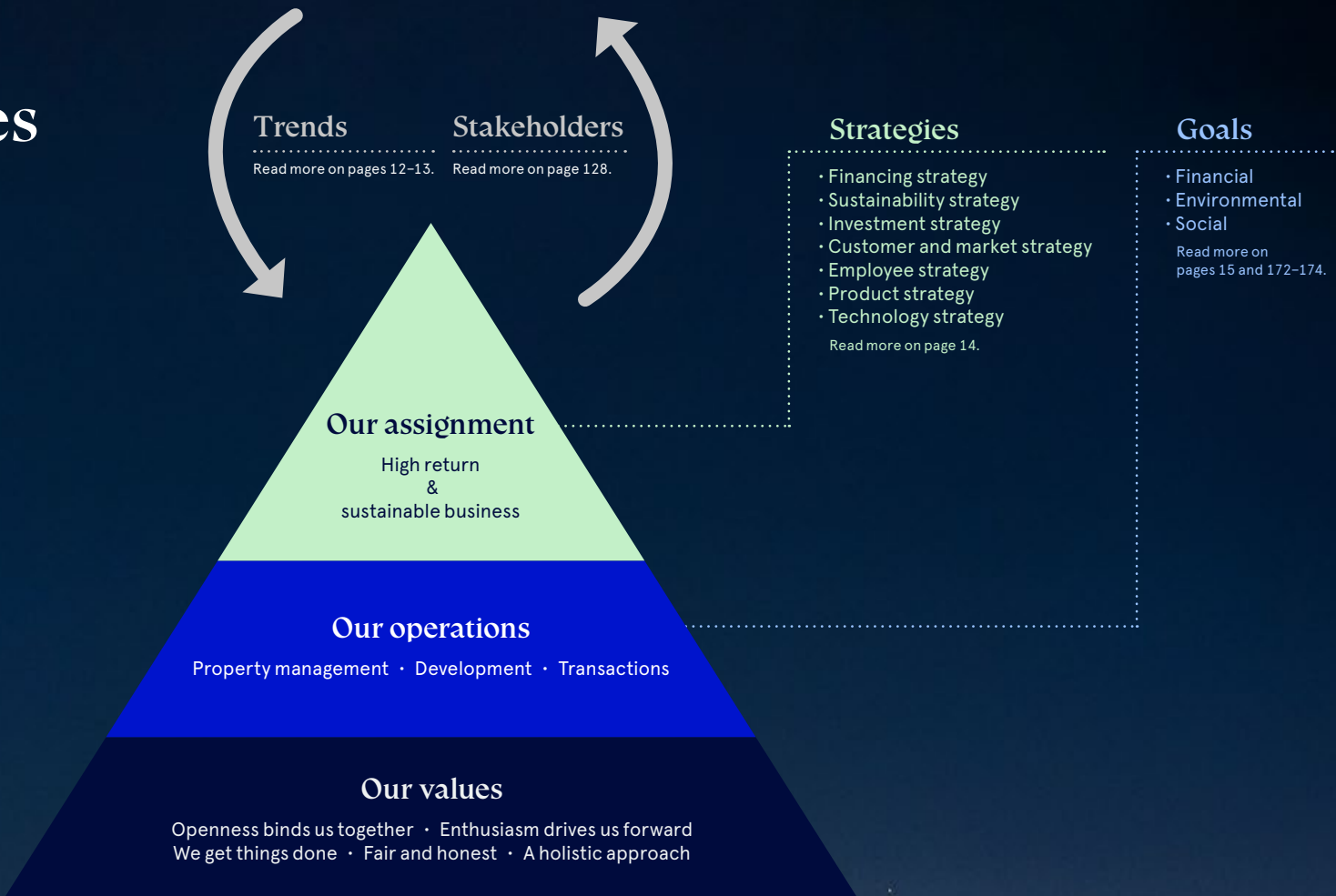
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# Future-proof cities

For everyone, where people  
and companies thrive.







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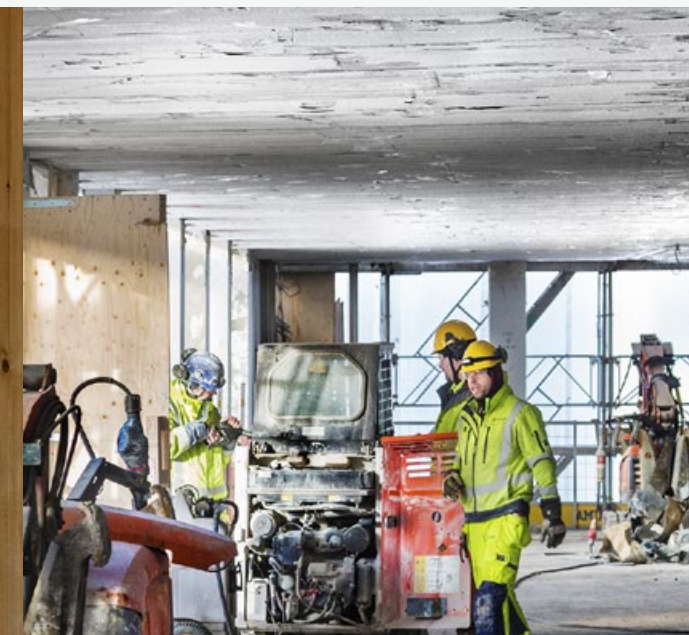
## Our financial responsibility

Vasakronan is one of the Swedish national pension funds' investments and is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds. The assignment from our owners is to deliver a high and long-term risk-weighted return to meet current and future pension needs without harming the environment, people or the communities in which we operate.



## Our environmental and climate responsibility

The construction and property sector affects the environment in a variety of ways. For example, the sector accounts for just over 20% of emissions of greenhouse gases and just over 30% of energy consumption and waste generated in Sweden. Vasakronan has identified energy consumption, material use, waste and transportation, both from tenants and development activities, as the four most material environmental topics.



## Our responsibility for people and society

Our operations affect thousands of people. In particular, those who work for Vasakronan – our employees and our suppliers. But we also affect all of the people that spend their time in and around our approximately 170 properties.

Our operations are only sustainable if we ensure safe, sound and healthy work environments with good working conditions where everybody receives equal treatment.





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# Market and trends

The underlying trends were already clear to us but the tempo increased. What we had planned for in the next ten years is happening right here, right now. Many have quickly become aware of the effects of the pandemic and questions of where and how we work, how retail will look in the future and, not least, sustainability, are suddenly on everyone’s lips.



**Digitalisation making a huge breakthrough**  
2020 became the year where digitalisation made a complete breakthrough. A sudden and compulsory switch to remote working has advanced digital development a couple of years and the digital workplace has become self-evident. For companies and organisations, the weaknesses and strengths of digital infrastructure became clear. No one knows how things will be after the pandemic is over but one thing is clear: after 2020, everyone understands how technology enables a digital way of working, but also how important physical meetings are.

**Hybrid offices becoming a new alternative**  
Companies and organisations have long demanded a higher degree of flexibility in office functions as well as rental agreements. Digital meetings and remote working have become the standard for many people during the pandemic. This challenges the traditional view of what an office is and what function it fills. Many have also started to think about how to design an office so it better meets needs for coordination and flexibility. Working remotely has highlighted the need of offices as meeting places. As a result, there is increased curiosity surrounding a mix of workplace resources. For example, a company can have their own office to build culture and community, combined with places for meetings and for work, not least supplemented with virtual workplaces that be located anywhere at all.



**Focus on personal health**  
A digitalised society where we all have access to everything through our phones every hour of the day creates stress and requires high levels of self-discipline. Commuting to and from work every day helps create routines and set boundaries. In many cases, routines and boundaries disappeared when remote working began. As a counter reaction, and as a clear consequence of the pandemic, the past year has brought an increased focus on personal health. Nature has become even more important as well. This is hardly surprising. The natural boundaries between work and leisure disappeared with remote working. The pandemic put a stop to physical meetings with colleagues and friends. As a result, nature has become a sanctuary for relaxing and socialising.





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**Structural overhaul in retail a reality**

The structural overhaul in retail has been going on for a long time, but in 2020 it became extremely clear. This was the year when Swedish consumers really took to online shopping. For many, it was the only way, and Swedish e-commerce grew 40%. It is too early to tell exactly how retail will be transformed, but we can say without a doubt that it will have consequences for our city centres. New content will be developed and we are already seeing many new ideas and concepts in the market. The way forward can be difficult in many ways, but this overhaul will eventually lead to improvements.



**New services**

Digitalisation connected to new technology and new innovations enable communication and interaction in an entirely new way and we are in the midst of a technology shift where everything is becoming more connected, monitored and analysed. For us, our customers and other societal actors, this can mean great advantages. One example is Accessy, a service that administers locks easily and securely through mobile telephones. Accessy will simplify the stream of deliveries to properties and tenants will be able to connect services to their workplaces. It is an open system that makes it easy for property owners to connect their spaces. They can use the lock system they already have, without needing to invest resources in a new installation.



**Sustainability on everyone's lips**

There are few left who doubt that we face a gigantic climate challenge, and politicians and companies are serious in prioritising the issue. Major decisions are under way in the EU as well as on the national and local level. Many companies have stated unequivocally that the climate has become essential in their business models and for those yet to start, things have become urgent. When investors and capital abandon fossil-based businesses in favour of more sustainable businesses, that is when things start to happen. But the climate is hardly the only challenge. Biodiversity, water shortages, resource efficiency and human rights are other issues that challenge current business models and put the company's future earnings ability to the test. For companies that have not reviewed their business model's sustainability, it is high time to investigate the possibilities.





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# Strategies and goals

## Our strategies

To ensure that the assignment from owners is fulfilled, management develops an annual strategic plan that the Board then ratifies. The plan guides the coming years and is framed by seven strategies.

### FINANCING STRATEGY

We have low financial risk through diversified sources of finance, secured credit limits and a spread of maturities. We are increasing our share of green financing and gradually stepping up the requirements in our framework.

### SUSTAINABILITY STRATEGY

We run our entire business with a sustainable approach and our sustainability ambitions influence all decisions taken by the company. We take responsibility for our impact on the environment, people and the communities where we operate.

### INVESTMENT STRATEGY

We focus primarily on property holdings focused on offices and city retail in Swedish growth areas and our properties should be survivors in the rental market. We adapt and develop the property portfolio based on how the market is expected to change.

### CUSTOMER STRATEGY

We follow our customers in their development and offer solutions to meet their needs. We actively share our knowledge about how office space and other resources can be used more efficiently.

### EMPLOYEE STRATEGY

We have an organisation that adapts to match our changing surroundings, and leadership that creates the preconditions for our employees to succeed and thrive in their work.

### PRODUCT STRATEGY

We offer a broad product range for workplaces and street-level operations with everything from customised or ready-made premises to Arena for shared offices and services. Our technological solutions buildings make things simple and efficient for our customers.

### TECHNOLOGY STRATEGY

Our technological solutions simplify our customers' daily tasks and lead to increased efficiency and profitability for the companies. We stay one step ahead and are not afraid to try new technologies.





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# Our long-term goals

Our ambition is to be a sustainable leader in all dimensions.  
Challenging and engaging targets have been set to reach this goal.

## FINANCIAL

- A total yield of at least 6.5% per year (rolling average over 10 years)
- A total yield of at least 0.5 percentage points higher than the industry\*
- All our funding is green

## ENVIRONMENT

- Our entire value chain will be climate neutral by 2030
- Our properties are self-sufficient and do not require any energy to be purchased
- Our business and those of our customers generate no waste that is not possible to recycle or reuse
- We only use renewable, recycled or reused materials in our construction projects

## SOCIAL

- Everyone who works for Vasakronan has a good working environment free from workplace accidents
- Our company and our suppliers are diverse and have an inclusive corporate culture
- Our areas and properties are aesthetically pleasing and are designed to support:
  - occupational health and safety
  - health and well-being
  - inclusivity for everyone

\* Compared with MSCI Sweden Annual Property Index (not including Vasakronan).





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## Our impact



Vasakronan’s operations contribute to several of the Sustainable Development Goals (SDGs) that UN member states adopted in September 2015, the 2030 Agenda for Sustainable Development.

The 2030 Agenda for Sustainable Development is a universal agenda with 17 goals for economically, socially and environmentally sustainable development. The objective of the goals is to address poverty, peace and justice as well as inequality, and to solve the climate crisis by 2030. Even if the goals are set on an international level, it is important for us as a company to analyse whether and how we can contribute to the goals.

We believe our largest positive impacts to be on SDGs 7, 9, 11 and 12. Through our positive impact on these goals, our operations also contribute to Goal 13, “Climate Action.”

We also face challenges associated with the SDGs, for example, Goal 8 “Decent work and economic growth.” This is primarily linked to the risk of work-related accidents and hazardous working conditions at our construction sites.

For more detailed information about where our impact is the largest, see pages 137–160.

Anna Denell  
Chief Sustainability Officer (CSO)



### How does Vasakronan work with the Sustainable Development Goals?

“First we identified which of the Sustainable Development Goals that our operations have the most impact on, and we’re proud to report that we’ve made progress in these areas. Secondly, we’ve turned 180 degrees and looked at the goals from another perspective, are there any risks on our side preventing the world from reaching the goals. Where is our largest negative impact and how can we reduce it?”

“We also want to work more ambitiously to create a safe and secure work environment. We purchase services from several industries where there are recurring health and safety risks. That is why we are part of “Håll Nollan.” An initiative within the construction and property industry that aims for zero workplace injuries.”

### What more do you do?

“We’ve developed a roadmap for how we intend to reach climate neutrality across the entire value chain by 2030. It’s an ambitious

goal. As a country, Sweden has a goal of net zero greenhouse gas emissions by 2045. We think that is too late. There’s a lot to do here and now. We already have the technology, systems and methods to drastically reduce emissions in our industry.

“What’s inspiring is how incredibly engaged our employees are with this issue. They appreciate working for a company that’s really trying to be more sustainable. Many of our new employees say that this is a reason they applied to Vasakronan.”

### How are you involving your tenants in climate efforts?

“We help them reduce electricity consumption in their premises. We also give them advice about how to minimise their waste and improve their recycling.

“We have trained a number of our employees, who we call champions. There is a great deal of interest from our tenants. They want to do the right thing, but they don’t always know how. Now they have better support and guidance from our knowledgeable employees.”





# An offering that meets everyone's needs

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## A range of office solutions

We offer office solutions that meet a variety of needs over time for our customers. We also have proven knowledge about how the workplace can be leveraged to change, affect and inspire.

### Customised premises

Built and adapted according to a customer's wishes and needs as well the premises' preconditions.

### Ready-made premises

Demand for ready-made offices is increasing. The premises are complete and much is already in place. The customer only needs to bring furniture and other furnishings. Everything else is finished. Ready-made premises decrease the time until occupancy.

### Fully furnished premises

All of the functions, furniture and furnishings are in place in a Smart & Klart office. Customers can move in and out on very short notice. Suitable for companies in an expansion phase or companies that need to establish themselves right away in a new neighbourhood.

### Co-working

Arena is Vasakronan's own co-working concept, where we offer workplaces, offices and meeting rooms. The work environment, technology and services are cutting edge. This allows for flexibility, for example when customers need to reduce or expand their operations.



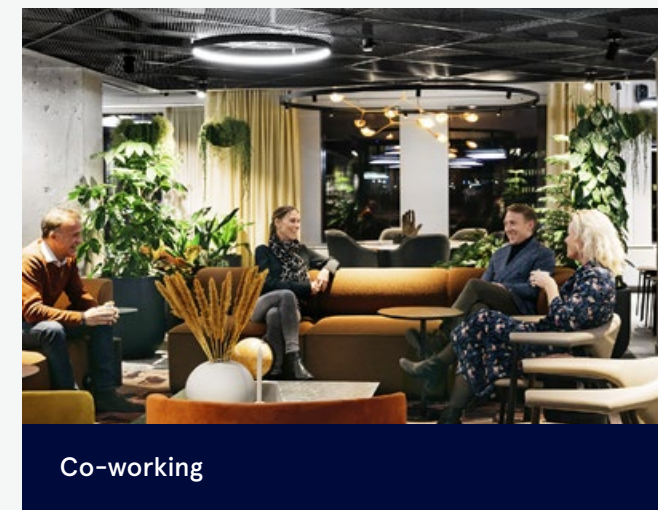
Customised premises



Ready-made premises



Fully furnished premises



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Consulting that provides direction

We offer consulting about how premises can be used as a strategic tool to develop operations and business.

- We help identify the best way to design the office so that it supports operations and provides inspiration for challenges and development.
- We offer suggestions about how existing premises and workplaces can be adapted and developed. This can include floor plans, choice of material or service setup, for example.

Services to simplify the everyday

For daily operations to work as easily and sustainably as possible, we offer our tenants various services. Here are some examples:

- **Bicycle services.** Secure bicycle storage, bicycle hubs with showers, locker rooms and service stations.
- **Freight and consolidation services.** For example, through the initiative #ÄlskadeStad (Beloved City), deliveries are made to a collective distribution centre, transferred and shipped throughout the city via electric vehicles.
- **Everyday service.** In collaboration with Coor, we offer coffee, water, fruit, catering, conference facilities, caretakers, etc.
- **Waste sorting.** This service includes helping the customer with appropriate waste facilities and pickup in the premises to transport it further to recycling. The customer also receives monthly waste statistics.

“Offices build both a brand and a corporate culture. We need each other.”

**Britt Lindqvist**  
*Head of Business Development, Vasakronan*



How has the market for offices changed?

“Customers are demanding greater flexibility, both in terms of office solutions and length of leases. This is a development we’ve noticed for a long time, and it’s become more apparent during Covid-19.

“Another change is that many companies no longer have all of the skills they need for their organisation in-house. Instead, they network with other companies or consultants.

“This also requires flexible and optimised office solutions. I would describe what Vasakronan offers as a bag of sweets. You pick out the ones you want when you need them.”

What does this “bag of sweets” solution look like

“It includes traditional offices, Smart & Klart – where you only need to move in – and co-working. Arena, our own co-working concept, which we’ve implemented at Sergelhusen in Stockholm, is an example of the latter.

“We see Arena as an extension of private offices. This provides flexibility for our customers, for example when they need to reduce or expand their operations. It offers well designed workplaces, services, smart technology and an inspiring environment.”

So the office won’t disappear?

“Absolutely not. Offices build both a brand and a corporate culture. We need each other, not least to spark creativity. The shift from the office as a place for productivity to a meeting place for collaboration is nothing new. But the pandemic has accelerated this trend.

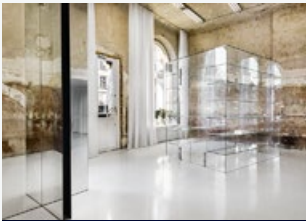
“However, I think work life has changed. The work place will exist in different locations. Many have now realised that working from home works well, to an extent.

“This means that operations need to become more digital and that leadership needs to change. Managers need to learn to lead based on trust.”

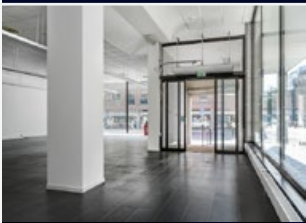




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Customised stores



Turn-key stores



Furnished pop-up stores and showrooms



Restaurant and coffee shop premises

## Retail premises in prime locations

Our retail premises are located in attractive areas and shopping centres. We meet customers' needs by offering a range of solutions.

### Customised stores

In a customised store, the customer decides over most aspects, such as floor plans, flooring, lighting and installations. The premises are built and adapted according to a customer's wishes and needs.

### Turn-key stores

There's an increasing demand for premises fully ready for occupancy. All the customer needs to provide is their own concept and furnishings. Turn-key stores provide lease-term flexibility and enable a customer's quick establishment.

### Furnished pop-up stores and showrooms

Our furnished pop-up stores and showrooms are perfect for customers who wish to test a new concept, strengthen a campaign or try out a new market. These have everything, including, Wi-Fi, alarm and payment systems, and can be rented by the week or month.

### Restaurant and coffee shop premises

Restaurant and coffee shop premises have specific requirements, both from the authorities and based on their operations. Our premises are designed to meet them all.

“Consumers are asking for more renewal and innovation. This means that street-level operations need to change.”

Kristina Pettersson Post

SVP, Gothenburg Region



**During the year you've been responsible for coordinating work with Vasakronan's retail customers. How has the pandemic affected this?**

“The retail and service industries have both been hit extremely hard by the pandemic. Many had immediate problems with liquidity and the first step for us was to support them by granting deferrals on rent payments. “Then there was state aid of 25% as long as property owners matched this amount. It was a big job and we had to work extremely hard to manage all of the applications in time.”

**How many of your tenants have had to go into receivership?**

“Surprisingly few, despite a drop

in city retail floor traffic of between 30 and 50%. Most have worked hard and made drastic changes to survive. They've used financial support and short-term work allowances to various degrees, as well as laying off employees or giving them notice. Many have reviewed their costs and run operations as efficiently as possible.”

**How do you think retail will develop?**

“When retail moved online, physical stores became more experienced-based. Consumers are asking for more renewal and innovation. This means that street-level operations need to change. We're going to see more additions of services, culture and mixed concepts.

“The increasing rate of change means that tenants need greater flexibility in their solutions. That's why we offer everything from customised premises to ready-made premises. “There is also a great deal of interest in our pop-up stores that can be rented for shorter periods of time.”

**What do you expect for next year?**

“We have good, attractive locations. But things won't look like they used to. Together with our tenants, we need to work with change. Retail has needed to innovate for some time now, but Covid-19 has accelerated these changes.”



# We are moving the climate goalposts

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The world is facing many challenges, but climate change is doubtless the largest one. If we do not come up with climate solutions, we will also fall short with many other challenges. The construction and property sector accounts for 20% of all greenhouse gas emissions in Sweden, including emissions generated primarily by energy consumption in buildings and those linked to construction.

**Higher percentage of renewable energy**

Properties account for just over 30% of energy consumption in Sweden. This is why we are reducing our energy needs by optimising operations of our existing properties and why we set very high standards for energy intensity in our new development and major renovation projects. In 2020, energy intensity decreased to 83 kWh/sq. m. per year (92). At year end, 72% (63) of the buildings had an energy intensity below 100 kWh/sq. m. per year.

To further reduce our impact, we will also phase out all fossil energy consumption connected to our properties and produce our own renewable energy. In 2020, 71 solar photovoltaic systems (63) were in operation and in Fyrislund in Uppsala we developed a seven-hectare solar park with 11,000 solar panels. The Fyrislund park is expected to generate approximately 4 GWh/year, which is the amount needed to provide 240 average-sized houses with heat and electricity for an entire year.

Since 2017, all of Vasakronan’s lease agreements have been green leases, which means that we work to reduce energy consumption together with tenants.

**Reducing waste**

Large amounts of waste are created in our new construction and redevelopment projects as well as by our tenants’ opera-

tions. Before a project starts, a reuse, recycling and waste prevention workshop is held to identify measures for reducing construction waste and increasing the amount of reused construction material.

To improve control over tenants’ waste management, we need to work together with our customers and simplify their waste sorting and recycling process as much as possible.

Regardless of whether the waste is generated by our own or our tenants’ operations, the overall goal is the same – to reduce quantities of waste and ensure that as much as possible is recycled.

To increase awareness and grow the industry in a sustainable direction, Vasakronan is engaged in several initiatives and partnerships. One of them is the Centrum för cirkulärt byggande, which has a digital marketplace for reused material with the aim of increasing knowledge and collaboration between market participants and developing a large-scale market for reused construction material.

**Material that does not harm the environment**

We primarily opt for reused materials or materials produced from renewable or recycled raw material for our projects. The material used must also not contain hazardous substances that risk injury to people who spend time in the building or to the ecosystems outside.

Magasin X in Uppsala, which is currently under construction, will be Sweden’s largest office property with a frame made entirely of wood. Using wood instead of steel and concrete is one way to reach the goal of a fossil-free construction sector. For more information about Vasakronan’s material and waste management within project development, see pages 150–152.

**Steps we have already taken**

- We have more than halved the energy consumption of our premises since 2009.
- We became the first company in Sweden to offer green leases in 2010.
- We became the first company in the world to certify our property portfolio with LEED volume certification in 2013.
- We issued the world’s first green corporate bond in the same year, 2013. The proceeds from our green bonds are earmarked for green assets.
- In 2018, we issued the world’s first green commercial paper.
- At the end of 2020, 71 solar photovoltaic systems were in operation.

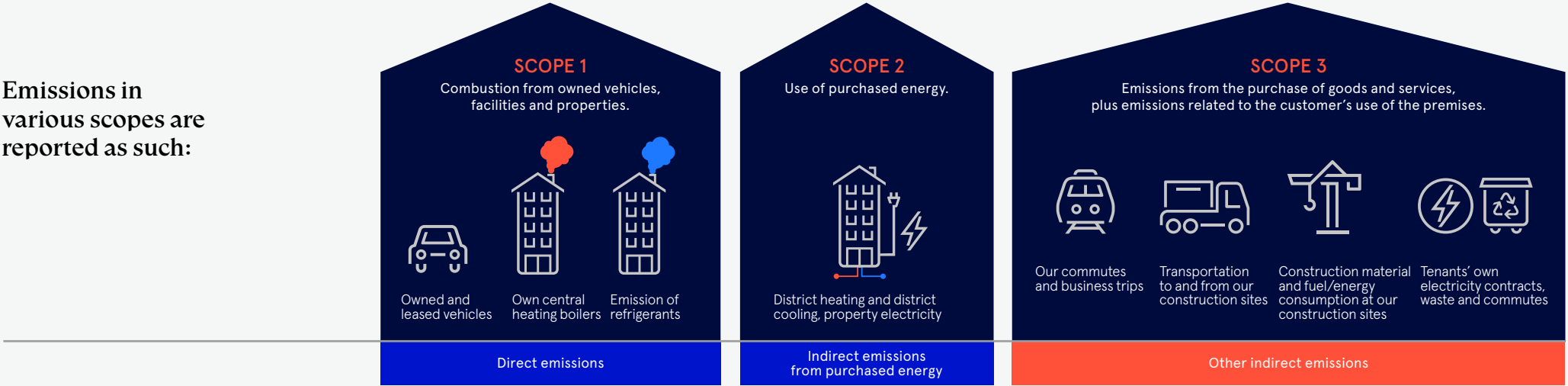






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Emissions in various scopes are reported as such:



Smart transportation

Transportation causes climate change, local emissions, noise and congestion. Our greatest impact is due to our construction projects. Therefore, we also require our suppliers to reduce the number of shipments they make through smarter logistics, and that the shipments made are conducted in a more environmentally friendly manner.

"Beloved City" is a partnership between Vasakronan, Ragn-Sells, Bring and the City of Stockholm, which aims to establish collective distribution centres in the heart of the city. The partnership has been ongoing for several years in Stockholm and Malmö, and during the year, the establishment of a new collective distribution centre in Sergelhusen in central Stockholm was started. Goods being distributed to stores can be coordinated using electric vehicles that can bring waste back to the collective distribution centre. This reduces congestion, noise and emissions.

Another significant impact comes from our tenants' travel and transportation to and from the properties. As such, we help our tenants change their transportation and travel habits with measures such as promoting improved public transport, installing electrical charging stations for electric vehicles, improving infrastructure for bicycles in and around our buildings, and by offering car pools.

2030 Road Map

For Vasakronan, the commercial benefits of reducing our climate impact are clear, and we see no conflict between profitability and sustainability. Quite the opposite. In 2020, Vasakronan set a long-term climate goal of climate neutrality across the entire value chain by 2030. To reach this, we are focusing intensely on indirect emissions. These are emissions that Vasakronan does not have full control over, but there is an opportunity to make a difference through, for example, mate-

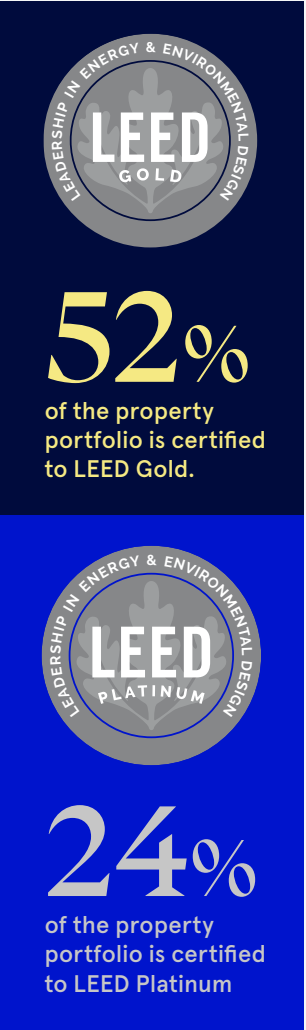
rial and design choices in project operations and through working with tenants and suppliers.

Compensation across the entire value chain

Eliminating all of our emissions will be impossible, no matter how hard we try. Starting in the 2020 financial year, we make an annual compensation for all of the emissions reported in the company's value chain. We will do this by purchasing shares in various compensation projects, investing in our research and development and in tree-planting projects, primarily in connection with our own properties. The ambition is to no later than 2030 compensate for our remaining emissions through some form of carbon removal, which reduces the level of carbon dioxide in the atmosphere equivalent to the amounts our operations generated.



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**Ambitious certification**

Vasakronan’s ambition is for all properties to be environmentally certified, something which is important from several perspectives. Environmental certification is third-party evidence of our properties’ low environmental impact. It means that we can fulfil our tenants’ growing environmental specifications. It is also a prerequisite for the company’s green funding.

We primarily use the LEED certification system, which is the most commonly used environmental certification system in the world. There are four different certification levels, the highest being Platinum. Certification includes an assessment of the property’s energy consumption, indoor environment, material and resource use, waste management and water consumption.

LEED can be used to certify existing and new properties. At the end of 2020, 92% (90) of our property portfolio was environmentally certified, of which 76% (74) was rated LEED Gold or Platinum. During the year, our development properties Priorn in Malmö and Celsius in Uppsala were completed and certified LEED Platinum.

**“What’s new for 2020 is that Vasakronan was the first company in the world to digitalise the certification process.”**

**Kübra Ayata,**  
*Project Manager Environment and Sustainability*

**How have you worked with environmental certification in 2020?**

“Our ambition is to certify 100% of our properties. We’ve reached 92% and work continues. What’s new for 2020 is that Vasakronan was the first company in the world to digitalise the certification process. We’re very proud! Certification requires collecting and compiling a great deal of data from properties, such as energy, water, waste and indoor climate.

“We used to do this manually, which was very time-consuming. Now we can deliver the necessary information with the press of a button. We can finish in a week what used to take half

a year. All of this is possible thanks to our IoT platform. This allows us to measure and control data and helps different systems communicate with each other.”

**There are many different environmental certification systems. Why did you choose LEED?**

“We made our decision back in 2009. The important thing for us was to choose a system with a functioning version for existing buildings, which comprise most of our operations. We also wanted a certification that looked at the whole picture and took into account several parameters. LEED even includes surroundings. It’s also

an internationally established system and we have many customers with operations that extend outside of Sweden.”

**WELL Building Standard is a relatively new certification. Why not work with it?**

“WELL only addresses health and well-being for people in a building, an aspect that LEED covers as well. We already work on a broad front, ensuring that all of our buildings have good sound, light and air quality conditions and are designed to support health and well-being. “This, combined with Swedish laws and regulations, means that double certification would be meaningless for us and for our customers.”





# Responsibility for people and society

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Our operations affect thousands of people. In particular, those who work for Vasakronan – our employees and our suppliers. We also affect all of the people that spend their time in and around our approximately 170 properties. Our operations are only sustainable if we ensure they have safe, sound and healthy work environments with good working conditions where nobody is discriminated against.

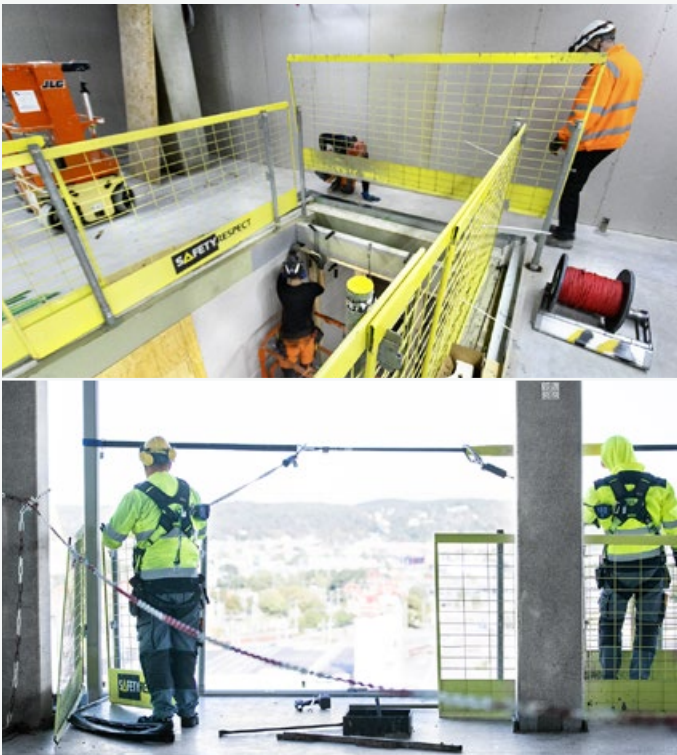
## Safe and sound work environments

Our goal is to be the most attractive employer in the industry and have satisfied employees who are content with their workplace and their personal development.

When it comes to our own organisation, we can see that the risk of accidents or long-term illness is relatively low. The risks are greater, however, for our construction and service contractors. Our ambition is to have no accidents or severe injuries at our building sites. Therefore, we set stringent requirements for contractors in terms of construction site safety. There are clear routines for reporting incidents and accidents and everything is followed up diligently. Vasakronan is also part of the Håll Nollan initiative, a collaboration across industries with the vision that everyone should come home uninjured after a day at work.

## Safety in and around our properties

Feeling safe in their local surroundings is important for everyone. For Vasakronan, it is essential that people safe and secure in and around our properties, and this is becoming an increasingly important issue for our tenants when they choose locations. That is why we work continuously with different kinds of safety and security measures, large and small.



Over the year, 70 (52) measures were implemented to increase security in and around our properties. Examples range from increased security patrols and graffiti removal to design of entire areas in which we work with elements like street lighting, landscaping and paving. We also have a number of partnerships with other players in the cities in which we operate, for example, City i Samverkan and Centrum för AMP. (Swedish)





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**Professional and innovative corporate culture**

Vasakronan’s corporate culture is open and inclusive. The company is deeply rooted in our simple values. We believe in excitement as a powerful motivator for getting things done and we act fairly and honestly. Daily operations are characterised by short decision-making paths and delegated responsibility. Operations are conducted sustainably in every stage, which includes employees’ work environment.

All employees and job applicants must be treated equally and given equal opportunities for growth, development and promotion as well as equal pay for equal work. This approach, combined with the principles of the United Nations Global Compact, is summarised in a Code of Conduct, to which all employees have access.

**Code of conduct for suppliers**

Corruption in the Swedish property and construction industries is regarded as being widespread and extensive. We must therefore have a process that eliminates the risk of corruption and other improprieties in all situations. We believe that an active partnership based on trust, transparency and an open dialogue between us and our suppliers is a precondition for conducting business responsibly. The anti-corruption work pertains firstly to our efforts to prevent all forms of corruption within the company, but we also set requirements on our suppliers having a systematic process to counteract corruption in their operations.

To support the procurement process, Vasakronan’s Code of Conduct for Suppliers is applied to suppliers. The Code is based on the company’s values and the UN Global Compact

principles on human rights, labour, the environment and anti-corruption.

We expect all of our suppliers to follow the Code. We expect them to work systematically to ensure that their contractors and others that provide services or work on behalf of Vasakronan follow the Code.

In 2020, the Vasakronan’s Code of Conduct for Suppliers was signed for all new purchasing agreements entered into via the procurement department. Ongoing audits are carried out to ensure that suppliers live up to their obligations. In 2020, just over 100 (80) supplier audits were conducted. The outcomes of these audits show that suppliers met our work environment and human rights requirements in a satisfactory manner.

**Whistle-blower mechanisms**

If there are any suspected incidents of lack of compliance with laws, rules or policies, there is an external whistle-blower function and a Compliance Officer, a role filled by the General Counsel. Employees and outsiders can turn to them anonymously. The Compliance Officer is responsible for evaluating the issues that are reported and informing the CEO and relevant managers if there are any suspected deficiencies in compliance.





# We are building a dynamic city

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A comfortable and dynamic city is built on a healthy mix of attractive offices, stores, restaurants, services and meeting places, but also art, bicycle parking and charging stations. Vasakronan has worked for many years with strategies for pedestrian streets to create areas that are attractive regardless of whether someone works, shops or spend their leisure time there. To be successful, we collaborate with other property owners, municipalities and other actors in the area.

**High level of project activity**

Vasakronan helps create future-proof cities through new construction, extensions and redevelopments for properties. Investments help shift the quality of the property portfolio to a more sustainable and attractive level. Project activity has increased significantly in the last few years. Since 2016, a total of SEK 18 billion has been invested in developing existing properties, including SEK 5.3 billion in 2020. At year end, ongoing property projects had a total investment volume of SEK 14.3 billion (14.3), of which SEK 10.2 billion (6.8) was capitalised. The occupancy rate for major projects was 81% (69), which represents an annual contracted rent of SEK 840 million.

**Occupancy-ready projects**

Several major projects became occupancy-ready during the year, including the Priorn property in central Malmö, encompassing 13,000 square metres. Renovations at Styrpinnen (Bankpalatset) at Kungsträdgården in central Stockholm finished during the year. The property comprises just over 4,000 square metres and is fully let. In late autumn, the first tenant also moved in to Sergelhusen in central Stockholm. The ambition for all of these development properties to be certified at LEED Platinum.

**Future performance**

In addition to the development potential in existing properties, Vasakronan also has planned development rights and future potential development rights. There are detailed development plans for approximately 280,000 square metres of office space. Efforts are constantly underway to identify new potential projects for the 1.7 million square metres of as yet unplanned development rights that are part of the portfolio.

“The district around Sergels Torg has received a facelift, which I think a lot of people appreciate.”

Jan-Erik Hellman,  
*Property Development Manager, Stockholm*



**In the end of 2020, the first tenant moved in to Sergelhusen. How did that feel?**

“It’s incredibly exciting that our biggest project is finally completed. We’re proud. I don’t mean just the building itself, but also how the entire cityscape will change. The district around Sergels Torg has received a facelift, which I think a lot of people appreciate.”

**You’re also responsible for coordinating projects in our other districts. What do you want to showcase?**

“Magasin X in Uppsala, our first office building in wood, is starting to get off the ground. Other

excellent properties that are now completed include Celsius in Uppsala Science Park and Priorn located next to Triangeln’s railway station and shopping centre in Malmö.”

**What does the letting situation look like?**

“We started 2020 strong and remain stable. We have a reassuringly high lettings rate and everything has progressed well despite the pandemic. I think this is a testament to the demand for what we offer. For example, Sergelhusen is 90% let, Celsius 100% let and Priorn is 74% let.”

**What challenges do you expect for next year?**

“It’s very challenging but also very exciting to engage with sustainability. We’ve developed a road map so that Vasakronan will be climate neutral by 2030. It has high standards for the construction process. “We need to reduce construction and demolition waste, choose climate-smart material and find better solutions for transportation. It includes significant challenges but also opportunities. “Another important issue at the top of the agenda is the work environment at our projects.”



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**Stockholm  
Sergel**

Sergelhusen, Stockholm’s most comprehensive urban development project in modern history.



**Gothenburg  
Platinan**

We are building on Lilla Bommen’s expansive history with Platinan, a meeting place for new, exciting and unique meetings.



**Stockholm  
Nya Kronan**


At Sundbyberg Centre, we are building new properties and combining the genuine small-town atmosphere with the best qualities of the big city.





**Uppsala  
Magasin X**

At Uppsala Travel Center in central Uppsala, we are building Sweden’s largest office property with a frame made entirely out of wood.



**Stockholm  
Nattugglan**

Development continues of Nattugglan 14 in Södermalm, Stockholm. An important contribution to the development of the area around Medborgarplatsen.

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Occupancy date	Occupancy rate, % <sup>1)</sup>	Estimated completion date	LEED environmental certification <sup>5)</sup>
Stockholm	Sergelhusen	4,000	3,879	97	56,500	Q4 2020	84 <sup>2)</sup>	Dec 2021	Platinum
Gothenburg	Platinan	2,600	1,753	67	53,700	Q4 2021	72	Mar 2022	Platinum
Sundbyberg	Kronan 1	1,680	922	55	44,400	Q2 2021	100	Nov 2021	Platinum
Stockholm, Solna Strand	Nöten 5	883	822	93	26,000	Q3 2020	67	Dec 2020	Gold
Stockholm	Nattugglan, block 2	800	353	44	15,000	Q4 2021	80	Jun 2022	Platinum
Uppsala	Magasin X	530	248	47	11,500	Q4 2021	73 <sup>3)</sup>	Mar 2022	Platinum
Uppsala	Kronåsen 1:1 Celsius	418	415	99	10,200	Q4 2020	99	Oct 2020	Platinum
Stockholm	Sperlingens Backe 45	300	105	35	3,900	N/A	47	Dec 2021	Gold
Gothenburg	Strömshuset	270	122	45	10,500	N/A	71	Nov 2021	Platinum
Stockholm, Solna	Diktaren	143	78	55	6,400	Q3 2021	100	Aug 2021	–
Stockholm	Sergelgatan	1,500	665	44	15,500	N/A	4 <sup>4)</sup>	Mar 2023	Gold
Total major property projects		13,124	9,362	71			81		
Other projects		1,199	896						
Total		14,323	10,258						

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.





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Ongoing projects – Stockholm

# Sergelhusen

Sergelhusen is in the middle of Stockholm, with a uniquely visible location facing Sveavägen and Sergels Torg. Renovation of the property began in 2014 and encompasses three buildings and a total of 60,000 square metres of commercial premises and 34 apartments. The goal has been to vitalise the urban area by offering a good mix of office products and street-level space with a diverse offering of stores, restaurants, coffee shops, services and experiences. In November 2020, we moved our head office to Sergelhusen, at the address Malmskillnadsgatan 36. The project should be completed by December 2021.







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Ongoing projects – Gothenburg

# Platinan

People have always met in Lilla Bommen in Gothenburg – to socialise, barter and work. We are building on Lilla Bommen's expansive history with Platinan, a meeting place for new, exciting and unique meetings. The project will be finished in March 2022 and comprises 60,000 square metres of offices, co-working space, restaurants and an entirely new Scandic hotel. The location, only 200 metres from the West Link's new exit and walking distance to the Nils Ericson Terminal and Gothenburg Central Station, with a direct on ramp to the E45, is hard to beat. The building will be our first contribution to the city's vision of a new RiverCity Gothenburg.







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## Ongoing projects – Stockholm

# Nya Kronan

At Sundbyberg Centre, we are building new properties and combining the genuine small-town atmosphere with the best qualities of the big city. The Kronan district consists of three buildings of approximately 40,000 square metres, two of which were newly built and one which was renovated. Nya Kronan is essentially fully let to the Swedish Tax Agency, which will get a modern and efficient office solution immediately adjacent to the commuter train, Metro, light rail and several bus lines. Occupancy began in the end of 2021, when the work in the district was completed. The property is environmentally certified under LEED, with the goal of achieving a Platinum rating and has solar photovoltaics on the roof, fan rooms and integrated into the facade. The solar photovoltaics are expected to generate just over 170,000 kWh.





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# Magasin X

Magasin X will be a unique building: Sweden's largest office property with a frame made entirely of wood. The property is being constructed at a prime central location beside Uppsala Travel Center and offers a variety of office products and flexible rental agreements. Vasakronan will open Arena on the ground floor and there has been considerable interest in the building. The property was already fully let to tenants like the Swedish Tax Agency, White and Ramboll two years before completion. Magasin X encompasses 11,000 square metres allocated over seven floors and is expected to be finished in March 2022. The property is environmentally certified in accordance with LEED with the aim of achieving the highest level – Platinum.





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# Nattugglan 14

Development continues of Nattugglan 14 at Folkungagatan 44 in Södermalm, Stockholm. The building, encompassing 23,000 square metres allocated over seven floors, is an important contribution to the development of the area around Medborgarplatsen. Our ambition with the new building is to create a new, public urban area. The building will have an active ground floor with restaurants and coffee shops that will stay open during evenings and on weekends. The facade along the street will be opened up so that activity can spill out on the street and create a lively sense of activity year-round. The building is environmentally certified in accordance with LEED, with the goal of achieving a Platinum certification. It is essentially fully let to Tyréns, which is expected to move in during summer 2022.





## Future projects

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### Hekla – a step towards a mixed city

The Hekla district, bordered by Grönlandsparken and the street of Kistagången, lies in the middle of Kista. In spring 2019, Vasakronan began to develop the district. The goal is to create a better mix of workplaces, housing, preschools, services and retail. Simply put, a safer and more dynamic Kista. Grönlandsparken will also be improved in conjunction with the project. A detailed development plan is being drawn up.



SÖDRA HAGALUND

### A development area for the future

As Hagastaden develops, central Stockholm has expanded northwards. At the same time, Solna’s central areas are expanding. In between lies the hub of Södra Hagalund, a future development area with workplaces and housing and easy access to transportation. When the new yellow underground line is completed in 2026, one of the stops will be Södra Hagalund. Vasakronan has signed an agreement in principle with Solna municipality and the ambition is to create around 60,000 square metres of commercial premises. Development will be carried out in stages and the detailed development plan for the first stage is underway.



### Kaj 16 the next building block in Lilla Bommen

Development of Lilla Bommen in Gothenburg continues. Redevelopment of Läppstiftet finished in 2018, while Platinan is under construction, and we are now planning the next step: Kaj 16. To investigate the possibility of designing the district, parallel tasks have been carried out together with Sveriges Arkitekter and the City of Gothenburg. The winners of the competi-

tion were Dorte Mandrup together with Bisgaard Landscape and Ramböll. Their proposal was based on reusing previous building material, a construction and facade out of wood and environmental certification according to LEED. The goal is clear. The district will be home to offices, housing and public operations as well as dynamic streets and meeting places.



### Hugin: tying Uppsala together

The Hugin block is in central Uppsala, a stone’s throw from Uppsala Travel Center. It was built in the 1970s in what were then the outskirts of Uppsala to clearly demarcate the end of the city centre. Now Hugin will be renewed. The ambition for the district is to connect Södra City with central Uppsala. Offices, retail, housing and a preschool as well as a new pedestrian precinct are planned for the area from the train to Fyrisån. It encompasses a total of around 70,000 square metres. Reusing material will be a central part of the project to reduce its climate impact. Portions of the concrete framework and foundation will be kept and reused. A new detailed development plan for the district is expected to be adopted in summer 2021.





# The property and lease portfolios

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Property holdings are concentrated in markets with conditions for strong economic growth and good liquidity for transactions, and should consist of properties that, over time, are attractive in the rental market in terms of both product and location.

### A modern and sustainable property portfolio

Vasakronan is a long-term actor with a focus on offices and city retail in Nordic growth areas. The strategy is to be present in growth areas, where people want to be. At the end of the year, the property portfolio consisted of 171 (174) properties across Stockholm, Gothenburg, Malmö and Uppsala. The property value amounted to SEK 162.4 billion (156.1) and the total lettable area to 2.3 million square metres (2.3).

The ambition is to continuously improve the quality of the property portfolio. We achieve this by developing the existing portfolio and by purchasing and selling properties. Over the year, a total of SEK 5.3 billion (4.4) was invested in new construction, extension and redevelopment. Vildmannen 11 in central Stockholm was sold to Arnhammar Fastighets AB for SEK 230 million. A development right of SEK 180 million was acquired in Solna. In the last five years, properties were purchased for SEK 2,900 million and sold for approximately SEK 6,300 million.

### Positive value growth in the project portfolio

The value of the property portfolio during the year increased a net SEK 1.1 billion (13.3), or 0.8% (9.7). The project portfolio increased SEK 1.5 billion (2.0) due to lower completion risk and favourable occupancy rates. The value of the investment properties decreased SEK 0.4 billion (increased: 11.2) primarily due to a value decline in the investment properties in the portfolio.

### Change in property values

SEK m	2020	2019
Opening value, 1 January	156,071	138,934
Investments	5,314	4,440
Acquisitions	181	977
Sales	-229	-1,550
Change in value	1,083	13,270
Closing value, 31 December	162,420	156,071

### Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	1.2	0.8
Gothenburg	0.4	0.1
Uppsala	0.4	0.0
Malmö	-1.0	-0.1
Total		0.8

### Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	-0.3	-0.3
Development properties	7.0	1.1
Transactions		0.0
Total		0.8

For more information about valuation of the property portfolio, refer to page 108, not 4.2.

### The property portfolio, by location<sup>1</sup>



1) Breakdown based on contracted rent.



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The ten largest properties account for 31% of the property value

Property	Known as	Location
Blåmannen 20	Klara Zenit	City, Stockholm
Hästkön 12	Sergelhusen	City, Stockholm
Uggleborg 12	Klara C	City, Stockholm
Garnisonen	Garnisonen	Östermalm, Stockholm
Spektern 13	Swedbankhuset	City, Stockholm
Telefonfabriken	Telefonplan	Telefonplan, Stockholm
Jakob Större 18	Jakob Större	City, Stockholm
Kronåsen 1:1	Uppsala Science Park	Uppsala
Nordstaden 8:27	Part of Nordstan	City, Gothenburg
Gasklockan 3	Gasklockan	Malmö

Total yield<sup>1</sup> in focus

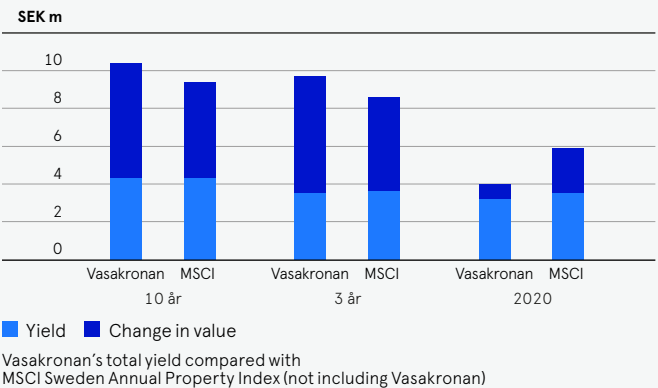
To evaluate how well the operations and individual properties are developing financially, total yields are followed up continuously. Reviews are conducted against the MSCI Swedish Property Index.

For 2020, Vasakronan’s total yield was 4.0% (13.4), where the average for the index not including Vasakronan was 6.0% (9.9). Over the past ten-year period, the company’s total yield averaged 10.7% (11.5) a year, where the average for the index not including Vasakronan was 9.7% (9.9).

The company’s direct yield for 2020 was 3.2% (3.5), compared with the index excluding Vasakronan of 3.5% (3.6).

1) Total yield is the sum total of yield and change in value, including projects and transactions.

High long-term total yield

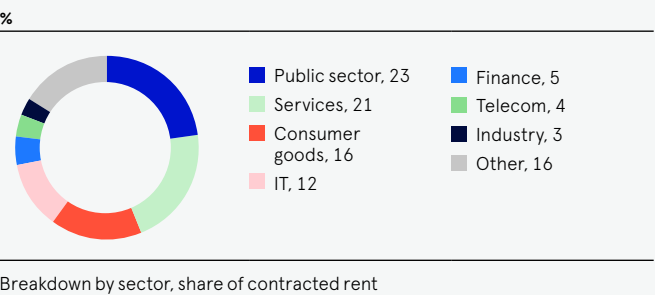


Wide distribution lowers risk

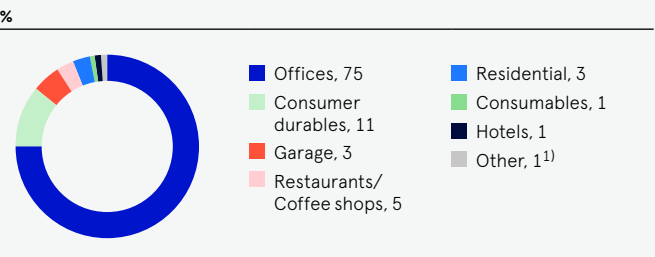
The contracted rent at the end of the year amounted to SEK 7.4 billion (7.2), of which offices accounted for 75% (74) and stores, restaurants and hotels for 18% (18). The number of rental contracts at the end of the year, excluding housing and garages, was 4,037.

The wide spread of tenants, industries and maturity structures limits the risk in the lease portfolio. No individual tenant accounts for more than three percentage points of the contracted total rent, while the ten largest tenants account for only 17%. Of these ten, four are in the public sector. Broken down by sector, public sector tenants account for 23% of the contracted rent.

Good distribution across sectors



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.

For the lease portfolio as a whole, the average remaining term to maturity is 3.8 years (3.9) and 6.6 (6.6) years for contracts within the public sector. In 2021, 15% of the commercial contracted rent will be subject to renegotiation.





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Occupancy and renegotiations

The volume of new lettings was at a healthy level despite the pandemic. During the year, new leases corresponding to an annual rent of SEK 535 million (982), or 119,000 square metres (220,000), were signed. In Sergelhusen in central Stockholm, a seven-year contract was signed with the accounting firm EY for 7,500 square metres and a six-year contract was signed with Amazon Web Services for 6,000 square metres.

Renegotiations and lease extensions of existing contracts corresponding to an annual rent of SEK 977 million (1,030) were completed.

The Swedish Medical Products Agency has extended its lease at the Uppsala Science Park property for slightly more than

20,000 square metres for a period of six years. Of all the contracts up for renegotiation with add-ons for moving within the property portfolio, nearly 72% (73) of the tenants decided to remain a tenant of Vasakronan. Renegotiations and lease extensions during the year resulted in a new rent payable that on average surpassed the earlier amount by 7% (12). Net lettings for the year amounted to negative SEK 18 million (pos: 426).

The occupancy rate was 91.9% (94.1) on 31 December 2020. Of total vacancies, 2.0 percentage points (1.6) were attributable to ongoing projects and development properties.

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2021	1,204	1,115	15
2022	906	1,425	20
2023	731	1,209	16
≥2024	1,196	3,342	45
<b>Total</b>	<b>4,037</b>	<b>7,091</b>	<b>96</b>
Residential	1,169	102	1
Garage	–	227	3
<b>Total</b>	<b>5,206</b>	<b>7,420</b>	<b>100</b>

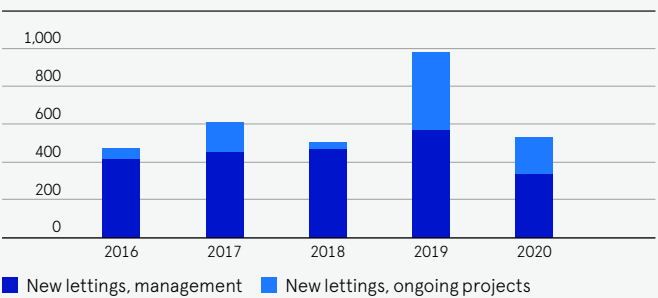
Maturity structure for contracted rent.

Widely distributed over many tenants

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

Largest tenants, share of contracted rent

Healthy new lettings volumes, SEK m





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Region/Property type	Number of properties	Area, thousand sq. m.	Market value, SEK m	Contracted rent, SEK m	Occupancy rate, %	Operating surplus, SEK m	Investments, SEK m	Change in value, %	Environmental certifications <sup>1)</sup> , %
<b>Stockholm</b>									
<i>Central</i>									
Offices	44	776	84,700	3,448	92	2,455	2,512		86
Other	2	9	20	–		–4	2		
<b>Central Stockholm, total</b>	<b>46</b>	<b>785</b>	<b>84,720</b>	<b>3,448</b>	<b>92</b>	<b>2,451</b>	<b>2,514</b>	<b>1.2</b>	<b>85</b>
<i>Inner suburbs</i>									
Offices	23	547	23,742	1,286	90	850	1,116		83
Other	10	41	1,337	66	100	43	2		
<b>Stockholm inner suburbs, total</b>	<b>33</b>	<b>588</b>	<b>25,079</b>	<b>1,352</b>	<b>90</b>	<b>893</b>	<b>1,118</b>	<b>1.2</b>	<b>78</b>
<b>Stockholm, total</b>	<b>79</b>	<b>1,373</b>	<b>109,799</b>	<b>4,800</b>	<b>91</b>	<b>3,344</b>	<b>3,632</b>	<b>1.2</b>	<b>82</b>
<b>Gothenburg</b>									
Offices	23	254	16,979	707	94	517	912		98
Retail	11	149	12,386	607	95	445	221		86
<b>Gothenburg, total</b>	<b>34</b>	<b>403</b>	<b>29,365</b>	<b>1,314</b>	<b>95</b>	<b>962</b>	<b>1,133</b>	<b>0.4</b>	<b>94</b>
<b>Malmö</b>									
Offices	21	210	9,178	462	87	328	103		95
Retail	10	95	3,631	251	92	141	33		100
Other	2	4	208	10	58	6	4		100
<b>Malmö, total</b>	<b>33</b>	<b>309</b>	<b>13,017</b>	<b>722</b>	<b>88</b>	<b>475</b>	<b>140</b>	<b>-1.0</b>	<b>96</b>
<b>Uppsala</b>									
Offices	16	200	7,716	437	97	307	379		74
Retail	6	53	2,287	140	96	97	4		81
Other	3	2	236	7	81	5	26		0
<b>Uppsala, total</b>	<b>25</b>	<b>254</b>	<b>10,239</b>	<b>584</b>	<b>96</b>	<b>408</b>	<b>411</b>	<b>0.4</b>	<b>75</b>
<b>TOTAL</b>	<b>171</b>	<b>2,339</b>	<b>162,420</b>	<b>7,420</b>	<b>92</b>	<b>5,189</b>	<b>5,314</b>	<b>0.8</b>	<b>85</b>

The data in the tables are based on property category, see the definition on page 178.  
 1) Share of the region's area.





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### What characterised the year in terms of investments?

“It was a turbulent year. The investment market cooled when the full force of the pandemic hit in the spring. But it thawed quickly, and now as we’re preparing the annual report we can put another year behind us of a very strong market with transaction volumes and prices on a par with previous peaks. Access to capital is good and properties remain an attractive asset in this protracted low-interest-rate environment.”

“However, the market differs between more and less desirable property segments. Properties with public sector tenants are highly prioritised, but so are well-located offices, to an extent. Overall, office tenants have managed the effects of the pandemic well so far and there is a willingness to pay for good products in good locations. This is maintaining property values at current levels. For retail and tourism, 2020 was a tough year. This is especially true for retail, which was already undergoing a structural transition before the pandemic started. I still believe that good physical retail, service and dynamic street environments have promising futures once the pandemic is over and people begin to return to our city centres.”

### What has the year been like for Vasakronan?

“We continued to focus on project development. We’re developing sustainably, in both new and existing properties, to meet the needs of today and tomorrow and to ensure our long-term returns and value.”

### Many people are talking about the death of the office.

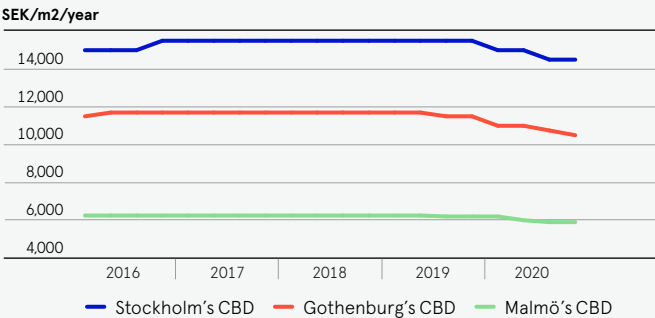
#### What do you see in the future for offices?

“I think it’s promising. The pandemic hasn’t really created any new issues or trends. What it has done is to accelerate demand for a high degree of flexibility in both design and contract forms. Many are thinking about how to design their offices to better meet the needs of their operations. The future will mean a greater degree of “work and recruit from anywhere”. This means that the office, as a meeting place that creates culture, will remain and perhaps become even more important. Vasakronan had this insight early, which is also clear in our offering.”

#### What do you expect from 2021?

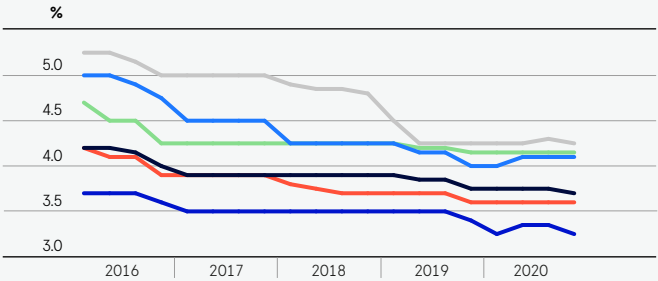
“Our basic investment strategy will remain unchanged. We make selective acquisitions in our prioritised markets, of properties that are either of unsurpassed quality or that have great development potential. We are continuing to develop our property portfolio to create attractive and dynamic areas. There is a clear symbiosis between dynamic street environments and the workplaces above them. We will continue to develop this relationship to create maximum customer benefits and value.”

## Stagnating market rents, retail

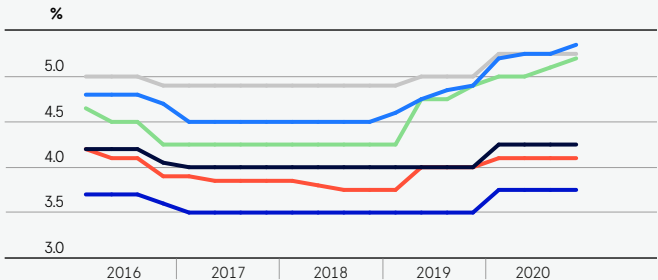


Source for all diagrams: Cushman & Wakefield

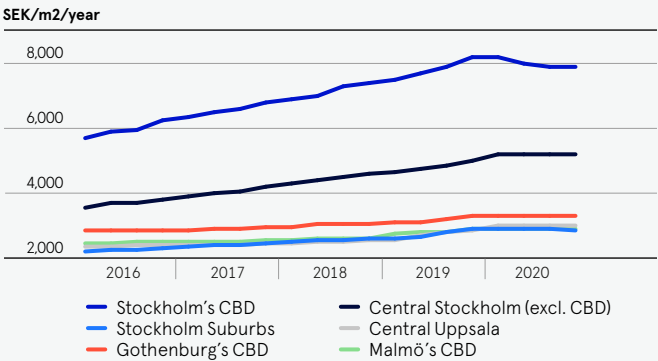
## Lower yield requirement, offices



## Rising yield requirement, retail













## Cautious market rents, offices





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	Stockholm				Gothenburg		Malmö		Uppsala	
	Central		Inner suburbs							
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Market value, SEK m	84,720	81,581	25,078	23,532	29,365	28,149	13,018	13,010	10,239	9,799
Rental revenue, SEK m	3,177	3,172	1,273	1,292	1,286	1,325	700	692	570	559
Operating surplus, SEK m	2,450	2,426	894	919	962	1,006	475	457	408	399
Occupancy rate, %	92	95	90	91	95	96	88	91	96	97
Number of properties	46	47	33	33	34	34	33	33	25	27
Area, thousand sq. m.	785	795	588	584	403	403	309	296	254	244
Environmental certification, %	85	84	78	79	94	94	96	96	75	78
Share of Vasakronan total <sup>1)</sup>	 46%		 18%		 18%		 10%		 8%	
By property type	 <div><div>Offices, 81%</div><div>Retail, 14%</div><div>Other, 7%</div></div>		 <div><div>Offices, 86%</div><div>Retail, 3%</div><div>Other, 11%</div></div>		 <div><div>Offices, 63%</div><div>Retail, 32%</div><div>Other, 5%</div></div>		 <div><div>Offices, 62%</div><div>Retail, 27%</div><div>Other, 11%</div></div>		 <div><div>Offices, 68%</div><div>Retail, 19%</div><div>Other, 13%</div></div>	
Largest tenants, share <sup>2)</sup>	H&M	4	Ericsson	17	Swedish Police Authority	9	Swedish Police Authority	16	Region Uppsala	10
	King	3	Social Insurance Agency	8	Swedish Prison and Probation Service	8	Swedish Prison and Probation Service	5	Swedish Medical Products Agency	8
	Handelsbanken	2	University of Arts, Crafts and Design	4	Åhléns	5	Scandic Hotels	4	Swedish Food Agency	6
	TV4	2	Swedish Transport Administration	4	Swedish National Courts Administration	4	Region Skåne	2	Swedish National Courts Administration	4
	The Riksdag Administration	2	JM	3	SEB	4	Malmö University	2	Municipality of Uppsala	3
Market share, %	Central Stockholm, incl. CBD		Stockholm inner suburbs		Gothenburg's CBD		Malmö's CBD		Central Uppsala	
	Vasakronan	8	Fabege	13	Vasakronan	21	Vasakronan	18	Vasakronan	21
	AMF	5	Vasakronan	9	Wallenstam	14	Wihlborgs	15	Skandia Fastigheter	9
	Fabege	4	Klövern	9	Hufvudstaden	9	Balder	5	Uppsala Univ. Foundations	8
	The City of Stockholm	3	Humlegården	5	Balder	7	Volito	4	SBB	4
	Hufvudstaden	3	Unibail-Rodamco	4	Gothenburg municipality	6	The City of Malmö	3	Castellum	4
1) Contracted rent	Source: Datscha		Source: Vasakronan via Datscha		Source: Vasakronan via Datscha		Source: Vasakronan via Datscha		Source: Vasakronan via Datscha	
2) Share of the region's contracted rent.										





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“We had an overall record strong beginning to the year and several tenants signed agreements for Sergelhusen.”

**Ronald Bäckrud,**  
SVP, Stockholm Region

#### Region Stockholm

Stockholm was hit early by the pandemic, which quickly affected many tenants. Lettings slowed somewhat, but substantial new occupancies took place at the major projects Sergelhusen, Solna Strand and Bankpalatset during the year.

#### What do you want to showcase from 2020?

“It was a year unlike any other for us and for our customers. We noticed the effects of the pandemic early in Stockholm City when many people, including ourselves, started to work from home. It had negative effects on stores and restaurants. Nonetheless, we’ve managed to help many of our tenants through support measures and adaptations.”

#### How have lettings progressed at Sergelhusen?

“We had an overall record strong beginning to the year and several tenants signed agreements for Sergelhusen. These include Amazon Web Services, the game developer King, the law firm DLA Piper and Stureplansgruppen. This means that 93% of the office space is let.

“We also moved our head office from Klara Zenit to Sergelhusen in the end of the year, though it was a digital move since we were working from home, just like many of our tenants. At the same time we also opened Arena, our co-working offering, in the property.”

#### And Sergelgatan, what’s happening there?

“We are continuing to develop the pedestrian precinct and the lower floors to create a livelier and more dynamic neighbourhood that also







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feels safer. Achieving this means a lot of shuffling with our tenants, and trying to minimise disturbances for our existing tenants while we prepare for new ones is a tricky matter.

“It’s exciting that Bockholmengruppen is opening Hötorget Kvarterskrog at the corner of Sergelgatan and Hötorget. They’ll also have a location up on Hötorgsterrassen.

“This kind of transformation always creates new opportunities. We’re also reviewing how our four Hötorgshus buildings can be updated. One option is flexible premises solutions, the market demand for which is growing.”

**What is the status outside the city centre?**

“Our project in Solna Strand has progressed well and two major government agencies, the Swedish Council for Higher Education and Statistics Sweden, have moved in. The trend is that agencies want smarter and more flexible ways of working, reducing their need for premises and thereby costs. The Swedish Tax Agency’s move to us in Sundbyberg is another good example of this.

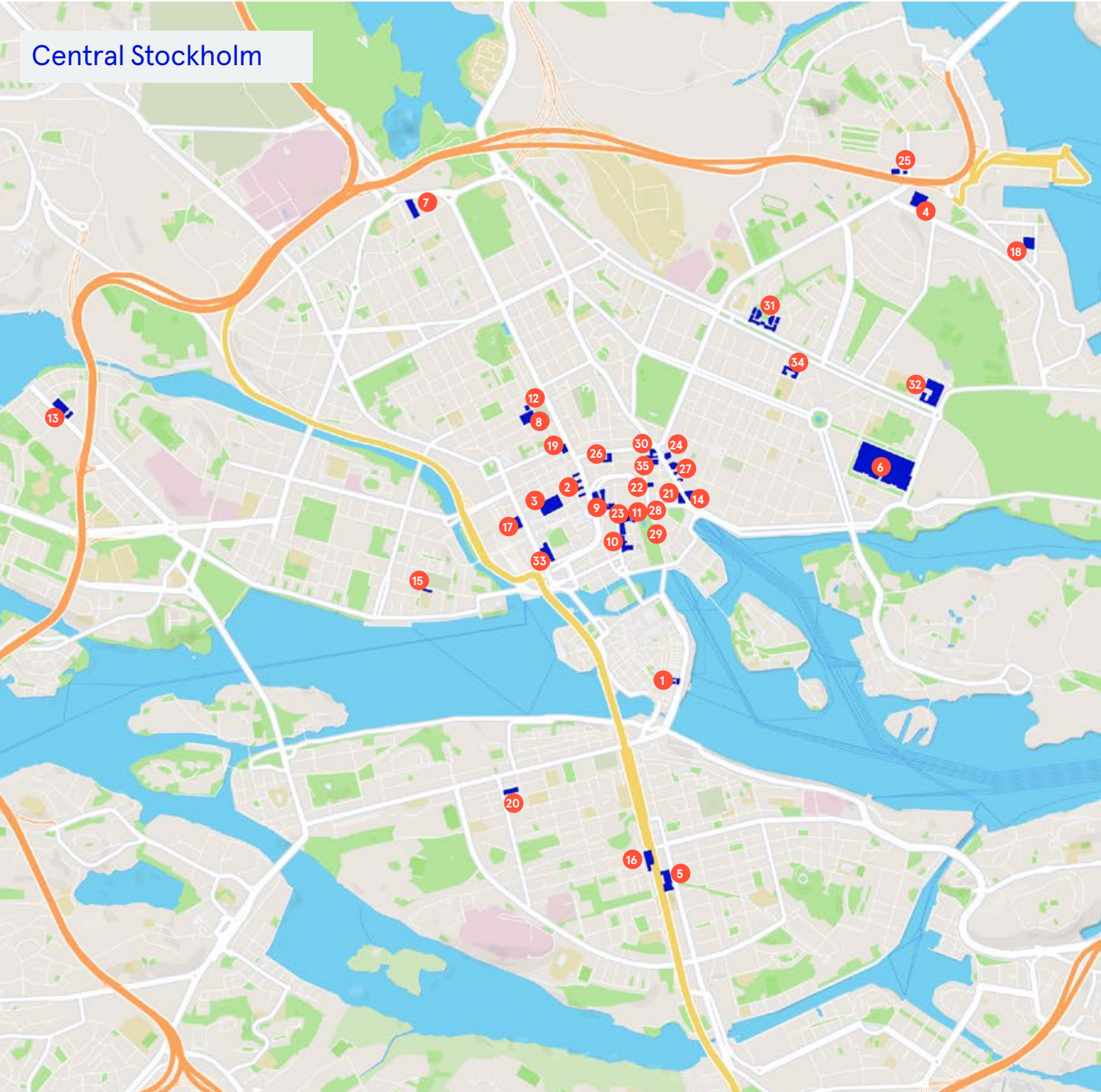
“Wise Group is another example of a company that we helped find a new solution for their operations. They’ve regularly expanded their operations over the years to several floors of Hötorgshus 2. In the end it wasn’t optimal and now they have a new home in the old Svea Life Guards building in the Garnisonen district.”

**And expectations for 2021?**

“Many people worked from home during the year. This means that the office’s importance as a meeting place that creates culture has increased. We’ve seen this trend coming for several years and this has boosted the increased need for flexibility. Our task is to meet these new needs. We can do this by offering a comprehensive product range with everything from customised offices to Arena, our co-working offering. Our own head office is combined with Arena and shares the entrance. Ultimately, it’s about using resources wisely.

“I also think sustainability will grow in importance. It’s exciting that our consolidation project for goods and waste, #ÄlskadeStad, has expanded and inspired beyond our own country. Sergelhusen has also made it possible to expand the concept to being a hub for all of central Stockholm and our partner Ragn-Sells now has permission for nightly shipments, which will reduce traffic during the day. Good for people and the environment.”

Central Stockholm







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	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Share		Energy intensity kWh/sq. m.	Environmental certification
					Offices	Retail		
1	Argus 8	Skeppsbron 38/Packhusgränd 7/Tullgränd 4/Österlånggatan 47	1788/2002	5,717	<div></div>		51	LEED Silver
2	Beridarebanan 11	Sergelgatan 8–14/Sveavägen 5–9 Hitechbuilding/Mäster Samuelsgatan 42	1961/2007	24,352	<div></div>		154	LEED Platinum
2	Beridarebanan 4	Sergelgatan 16–18/Sveavägen 13/Läkarhuset	1962/2000	12,943	<div></div>		169	LEED Gold
2	Beridarebanan 77	Sveavägen 17/Sergelgatan 20–22/Hötorget 2–4	1958/1996	15,447	<div></div>		109	LEED Platinum
3	Blåmannen 20	Drottninggatan 53/Mäster Samuelsgatan 50–60/Bryggargatan 1–9/Klara Norra Kyrkogata 14	2000–2003	65,526	<div></div>		90	LEED Platinum
4	Bremen 1	Tegeluddsvägen 3–9	1964/2008	21,334	<div></div>		74	–
5	Gamen 12	Götgatan 74–80/Vartoftagatan 21–51	1959/2006	31,192	<div></div>		102	LEED Certified
5	Gamen 8	Åsögatan 106A–108/Götgatan 72A	2000/2001	5,835	<div></div>		92	LEED Platinum
6	Garnisonen 3	Karlavägen 96–112/Oxenstiernsgatan 15/Linnégatan 87–89/Banérgatan 16–30	1886/2004–05	136,162	<div></div>		111	LEED Gold and Platinum
7	Getingen 11	Sveavägen 163–167/Ynglingagatan 18	1955/2005	23,853	<div></div>		75	LEED Platinum
8	Grönlandet Norra 1–5	Drottninggatan 96–98/Wallingatan 2/Holländargatan 17/Kammakargatan 15	1800/2001	15,572	<div></div>		97	LEED Gold
9	Hästskon 12	Sveavägen 2–10/Hamngatan 24–32/Mäster Samuelsgatan 39A–B/ Malmskillnadsgatan 13–17, 36–40/Sergelarkaden 2/Sergelgången	1963	53,218	<div></div>		61	–
9	Hästskon 9	Hamngatan 22/Regeringsgatan 45	1935	9,667	<div></div>		105	–
10	Jakob Större 18	Jakobsgatan 2–8/Regeringsgatan 8–24/Västra Trädgårdsgatan 7	1975/2009	26,590	<div></div>		117	LEED Gold
11	Kungliga Trädgården 7	Hamngatan 25–27/Västra Trädgårdsgatan 10–12	1969	5,423	<div></div>		173	LEED Platinum
12	Kurland 11	Holländargatan 21A/Kammakargatan 32	1884	2,274	<div></div>		88	LEED Gold
13	Lyckan 10	Lindhagensgatan 124–132/Hornsbergsvägen 17	1940/2005	23,718	<div></div>		82	LEED Gold
13	Lyckan 9	Lindhagensgatan 122/Nordenflychtsvägen 55	1936/2003	8,370	<div></div>		85	LEED Gold
14	Matrosen 4	Birger Jarlsgatan 2–4/Nybrogatan 1–3/Ingmar Bergmans gata 1–3	1893/1984	9,264	<div></div>		162	LEED Gold
15	Munklägret 21	Hantverkargatan 15/Parmmätargatan 12	1958/2000	6,330	<div></div>		95	LEED Platinum
16	Nattugglan 14	Västgötagatan 1–7/Folkungagatan 44	1978/2015	14,179	<div></div>		73	LEED Platinum
17	Pennfåktaren 11	Vasagatan 7	1977/2009	12,010	<div></div>		62	LEED Gold
18	Riga 2	Hamburgsvägen 12–14/Fjärde Bassängvägen 11–19/ Malmvägen 7–13/Tredje Bassängvägen 2–14	2010	24,386	<div></div>		32	LEED Gold
19	Sejlaren 7	Sveavägen 25–29/Olofsgatan 6–8/Olof Palmes gata 7/Apelbergsgatan 44	1930/1995	10,232	<div></div>		104	LEED Platinum
20	Skjutsossen 8	Krukmakargatan 15–21	1942/2008	12,275	<div></div>		54	LEED Gold
21	Skravelberget Mindre 12–13	Hamngatan 2/Birger Jarlsgatan 1–5/Smålandsgatan 5	1903/1999	9,052	<div></div>		149	–
22	Skären 3	Mäster Samuelsgatan 11/Norrländsgatan 12	1853/1984	1,758	<div></div>		82	LEED Certified



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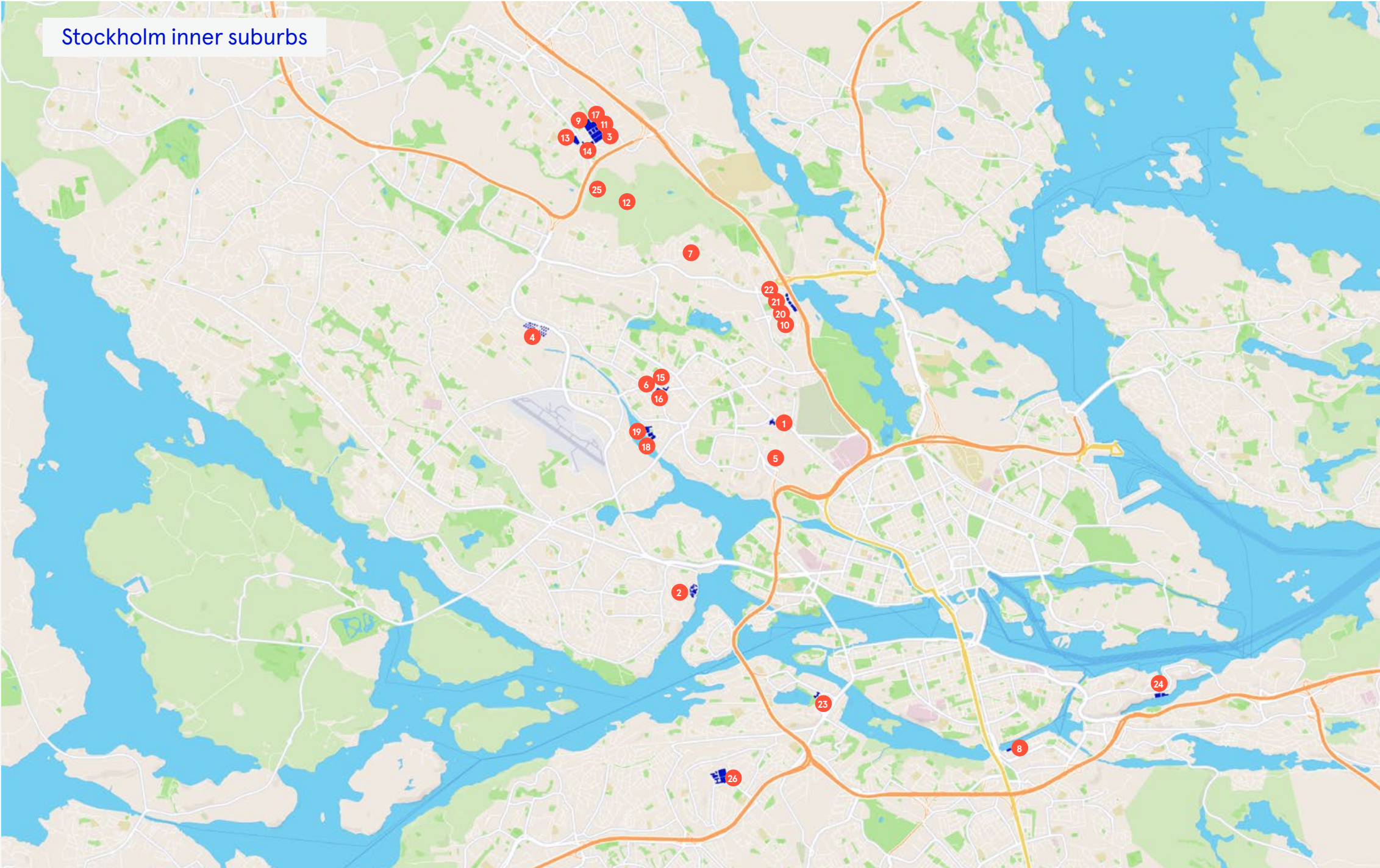
	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Share Offices Retail	Energy intensity kWh/sq. m.	Environmental certification
23	Spektern 13	Hamngatan 29–33/Regeringsgatan 26–32/Sergelgången/Västra Trädgårdsgatan 17	1975/1995	28,192		68	LEED Gold
24	Sperlingens Backe 45	Stureplan 2	1897/1959	3,905		285	–
24	Sperlingens Backe 47	Birger Jarlsgatan 16/Grev Turegatan 1	1935/1993	8,222		146	–
25	Starkströmmen 2 & 4	Midskogsgränd 1–5	1965	9,192		–	–
26	Stuten 12	Kungsgatan 25–27/Regeringsgatan 67–71/Oxtorgsgatan 2–4	1925/2002–05	14,888		119	LEED Platinum
27	Styckjunkaren 11	Birger Jarlsgatan 6D & 10	1891/1984	1,615		103	LEED Silver
27	Styckjunkaren 7	Birger Jarlsgatan 14/Grev Turegatan 2/Riddargatan 2	1900/1987	2,244		165	LEED Silver
28	Styrpinnen 12	Hamngatan 13	1979/1995	2,223		61	–
29	Styrpinnen 15	Kungsträdgårdsgatan 16/Näckströmsgatan 1	1901/1990	3,647		127	LEED Gold
30	Sumpen 14	Lästmakargatan 6/Norrlandsgatan 22	1856/1985	2,046		120	LEED Silver
30	Sumpen 15	Stureplan 17–19/Birger Jarlsgatan 19/Kungsgatan 1	1895/1980	3,981		133	LEED Certified
30	Sumpen 16	Stureplan 13/Lästmakargatan 2–4	1862/1988	3,010		142	–
31	Svea Artilleri 14	Valhallavägen 117 Bldg 81– Bldg 87	1877/2013	22,088		113	LEED Gold
32	Tre Vapen 2	Valhallavägen 191–215/Lindarängsvägen 1–7/Borgvägen 6–22	1959/2005	38,473		77	LEED Platinum
33	Uggleborg 12	Vasagatan 14–18/Klara Västra Kyrkogatan 9–15/Klara Vattugränd 1/Klarafaret 4	1934/2016	33,157		58	LEED Platinum
34	Uppfinnaren 2	Östermalmsgatan 87/Artillerigatan 62 A–B/Skeppargatan 61–63	1914/2003	16,819		44	LEED Gold
35	Vildmannen 6	Biblioteksgatan 11/Lästmakargatan 1	1925/1981	4,809		91	LEED Silver
Total Central Stockholm			–	785,190	–	95	–





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Stockholm inner suburbs





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					Offices	Retail		
1	Albydal 3	Sundbybergsvägen 1–3/Solna Access	1979/2003	28,246	<div></div>		72	LEED Gold
2	Alvik 1:18	Gustavslundsvägen 129–145	1987	47,986	<div></div>		73	–
3	Bredbandet 1	Isafjordsgatan 2–4/Dalviksgatan/Grönlandsgatan/Kistavägen	–	–			–	–
4	Bromsten 9:1	Sulkyvägen 1–31/Sulkyvägen 2–32	–	–			–	–
5	Diktaren 1	Terminalvägen 32–40 (Tegelhuset)	1965	6,751	<div></div>		86	–
6	Godset 4	Sturegatan 3–9/Fabriksgränd 1/Järnväsgatan 2–10/Lysgränd 2	1977	21,722	<div></div>	<div></div>	92	LEED Gold
7	Gulmäran 1	Järvastaden	–	–			–	
8	Hammarby Gård 12	Hammarby Kaj 10A/Hammarby Kaj 10D	2017	12,457	<div></div>		66	LEED Platinum
9	Hekla 1	Isafjordsgatan 14–16/Blåfjällsgatan/Grönlandsgången/Kistagången	1975/2001	25,550	<div></div>		36	LEED Gold
10	Hilton 7	Gustav III:s Boulevard 48–52	2019	9,775			59	LEED Platinum
11	Hårddisken 1	Isafjordsgatan 10/Hans Werthéns Gata/Grönlandsgatan/Dalviksgatan	–	–			–	–
12	Järvafältet	Järva Dammtorp/Sjövägen/Mellersta Järvafältet	1929	2,084	<div></div>		–	–
13	Katla 1	Kista Science Tower/Färögatan 33 (Main entrance)/Hanstavägen 11, 21, 27, 29	2002	48,804	<div></div>	<div></div>	87	LEED Gold
14	Knarrarnäs 2	Knarrarnäsgatan 1–11/Hanstavägen 2/Isafjordsgatan 1/Kista Entrance	2003	42,652	<div></div>		89	LEED Gold
15	Kronan 1	Sturegatan 2–4 B/Ekensbergsvägen/Prästgårdsgatan 1–3/Tallgatan	1981	13,616	<div></div>		30	LEED Gold
16	Magasinet 1	Sturegatan 1/Fabriksgränd 2	2009	12,340	<div></div>	<div></div>	87	LEED Gold
17	Modemet 1	Isafjordsgatan 10–12/Hans Werthéns Gata 1/Grönlandsgatan 31/ Blåfjällsgatan 4/Modemgatan 10–12	2008/2015	58,667	<div></div>	<div></div>	32	LEED Silver, Gold and Platinum
18	Nöten 3	Solna strandväg 96–122	1949/2000	35,800	<div></div>		81	LEED Gold
19	Nöten 5	Solna strandväg 62–86	1986	30,443	<div></div>		77	–
20	Rosenborg 1	Gustav III:s Boulevard 54–58	2007	10,306	<div></div>		89	LEED Platinum
21	Rosenborg 2	Gustav III:s Boulevard 62–66	2009	10,921	<div></div>		82	LEED Platinum
22	Rosenborg 3	Rosenborgsgatan 2–12	2014	17,106	<div></div>		44	LEED Platinum
23	Rosteriet 6 & 8	Rosterigränd 2–16	1959/1999	17,421	<div></div>		75	LEED Platinum
24	Sicklaön 37:49	Kvarnholmsvägen 56	1972/2002	33,769	<div></div>		66	–
25	Sundbyberg 2:44	Torshamnsgatan, Kymlinge Norra	1972/2002	–			–	–
26	Telefonfabriken 1	Telefonvägen 22A–30, LM Ericssons väg 12–32 and others	1939/2010	100,122	<div></div>	<div></div>	103	LEED Silver
Total, Stockholm inner suburbs			–	586,538		–	75	–





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“At the end of the year, net lettings were good both in offices and retail, despite the difficult situation.”

**Kristina Pettersson-Post,**  
*SVP, Gothenburg Region*

#### Region Gothenburg

A tough year characterised by the pandemic, but by many positive events. One of these was Platinan at the new bridgehead of Hisingsbron entering its final phases and signing agreements with two new tenants in the building.

#### What do you want to showcase from 2020?

“We all know how hard the pandemic has hit society. But the positive side is that the crisis has led to different agents joining forces. There’s been more openness and more cooperation, especially to support retail. The City of Gothenburg, for example, has decided not to charge for sales outdoors, Köpmannaförbundet has covered the cost of home delivery in central Gothenburg and we’ve offered deferrals on rent payments and approved state aid.”

#### How has the pandemic affected occupancy rates?

“In the beginning of the year we had discussions with several potential customers. These came to halt with Covid-19. Many of them were cautious and it went quiet for a while. But things picked up again in the autumn. At the end of the year, net lettings were good both in offices and retail, despite the difficult situation.”

#### Any particular lettings you want to mention?

“We signed agreements with two new tenants at Platinan, which we’re building by the new Hisingsbron bridgehead. EA Digital Illusions CE is renting 639 square metres of space and Korab International is renting an entire floor. We’ve already let space to Scandic, COWI, Wistrand







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Advokatbyrå and KPMG. This means that Platinan now has an occupancy rate of 72%.”

**What have you been pleased with, despite the tough year?**

“That Platinan is finally taking shape. Now you can see how nice the property is and how the glass facade captures the light and reflects the city. We expect the first tenants to be able to move in at the end of 2021.

“It was also exciting to start renovating Strömshuset, a well-known building in central Gothenburg. The facades and windows will be replaced and we’re also adding two storeys entirely in wood. Everything will be completed in 2022.

“Another exciting thing was starting up Arena Nordstan, our own co-working offering. We had started to sign customers for this space but again, the pandemic put that on hold. But during the autumn, tenants turned up that needed flexible solutions since all of their employees could no longer work at the office, but couldn’t work at home, either. We’ve also seen an increased demand for furnished premises that can be rented for shorter periods. I’m convinced that flexibility will be a keyword in the future.”

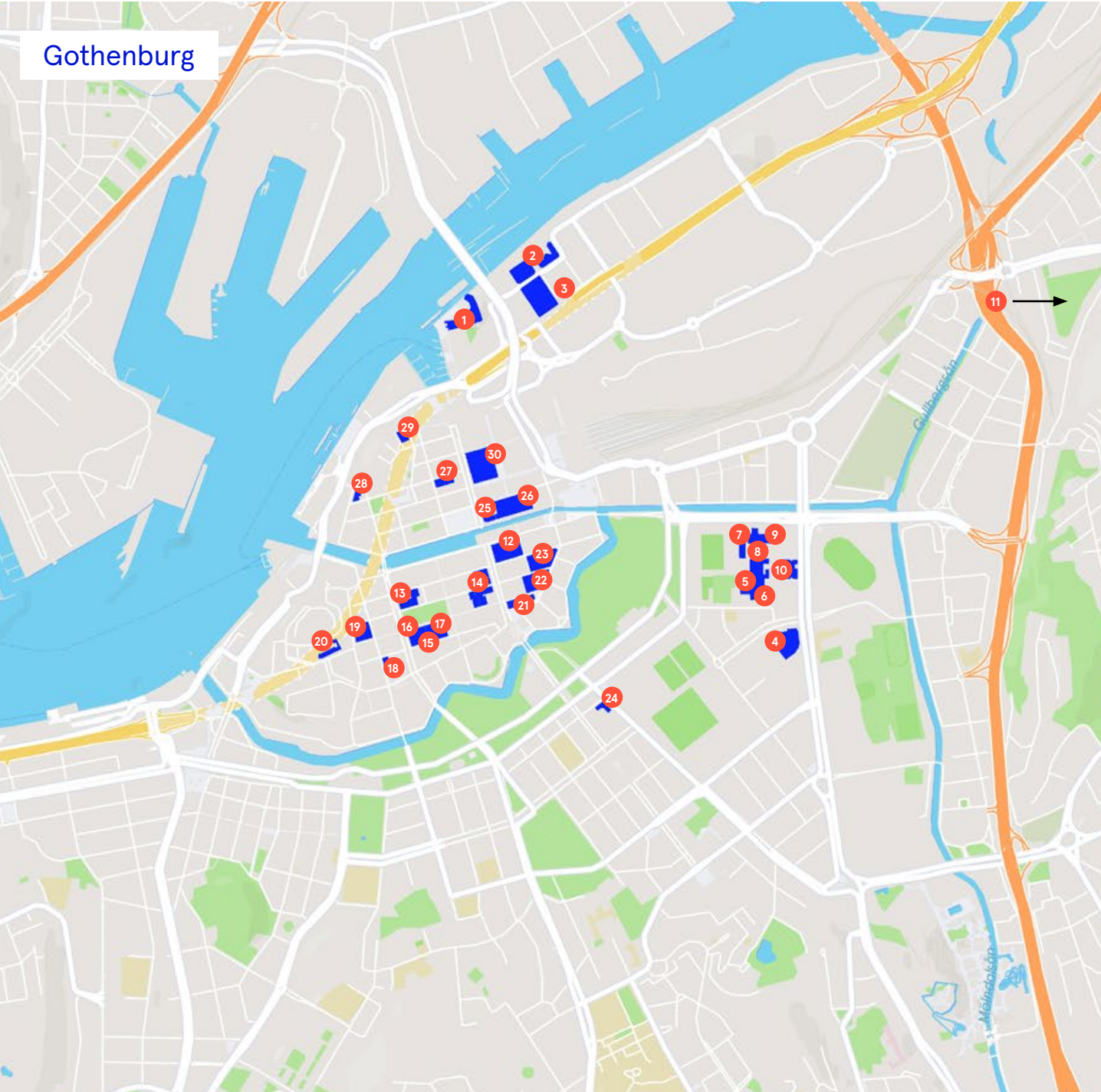
**How have things progressed with Vasakronan’s commitment to urban development?**

“I want to draw attention to Purple Flag, where we recertified Fredsstan, Nordstan and Lilla Bommen in addition to certifying a new area, Västra Nordstan. The goal is to make evenings in city centres better and safer. This can mean better lighting, seating, green spaces, camera surveillance and a larger offering of restaurants and cultural activities in the evening. We’ve seen positive results in all of the areas, such as the improved sense of safety in Brunnsparken.”

**What are you looking forward to in particular in 2021?**

“Continuing to develop the area of Lilla Bommen into a dynamic neighbourhood. Along the quay we’re planning the next building block in the area, Kaj 16, a property with unique architecture and largely constructed in wood. The building will be 30,000 square metres and the idea is for it to be filled with offices and housing and with businesses at street level. There will be entrances on different levels: one from the new Hisingsbron, one from the edge of the quay and one from the street.”

Gothenburg







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	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Share		Energy intensity kWh/sq. m.	Environmental certification
					Offices	Retail		
1	Gullbergsvass 1:16	Lilla Bommen 1–2/Hamntorget 1/Lilla Bommens Torg 11	1989	31,873	<div><div></div></div>	<div><div></div></div>	50	LEED Platinum
2	Gullbergsvass 16:1	Gullbergs Strandgata 2–8	1984/1986	22,836	<div><div></div></div>	<div><div></div></div>	83	LEED Gold
3	Gullbergsvass 3:3	Vikingsgatan 1–5/Gullbergs Strandgata 3–7	–	–	<div><div></div></div>	<div><div></div></div>	–	–
4	Heden 22:19	Bohusgatan 13–15/Skånegatan 9	1984/2018	24,121	<div><div></div></div>	<div><div></div></div>	54	LEED Gold
5	Heden 42:1	Ernst Fontells Plats 15	1964/2005–12	52,924	<div><div></div></div>	<div><div></div></div>	106	LEED Gold
6	Heden 42:2	–	–	–	<div><div></div></div>	<div><div></div></div>	–	–
7	Heden 42:4	Ullevigatan 11	2010	20,550	<div><div></div></div>	<div><div></div></div>	75	LEED Gold
8	Heden 42:5	–	–	–	<div><div></div></div>	<div><div></div></div>	–	–
9	Heden 46:1	Ullevigatan 15	2009	16,534	<div><div></div></div>	<div><div></div></div>	92	LEED Gold
10	Heden 46:3	Skånegatan 1–3	2015	20,318	<div><div></div></div>	<div><div></div></div>	39	BREEAM Excellent
11	Högen 3:1	Knipavägen 21/Råhult Partille	1984/2006	1,395	<div><div></div></div>	<div><div></div></div>	–	–
12	Inom Vallgraven 11:6	Arkaden/Fredsgatan 1–3/Drottninggatan 38–48/Södra Hamngatan 37–43/Östra Hamngatan 36	1970/2002	21,098	<div><div></div></div>	<div><div></div></div>	83	LEED Gold
13	Inom Vallgraven 17:3	Drottninggatan 13/Västra Hamngatan 10/Kyrkogatan 20–22	1813/1994	4,110	<div><div></div></div>	<div><div></div></div>	100	LEED Silver
14	Inom Vallgraven 19:18	Kyrkogatan 44/Östra Hamngatan 31	1905/1987	2,784	<div><div></div></div>	<div><div></div></div>	91	LEED Silver
14	Inom Vallgraven 19:7	Drottninggatan 37/Östra Hamngatan 29	1864/1966	2,141	<div><div></div></div>	<div><div></div></div>	97	LEED Silver
14	Inom Vallgraven 19:9	Östra Hamngatan 33/Kyrkogatan 46	1810/1940	1,739	<div><div></div></div>	<div><div></div></div>	87	LEED Silver
14	Inom Vallgraven 20:14	Kungspassagen/Kungsgatan 48/Kyrkogatan 23	1930/2002	4,170	<div><div></div></div>	<div><div></div></div>	71	LEED Gold
14	Inom Vallgraven 20:6	Kungsgatan 50/Kyrkogatan 25	1850/1960	3,686	<div><div></div></div>	<div><div></div></div>	93	LEED Silver
14	Inom Vallgraven 20:7	Östra Hamngatan 35/Kyrkogatan 27	1800/1944	1,755	<div><div></div></div>	<div><div></div></div>	154	LEED Silver
15	Inom Vallgraven 22:3	Kungsgatan 31–33	1930	1,585	<div><div></div></div>	<div><div></div></div>	68	–
16	Inom Vallgraven 22:15	Kungsgatan 27–29/Västra Hamngatan 12–16/Vallgatan 12–14	1936/2006	9,190	<div><div></div></div>	<div><div></div></div>	102	–
17	Inom Vallgraven 22:16	Kungsgatan 35–39/Vallgatan 16–24	1910/2008	10,856	<div><div></div></div>	<div><div></div></div>	51	LEED Certified
18	Inom Vallgraven 33:10	Magasinsgatan 22 & 24	1978/1995	3,103	<div><div></div></div>	<div><div></div></div>	66	LEED Gold
19	Inom Vallgraven 59:14	Ekelundsgatan 8–10/Kungsgatan 26–32/Magasinsgatan 7A–C & 9/Kyrkogatan 1–7	1844/2009	10,872	<div><div></div></div>	<div><div></div></div>	78	LEED Gold
20	Inom Vallgraven 61:11	Kungsgatan 12–18/Käppslängareleden 1/Otterhällegatan 12	1972/2008	10,000	<div><div></div></div>	<div><div></div></div>	82	LEED Gold
21	Inom Vallgraven 7:5	Centrumhuset/Östra Hamngatan 52/Östra Larmgatan 15–21/Kungsgatan 61–67	1939/1996	9,196	<div><div></div></div>	<div><div></div></div>	92	LEED Silver
22	Inom Vallgraven 8:18	Kompassen/Kungsgatan 58–60/Kyrkogatan 35&39/Östra Larmgatan 9–13/ Fredsgatan 9–11, 12–14	1974/2015	11,549	<div><div></div></div>	<div><div></div></div>	65	–
23	Inom Vallgraven 9:13	Fredsgatan 6–10/Drottninggatan 49–65/Kyrkogatan 56–60/Östra Larmgatan 3–7	1967/2013	8,353	<div><div></div></div>	<div><div></div></div>	79	LEED Gold
24	Lorensberg 45:16	Storgatan 53/Södra vägen 3–5	1957/2009	6,536	<div><div></div></div>	<div><div></div></div>	74	LEED Platinum
25	Nordstaden 10:20	Köpmansgatan 9/N:a Hamngatan 18 Ö:a Hamngatan 30–34	1930	6,356	<div><div></div></div>	<div><div></div></div>	78	LEED Silver
26	Nordstaden 10:23	Köpmansgatan 11–25/Götgatan 13–15 & 14–16/Norra Hamngatan 20–34	1986	27,785	<div><div></div></div>	<div><div></div></div>	70	LEED Gold
27	Nordstaden 17:6	Kronhusgatan 9–13, Torggatan 16	1862/2003	4,517	<div><div></div></div>	<div><div></div></div>	74	LEED Silver
28	Nordstaden 21:1	Kronhusgatan 2A/Packhusplatsen 2/Smedjegatan 1 A	1901/2008	4,936	<div><div></div></div>	<div><div></div></div>	97	LEED Platinum
29	Nordstaden 31:1	S:t Eriksgatan 3/Nedre Kvarnbergsgatan 3	1787/2005	2,324	<div><div></div></div>	<div><div></div></div>	117	LEED Gold
30	Nordstaden 8:27	Östra Hamngatan 18–24/Nordstadstorget 1–7/Spannmålsgatan 11–15/ Postgatan 22–24	1974	44,061	<div><div></div></div>	<div><div></div></div>	84	LEED Platinum
Total Region Gothenburg			–	403,253	<div><div></div></div>	<div><div></div></div>	77	–





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“Naturally I’m biased, but this is one of the company’s most ambitious office projects ever.”

Anna Stenkil,  
SVP, Malmö

#### Region Malmö

The Priorn office project was completed despite the pandemic and tenants started moving in. Rent levels at Aura in Universitetsholmen are favourable and the property is now fully let. 2021 will be a year when we need to meet tenant needs for flexible solutions.

#### What do you want to showcase from 2020?

“Of course the pandemic and its effects were the most noteworthy events this year for all of us. There weren’t so many infections in Malmö during the spring, but during the autumn everything got harder. It’s primarily our street level customers and the ones in Triangeln’s shopping centre that have been affected by the several rounds of restrictions. Fewer visitors has meant a sharp decline in revenue for many.

“One positive thing is that Vasakronan is now part of the “Local Road Map 2030 Malmö” (LFM 30) steering committee and is actively working to develop a local roadmap for a climate-neutral construction sector. Work is now under way and much progress has been made in many challenging issues. This will be a factor in all of Vasakronan’s new projects. The goal for LFM 30 is for the sector to be climate neutral by 2030. This is compatible with Vasakronan’s goal to be climate neutral across the entire value chain by the same year.”

#### What is the situation for the office market?

“In 2020, we finished the Priorn project, totalling 13,000 square metres. Naturally, I’m biased, but this is one of the company’s most ambitious







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office projects ever. The property has an extremely low annual energy consumption of approximately 30 kWh per square metre. This is in comparison with the average annual consumption of between 50 and 80 kWh per square metre for new construction.

“It’s also exciting that despite the pandemic we had successful lettings in Priorn. After Region Skåne’s memory clinic moved in during February, we signed an agreement with the consulting firm Geshdo, who will be moving in to 500 square metres in early 2021.”

**And how is the Aura project progressing in Universitetsholmen?**

“The acquisition of Aura is proving to be good strategically. Universitetsholmen is a prioritised development area with ambitious climate goals. After our tenant Four C Strategy moved in from another property a few hundred metres away, the building is now fully let.”

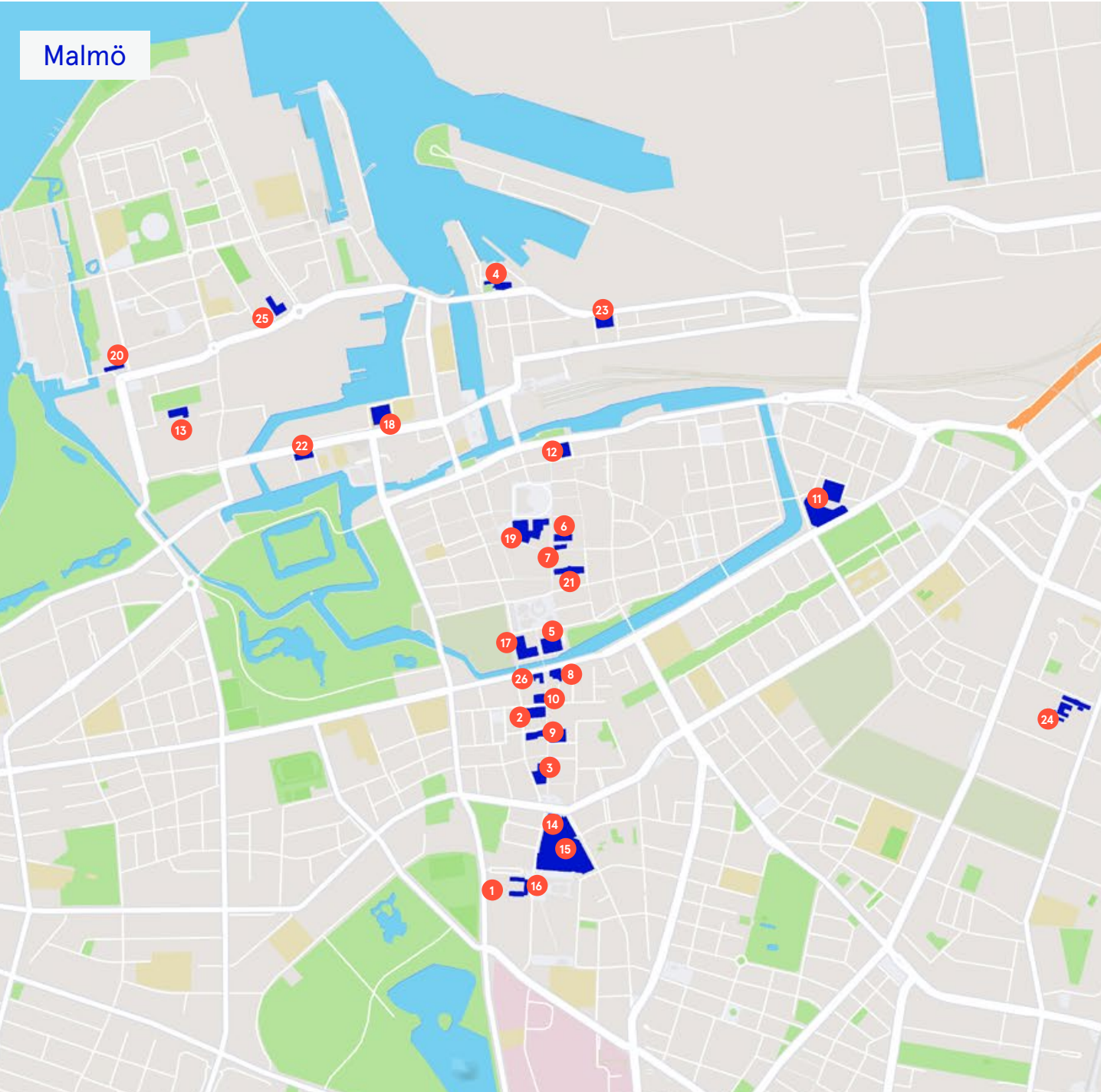
**How have you handled the downturn in retail?**

“Since the pandemic started, we’ve held recurring dialogues with our retail tenants who have had the most difficulty and worked together to find solutions. “We converted some spaces to offices, an initiative that was already under way before the pandemic for stores that no longer needed two floors. In 2020, we finished a conversion at Södertull, where the second floor is now let to the advertising firm Bästa Kompisar.”

**What will be important in 2021?**

“Retail was in the middle of a structural overhaul even before the pandemic. Covid-19 sped things up and increased the demand for flexible solutions. We’ll continue to hold recurring dialogues with our customers throughout 2021 and to track their future needs. Our task is to keep offering more flexibility, both in terms of floor space and contracts. “Our success is based on being agile and offering sustainable office and retail premises that work over the short and long term. We’re continuously developing this offering.”

Malmö





Malmö

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	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Share Offices    Retail	Energy intensity kWh/sq. m.	Environmental certification
1	Abbedissan 1 (previously Priorn 2)	Rådmansgatan 13/S:t Johannesgatan 2–6	1944/2010	8,171	<div><div></div></div>	58	LEED Gold
1	Abbedissan 2 (previously Priorn 5)	Pildammsvägen/S:t Johannesgatan	2020	13,160		–	LEED Platinum
2	Björnen 1	Södra Förstadsgatan 17/Kärleksgatan 2/Davidshallsgatan 14	1903/2001	3,864	<div><div></div></div>	81	LEED Gold
3	Björnen 38	Södra Förstadsgatan 25–27/Davidshallsgatan 26	1904/1999	5,269	<div><div></div></div>	87	LEED Gold
4	Bylgia 1	Hans Michelsengatan 2A, 2B/Skeppsbron 17	1957/2004	8,855	<div><div></div></div>	61	LEED Platinum
5	Carl Gustav 5	Södra Tullgatan 4/Kanalgatan 3–5/Stenhuggaregatan 2–4/Södra Vallgatan 3 A–C	1961/2000	15,194	<div><div></div></div>	84	LEED Gold
6	Claus Mortensen 26	Södergatan 14	1967/2009	3,237	<div><div></div></div>	58	LEED Silver
7	Claus Mortensen 35	Södergatan 20/Baltzarsgatan 43	1898/2009	1,993	<div><div></div></div>	86	LEED Silver
8	Delfinen 12	Södra Förstadsgatan 2/Drottninggatan 38	1908/2007	5,380	<div><div></div></div>	104	LEED Gold
9	Elefanten 23	Södra Förstadsgatan 22–24/Södra Långgatan 25/Lugna gatan 38	1938/1988	5,888	<div><div></div></div>	74	LEED Silver
10	Elgen 14	Södra Förstadsgatan 9–11/Davidshallsgatan 10/Storgatan 22	1937/1998	5,723	<div><div></div></div>	100	LEED Silver
11	Gasklockan 3	Porslinsgatan 6/Malmgatan 1/Drottninggatan 7	1993/2014	54,898	<div><div></div></div>	81	LEED Gold
12	Hans Michelsen 9	Adelgatan 1–3/Bruksgratan 1–3/Norra Vallgatan 51–52	1974/2013	2,003	<div><div></div></div>	99	LEED Platinum
13	Jungmannen 1	Skeppsgatan 9	2004	5,114	<div><div></div></div>	50	LEED Gold
14	Kaninen 26	Södra Förstadsgatan 33–47/Rådmansgatan 10/Triangeln 2–4	1989/2013	36,678	<div><div></div></div>	100	LEED Silver
15	Kaninen 27	Södra Förstadsgatan 49–51/Friisgatan 2/S:t Johannesgatan 1 A/Triangeln	1958/2013	19,428	<div><div></div></div>	17	LEED Silver
16	Kaninen 30 & Innerstaden 6:149	Rådmansgatan 12 A–C/Rådmansgatan 18 A–C/S:t Johannesgatan 1 E, 2C, 3 N–W	2012	11,551	<div><div></div></div>	68	LEED Silver & BREEAM Very Good
16	Kaninen 32	Rådmansgatan 16	2012	4,701	<div><div></div></div>	42	LEED Gold & BREEAM Very Good
17	Magnus Stenbock 2	Gustav Adolfs Torg 12/Torggatan 2	1894/2007	5,254	<div><div></div></div>	76	LEED Gold
17	Magnus Stenbock 4	Södra Tullgatan 3/Torggatan 4/Södra Vallgatan 5	1963/2010	10,477	<div><div></div></div>	78	LEED Platinum
18	Nereus 1	Neptuniplan 7–9/Matrosgr 1/Styrmansgatan 2/Bassängkajen 10–12	2012	16,678	<div><div></div></div>	66	LEED Platinum
19	Oscar 1	Stortorget 31/Södergatan 1–3	1903/2004	2,997	<div><div></div></div>	69	LEED Silver
19	Oscar 17	Stortorget 27–29/Stortorget 19–23/Lilla Torg 2–4/Skomakaregatan 7–11	1910/2001	14,222	<div><div></div></div>	85	LEED Gold
20	Relingen 1	Propellergatan 1/Västra Varvsgatan 10	2000	5,117	<div><div></div></div>	68	LEED Platinum
21	Sankt Jörgen 7	Södergatan 28/Kalendegatan 27	1929/2012	5,590	<div><div></div></div>	50	LEED Gold
22	Sejen 3	Neptuniagatan 40–44/ Argogatan 7	2019	6,699	<div><div></div></div>	83	LEED Platinum
23	Sirius 1	Jörgen Kocksgatan 9/Navigationsgatan 3	1992	7,114	<div><div></div></div>	49	LEED Gold
24	Smedjan 13 & 15	Celsiusgatan 33–35/Östra Farmvägen 5	1937/2004	11,231	<div><div></div></div>	52	–
25	Stapelbädden 3	Stora Varvsgatan 13A /Södra Stapelgränd 4	2012	8,100	<div><div></div></div>	32	BREEAM Excellent
26	Tigern 1	Södra Förstadsgatan 1/Regementsgatan 2	1893/2008	2,508	<div><div></div></div>	137	LEED Silver
26	Tigern 7	Södra Förstadsgatan 7/Storgatan 37	1894/2006	2,335	<div><div></div></div>	109	LEED Silver
Total Region Malmö			–	309,429	–	72	–





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“The solar park will double Vasakronan’s own solar electricity production and provide renewable electricity to the grid.”

**Bo de Besche,**  
*SVP, Uppsala Region*

**Region Uppsala**

The Celsius property was finished by the end of the year. The Swedish Food Agency is the largest tenant. The Swedish Medical Products Agency extended its rental agreement, which is gratifying, and the new solar park opened.

**What do you want to showcase from 2020?**

“How we collaborated with the City of Uppsala, other property owners, Cityföreningen i Uppsala and business owners to ensure that the city still feels attractive and cosy. For example, we filled display windows in vacant premises instead of letting them stand empty.

“We worked hard to keep the city active despite the restrictions from the pandemic. Obviously, at the same time we tried to avoid crowding to reduce the spread of the virus. It was a difficult balancing act. But it’s very important that, after the pandemic, we have a city that people want to return to. There will be an enormous amount of pent-up energy for activities and social life.

“I’d also like to take a moment to highlight everyone in our organisation who held dialogues about Covid-19 with our customers. A lot of businesses were hit hard and it was difficult to decide who could still make it on their own and who really needed help to survive. It really took a lot of everyone’s focus and energy.”







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**How does the occupancy rate look?**

“We have a large property portfolio in the city centre with hotels, restaurants and stores. This area has seen a slight increase in vacancies. But despite this, we have an overall occupancy rate of around 95% for retail and offices. This is fantastic, considering how hard the pandemic has hit.”

**What have you been pleased with, despite the tough year?**

“That the Swedish Medical Products Agency extended their agreement for 20,000 square metres at Uppsala Science Park for six years. It was also exciting to see how well Magasin X is doing. The property is in central Uppsala and it will be Sweden’s largest office building with a wood frame. It should be completed in spring 2022. Magasin X is essentially fully let and the largest tenant is the Swedish Tax Agency.

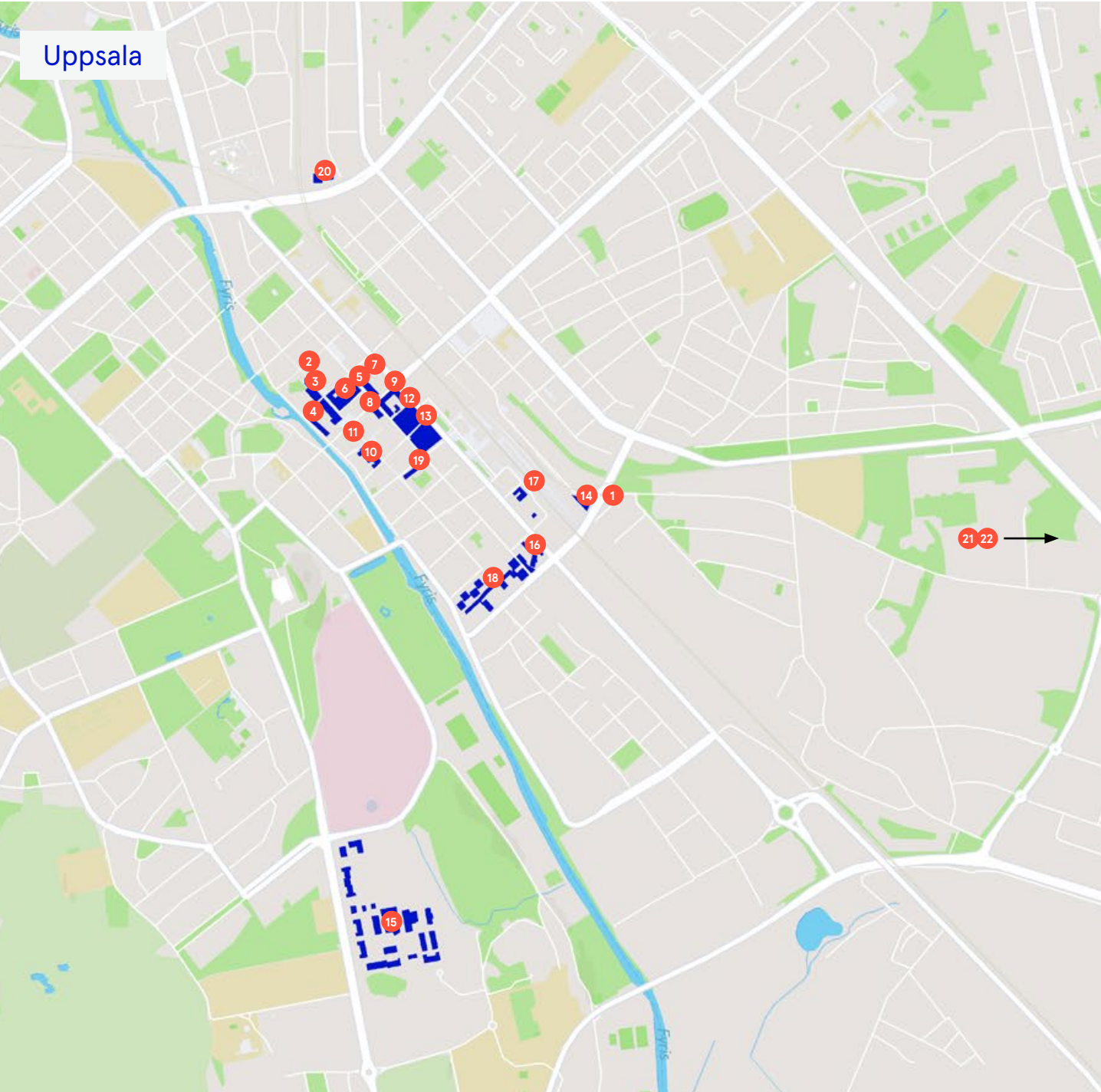
“I’m also pleased and proud that the Celsius property in Uppsala Science Park was completed in the end of 2020. The Swedish Food Agency will occupy 8,000 square metres here. Celsius was also awarded a gold medal in the buildingSMART International Awards in 2020. First prize goes to the project that does the best job of managing the entire construction process digitally and efficiently.

“Our solar park is ready, which was also exciting. The facilities have around 18,000 panels and a surface area of approximately 30,000 square metres. The annual production is estimated at approximately 4.8 GWh, which is enough to provide electricity and heat for 240 houses for an entire year. The solar park will double Vasakronan’s own solar electricity production in the company and provide renewable electricity to the grid.”

**What are you looking forward to in 2021?**

“Continuing to develop our properties and areas with the organisation. We have several ongoing development projects in various stages. There will also be a lot of exciting things happening in our large property portfolio in central Uppsala this year. We also have Uppsala Science Park, one of Sweden’s foremost innovation environments. It houses a lot of companies within life science and medicine, which are rapidly growing industries.”

Uppsala







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	Name of property	Street address	Year of construction/ most recent redevelopment	Lettable area excl. garage sq. m.	Share OfficesRetail	Energy intensity kWh/sq. m.	Environmental certification
1	Boländerna 7:4	Säbygatan 3/Östunagatan 1	1937/1999	1,710	<div><div></div></div>	75	–
2	Dragarbrunn 14:5	Svartbäcksgatan 8/S:t Persgatan 6	1972	5,140	<div><div></div></div>	65	–
3	Dragarbrunn 18:1	Gamla Torget 5	1990/2001	1,435	<div><div></div></div>	102	LEED Silver
3	Dragarbrunn 18:3	Gamla Torget 7/Stora Torget 4/S:t Persgatan 5/Svartbäcksgatan 4–6	1977/2010	11,161	<div><div></div></div>	92	–
4	Dragarbrunn 18:2, 18:7	Gamla Torget 1–3/Östra Ågatan 25–27	1973/1991	6,131	<div><div></div></div>	77	LEED Silver
5	Dragarbrunn 19:10	Dragarbrunnsgatan 35/Påvel Snickares Gränd 1	1966/2005	4,198	<div><div></div></div>	84	–
6	Dragarbrunn 19:11	Svartbäcksgatan 1B–5/S:t Persgatan 7/Påvel Snickares Gränd 3	1918/1978	9,173	<div><div></div></div>	91	LEED Gold
7	Dragarbrunn 20:3	Dragarbrunnsgatan 38–40/Vaksalagatan 8	1966/1999	3,433	<div><div></div></div>	67	LEED Certified
8	Dragarbrunn 23:4	Dragarbrunnsgatan 39/Vaksalagatan 5	1961/2006	2,716	<div><div></div></div>	73	LEED Certified
9	Dragarbrunn 24:5	Vaksalagatan 7–13/Dragarbrunnsgatan 42–44/Kungsgatan 49	1974/2000	15,352	<div><div></div></div>	77	LEED Gold
10	Dragarbrunn 26:3	Bredgränd 4/Kungsängsgatan 5 B/Kungsängsgatan 7	1962/2006	4,261	<div><div></div></div>	98	LEED Gold
11	Dragarbrunn 26:4	Kungsängsgatan 3–5A/Smedsgränd 3	1962/1994	4,998	<div><div></div></div>	56	–
12	Dragarbrunn 28:5	Kungsgatan 53–55/Bredgränd 14–18/Dragarbrunnsgatan 46–48	1895/2011	21,041	<div><div></div></div>	48	LEED Platinum
13	Dragarbrunn 31:1	Dragarbrunnsgatan 50–52/Bangårdsgatan 10–28/Bredgränd 15–19/Kungsgatan 57 A–D	1860/2011	19,852	<div><div></div></div>	71	LEED Gold
14	Fålhagen 1:39	Stationsgatan 21–29/ Strandbodgatan	2016	8,629	<div><div></div></div>	61	LEED Platinum
15	Kronåsen 1:1	Dag Hammarskjölds väg 10–14, 26–54, 58–60	1910/2017	79,911	<div><div></div></div>	92	LEED Silver, Gold and Platinum
16	Kungsängen 1:25	Kungsgatan 79/Dragarbrunnsgatan 78/Samaritergränd 5/Strandbodgatan 10	2006	10,974	<div><div></div></div>	78	LEED Gold
17	Kungsängen 14:1	Fjalars gränd 4	–	–		–	–
18	Kungsängen 14:2	Suttungs gränd 3	1885/2008	1,747	<div><div></div></div>	132	LEED Silver
18	Kungsängen 14:5	Suttungs gränd 3A	–	–		–	–
18	Kungsängen 16:6	Hamnesplanaden 1–5/Kungsängsgatan 43/Strandbodgatan 2–4/Ebba Boströms gata 7	1975/2008	30,650	<div><div></div></div>	127	–
19	Kungsängen 4:4	Bangårdsgatan 5–9/Kungsängsgatan 18 A/Dragarbrunnsgatan 51–53	1972/2013	6,728	<div><div></div></div>	84	LEED Gold
20	Kvarngärdet 1:19	Ljusbärargatan 2	1959/1990	5,160	<div><div></div></div>	56	LEED Gold
21	Årsta 11:233	Haeggströmmsgatan 1	–	–		–	–
22	Årsta 64:1	Haeggströmmsgatan 1	–	–		–	–
Total Region Uppsala			–	254,400	–	85	–



# Corporate Governance





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The Board of Directors and CEO of Vasakronan AB (publ), corporate registration number 556061-4603, hereby present the 2020 Annual Report for the Group and Parent Company.

## Rental market

The office rental market started strong in the first months of 2020 across all regions. However, the market became more cautious following the pandemic outbreak with fewer transactions closed. The rent trends in all of Vasakronan’s regions are deemed to have stagnated. For office properties, the increase in remote working has driven the ongoing development of offices toward greater variation, mobility and digitalisation, and the question of offices has become key for many companies. A slight downturn in rent levels was noted for retail properties, mainly in Stockholm. The downturn was already notable prior to the pandemic outbreak, as a consequence of the impact of e-commerce on physical retail, but has been intensified by the pandemic’s effect on retail.

In Vasakronan’s markets, office vacancies were relatively still during the year and remain at low levels.

## Property market

The property market in Sweden performed well over the last few years, and interest remains strong from Swedish and foreign investors in acquiring properties with strong cash flows. However, the transaction volume for office properties fell in 2020 compared with 2019, even if price levels remained at pre-pandemic levels for completed transactions.

According to data provided by Cushman & Wakefield, during the year, completed transactions amounted to SEK 183 billion, compared with SEK 229 billion in 2019. Of this volume, residen-

tial property was the largest segment, and most of the transactions were completed in Stockholm.

Following the turbulence in the spring, the Swedish capital market stabilised and conditions gradually improved. Access to financing is assessed as very good for companies with strong credit ratings, such as Vasakronan, and credit margins were at historic lows at the end of the year.

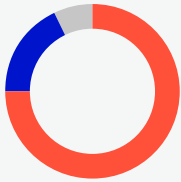
At the start of the year, yield requirements continued to fall before rising at the end of March due to uncertainty about the effects of the pandemic. At the end of the year, yield requirements for offices were at the same levels as at the previous year end. Requirements for yields for retail properties are assessed as having risen slightly.

## Operations

Vasakronan owns, manages and develops centrally located office and retail properties in Stockholm, Uppsala, Gothenburg and Malmö. At year end, the property portfolio comprised 171 properties (174) with a total lettable area of 2.3 million sq. m. (2.3). Of the total area, 85% (85) was environmentally certified, of which 73 percentage points (72) had certifications of LEED Gold or higher. The total market value of the properties at year end amounted to SEK 162 billion (156), and the ten largest properties accounted for 31% of the value.

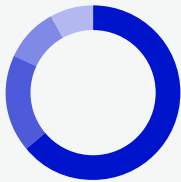
The occupancy rate was 91.9% (94.1) on 31 December 2020. Of total vacancies, 2.0 percentage points (1.6) were attributable to ongoing projects and development properties. Over the year, SEK 5.3 billion (4.4) was invested in new construction,

## Contracted rent by property type



Offices, 75%  
Retail, 18%  
Other, 7%

## Contracted rent by geographic market



Stockholm, 64%  
Gothenburg, 18%  
Malmö, 10%  
Uppsala, 8%

extension and redevelopment. At year end, Vasakronan had property projects encompassing new construction, extensions and redevelopments valued at SEK 14.3 billion (14.4). of which SEK 10.3 billion (6.8) was capitalised. The occupancy rate for major projects was 81% (69) at the end of the year.

Vasakronan improves its property portfolio by buying and selling properties, which creates the preconditions for an increased long-term return. The Vildmannen 11 property was divested during the year at a property value of SEK 230 million. At the same time, properties were acquired with a combined value of SEK 186 million, primarily pertaining to development rights in Solna.



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At 31 December 2020, the number of employees was 293 (304). Vasakronan endeavours to be a company where the diversity of society is reflected in the composition of its personnel. All employees and job applicants will be treated equally, and no discrimination will be accepted. Further information related to staff composition can be found on pages 157–158 of this Annual Report.

Sustainability Report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Vasakronan has chosen to prepare its Sustainability Report separately from its Annual Report. The Sustainability Report can be found on pages 126–170 of this Annual Report.

Appropriation of profit

A dividend of SEK 2 billion has been proposed to the General Meeting. The Board finds that the proposed dividend is justifiable in terms of the assessment criteria stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act regarding operations, scope and risks as well as consolidation requirements, liquidity and general position. Refer to page 96.

Future performance

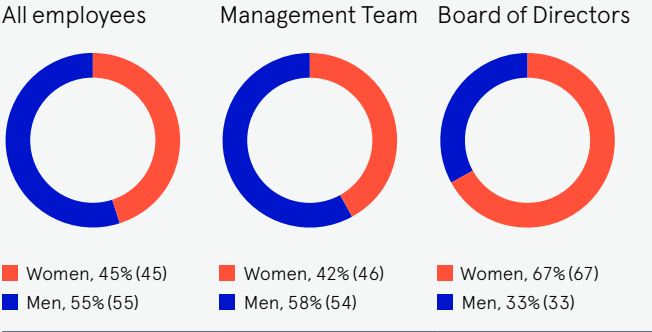
The pandemic is not over and will continue to affect operations in 2021, even if it remains too early to draw any conclusions as per the long-term effects. Vasakronan’s offering remains strong and comprises wonderful properties in markets and locations in high demand, with a range of products that meet customers’ needs. In combination with continued low interest rates and strong cash flows from the existing property portfolio and projects, this will ensure healthy earnings even in 2021.

The targets for 2021 are an increase in net operating surplus in comparable property holdings of 1.0% and an occupancy rate of not less than 92.5% at year end. Vasakronan’s property portfolio will continue to develop with planning for new projects and we expect to invest approximately SEK 5 billion in projects during 2021 with the aim of developing the property portfolio.

Overview

Refer to pages 175–178 for the quarterly and five-year overviews, and definitions.

Distribution, women and men







# Good access to financing in a volatile market

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Financing risk in the loan portfolio has been further reduced by spreading borrowing across a larger number of different markets. The majority of borrowings in the year comprised green financing.

Managing and developing properties is a capital-intensive business. Access to financing with favourable terms is therefore a precondition for optimally conducting operations. The ambition is, at any one time, to have a capital structure that fulfils the owners’ expectations of healthy returns on equity as well as the financial stability requirements that ensure the company is able to independently fulfil its financial commitments.

In the spring, Moody’s confirmed the rating the company received in 2018 with the score A3, stable outlook, which continues to facilitate a broad investor base and thereby, lower financing risk.

### Access to capital despite a turbulent market

2020 started with historically low credit margins and high activity levels in the capital markets. Sentiment switched at the beginning of March due to concerns about Covid-19 and its potential impact on the global economy. The Swedish capital market was essentially closed for new issues for a few weeks in March, before major creditworthy companies such as Vasakronan issued bonds at the end of the month. In the second half of 2020, conditions in the capital market gradually improved with, as a consequence, larger issue volumes and declining credit margins. At the end of 2020, credit margins were at historic lows.

“Despite a turbulent market, we’ve had good access to financing and have seen a great deal of interest from Nordic and Asian investors.”

Thomas Nystedt,  
Group Treasurer



“Solid finances and a focus on green borrowing strengthened Vasakronan during the fluctuations of the 2020 pandemic. Interest in Vasakronan from Asian investors remained strong,” says Thomas Nystedt, Group Treasurer.”

### 2020 certainly has been a special year, hasn’t it?

“It really has been a year with ups and downs. From a financial perspective, the year started strong, with record low credit margins. But then Covid-19 happened and credit market conditions suddenly changed drastically.”

### What does this mean for Vasakronan?

“On the one hand, the borrowing we carried out during the spring became much more expensive. On the other hand, our years-long efforts to strengthen our financial position and broaden our investor base really paid off. Our own borrowing was admittedly more expensive, but our competitors either paid far more or, in the worst cases, couldn’t secure any borrowing at all. It became clear that in difficult times, com-

panies like Vasakronan are attractive borrowers. We’re considered a safe alternative.”

### You have worked actively to expand your circle of potential investors. How has that gone?

“It has been very successful. Since we received a positive rating from Moody’s, we’ve had several new investors, in Europe but above all in Asia. In 2020, interest in us has remained strong in our primary markets in Sweden and Norway, and we’ve even seen significant interest from Japanese investors.”

### What do Asian investors have to say?

“They think it’s reassuring to lend to a company connected to the Swedish pension system. Sweden has a good reputation and, besides the strong rating, Asian investors

appreciate our transparency and organisation. And, of course, that we almost exclusively borrow green.

“During the year, almost all of our borrowing was green and it’s clear that green bonds are in particular demand during these turbulent times. During the year we signed loan agreements with the European Investment Bank (EIB) and the Nordic Investment Bank (NIB), two institutions that have the highest sustainability requirements for the projects they lend to.”

### What do you expect from 2021?

“During the autumn, credit margins returned to the same record lows as before the pandemic. The shift towards even more green lending will strengthen in 2021 and we expect to further expand the circle of investors in Asia. This makes us even less dependent on the Swedish capital market, even if we are and will remain a major borrower here at home.”



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To support the markets and mitigate the sharp economic downturn, central banks around the world decided to add liquidity for banks and for companies. Sweden’s central bank, the Riksbank, acted by lending to banks and through buying securities, including new instruments for the Riksbank, such as commercial paper and corporate bonds.

**Stable position**

The operations are financed through owners’ capital and through external borrowing. This division is decided by weighting the requirements for returns and financial stability. External borrowing takes place in the capital market by way of bonds or commercial paper or from banks. At the end of the year, the share of capital market financing was 76% (75) and the share of secured and unsecured bank financing was 24% (25).

**Long-term financing strategy**

Vasakronan strives for financial stability, risk-weighted borrowing, a broad borrowing structure and to be in the forefront of green financing. First and foremost, financial stability entails minimising financing risk through guaranteeing future borrowing needs in good time and spreading loan maturities. Moreover, cost-effective borrowing is achieved over time through active work on the fixed-interest structure and leveraging the prevailing market conditions.

It is critical to retain a strong rating. During the year, Moody’s confirmed the rating the company received in spring 2018 with the score A3, stable outlook. In its explanation, Moody’s highlighted the high quality of the company’s property portfolio and the strong links to its owners.

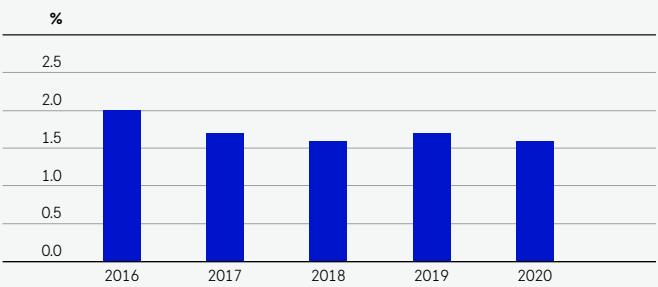
The sustainability ambitions are high and there is a clear connection between sustainability and financing. In 2013, the company was the first company in the world to issue green corporate bonds and in 2018, we became the first to issue green commercial paper. Its strategy is to take a leading role and to drive development in green financing.

To ensure excellent risk management and internal control, the Board reviews the financial policy each year and financial risks are thereafter followed up and reported to the Board on a quarterly basis.

**Low, stable loan-to-value ratio**

Interest-bearing liabilities, net of cash and cash equivalents, increased during the year and amounted to SEK 67 billion (63), mainly due to increased investments in existing and newly produced properties. The loan-to-value ratio was 41% (40) at year end. Prevailing market conditions continued to enable borrowing on favourable terms and the average interest rate was 1.6% (1.7) at year end. Despite increased liabilities, net financial items decreased to an expense of SEK 1,117 million (expense: 1,131) due to lower average interest rates. The interest coverage ratio, which indicates the company’s sensitivity to interest rate changes, declined slightly to a multiple of 4.4 (4.6) due to lower EBITDA. According to the financial policy, the goal is to have an interest coverage ratio no lower than a multiple of 2.0. Net interest-bearing liabilities in relation to EBITDA show net debt in relation to the business’s earnings and amounted at year end to a multiple of 13.5 (12.0). As projects are completed and begin to generate cash flow, this performance measure is expected to improve. Our aim is to prevent this key metric from exceeding a multiple of 10 over the long term.

**Low average interest rate**



**Bond financing from several markets**

In 2018, Vasakronan established a Euro Medium Term Note programme (EMTN programme), which opened up the possibility of financing in more currencies and tenors. The company is one of the largest corporate issuers in the Swedish and Norwegian capital markets. It also issues bonds in other currencies to investors from Europe and Asia. In 2020, Vasakronan issued bonds in six currencies for a total of SEK 12.4 billion (15.2). Access to a broad investor base and several different markets has decreased financing risk. Of the total liability at the end of the period, 31% (27) consisted of borrowings in currencies other than SEK. The EMTN programme has a loan limit for all currencies of EUR 6,000 million. Borrowing in foreign currencies is hedged through cross-currency derivatives, which eliminates currency risk.

With the establishment of the EMTN programme, Vasakronan’s bonds will be listed on Euronext Dublin and the Oslo Stock Exchange. The bonds contain a change of control clause. This allows lenders to terminate the loan unless the current owners collectively or separately own at least 51% of the com-





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pany and the change in ownership simultaneously leads to a downgrade in the company’s rating by one notch.

Financing through commercial paper

Commercial paper can be issued in Swedish krona or euros through a commercial paper programme. The programme size is SEK 25 billion and the maturity is a maximum of one year. Borrowing using commercial paper totalled SEK 7.5 billion (7.2) at year end, corresponding to 11% (11) of the total debt portfolio.

Good access to bank financing

Despite the uncertainty in the financial markets during the spring, access to bank financing remained solid during the year. During the year, secured bank loans totalling SEK 1.6 billion (1.3) were signed. Vasakronan’s secured bank loans amounted to SEK 11 billion (12) at year end, corresponding to 16% (17) of the total debt portfolio. Total bank loans outstanding secured against mortgage deeds declined to 6% (7) of the Group’s total assets. The financial policy states that collateralised loans must not exceed 20% of total assets.

In addition to secured bank loans, Vasakronan had green unsecured loans with the Nordic Investment Bank and the European Investment Bank. During the year, new loan agreements of SEK 2.75 billion (–) were signed, of which SEK 2 billion were unutilised by the end of the year. The aim is to continue increasing the share of unsecured bank financing that amounted to SEK 5.5 billion (4.8), or 8% (7) of the total loan portfolio at the end of the year.

Vasakronan’s bank loan agreements contain a corresponding change of control clause to that applicable to bond issues. In addition, there is a covenant specifying that the interest

coverage ratio may not fall below a multiple of 1.5. Agreements for unsecured loans also include covenants stating that the LTV may not exceed 65%. At year end, the interest coverage ratio was a multiple of 4.4 and the loan-to-value ratio was 41%.

Increase in green financing

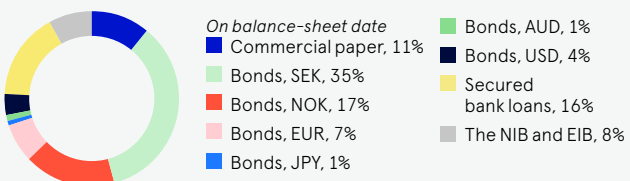
In 2013, Vasakronan was first in the world to use green corporate bonds to offer the capital market the opportunity to invest in green bonds that lead to lower energy consumption and less climate impact. Since then, bonds totalling around SEK 44 billion have been issued, making Vasakronan the Nordic region’s largest issuer of green corporate bonds. In 2018, the company issued the world’s first green commercial paper.

The company’s green financing falls under the “Vasakronan – Green Finance Framework,” which follows the Green Bond Principles. This states that all borrowing in line with the framework is earmarked for green investments. The criteria for when an investment can be classified as green are given in the framework. An existing property must have a minimum rating of LEED Gold, and an annual energy intensity of under 100 kWh/sq.m. New construction and redevelopment projects being financed must have a minimum certification of LEED Platinum or BREEAM Outstanding, and an energy intensity that is 25% below the National Board of Housing, Building and Planning’s guidelines (BBR requirements). In addition to properties, investments in solar energy projects are considered green investments.

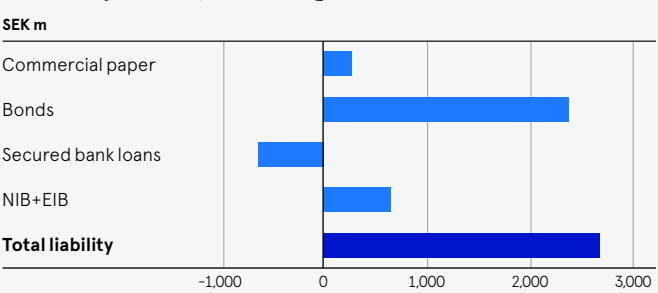
The “green pool”, meaning investments that qualify for green borrowing under the framework, amounted at year end to SEK 53 billion (33). Green finance instruments outstanding increased to a total of SEK 35 billion (26). The improvement is

Sources of financing widely distributed

Non-interest-bearing liabilities of SEK 69.3 billion



Development, funding sources



Green financing under the framework

	SEK m
Green commercial paper	870
Green bonds, SEK	22,437
Green bonds, NOK	3,838
Green bonds, EUR	2,915
Green bonds, JPY	959
Green bonds, AUD	1,030
Green bonds, USD	2,856
<b>Total volume of Green Finance Instruments</b>	<b>34,905</b>
Total volume of Green Assets – Green Pool	53,776
<b>Remaining approved borrowing capacity</b>	<b>18,871</b>



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explained, inter alia, by measures taken to enhance energy efficiency in existing properties, for example increased possibilities for optimisation due to improved control systems. For more information, see Vasakronan’s impact report for green financing on pages 162–169.

For a number of years, the company has obtained loans from the Nordic Investment Bank (NIB) and European Investment Bank (EIB), which are both niched toward financing projects that improve the environment in Nordic and European countries. The loans finance nine projects, including Nya Kronan in Sundbyberg, Stockholm; Nattugglan in Södermalm, Stockholm and Magasin X in Uppsala. The aim is for these properties to achieve LEED Platinum certification, and it is precisely this high environmental profile that enables financing through the NIB and EIB.

The percentage of green funding consisting of green bonds, green commercial paper and green loans increased during the period to 61% (47) of the total loan portfolio. The ambition is to eventually have 100% green financing.



The EIB and NIB are financing nine of Vasakronan’s projects, including Nya Kronan in Sundbyberg, Stockholm; Nattugglan in Södermalm, Stockholm and Magasin X in Uppsala. The aim is for these properties to achieve LEED Platinum certification, and it is precisely this high environmental profile that enables financing through the NIB and EIB.



**Credit commitments from the owners limit the financing risk**

To secure its access to capital, there is 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 2.6 billion (3.5), the unutilised credit commitment from the owners and the unutilised credit facility with the EIB together correspond to 165% (166) of loans maturing over the next 12 months. The financial policy regulates the maturity structure by stipulating that all loan maturities in the next 12 months are to be covered with either cash and cash equivalents or credit facilities.

The policy states that the average remaining tenors for interest-bearing liabilities may not be less than two years and loan maturities within a twelve-month period must correspond to not more than 40% of interest-bearing liabilities.

At the end of the year, the proportion of loans maturing within the next 12 months amounted to 20% (19), while the share of loans maturing in 10 years or later amounted to 11% (12) of interest-bearing liabilities. The average loan-to-maturity decreased slightly to 5.0 years (5.2) at the end of the period and the average loan-to-maturity taking into consideration unutilised credit commitments decreased to 5.4 years (5.6).





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Exploiting low interest rates

Changes in interest rates and credit margins influence borrowing expenses. Therefore, the fixed-interest structure must be balanced to limit the effects. A long fixed-interest tenor lowers interest rate risk but can entail a higher average interest rate in the short term.

The strategy is to have a portion of the loan portfolio with floating interest and the remainder with fixed interest rates at longer tenors, in some cases as long as 15 years. This allows the company to benefit from low floating interest rates while fixed interest rates protect against rising interest rates. There is a limitation within the financial policy which states that the average fixed-interest tenor may not be less than 2 years, and that the amount of fixed-interest maturities within 1 year may not exceed 55% of interest-bearing liabilities.

Interest-rate derivatives are used to achieve a preferred fixed-interest tenor. During the year, the company continued to leverage the low interest rate conditions and decreased interest rate risk through new derivatives with longer maturities. The average fixed-interest tenor at the end of the year was 5.6 years (5.8). The proportion of loans with fixed-interest maturities within one year declined to 29% (32) and loans with fixed-interest maturities of ten years or more amounted to 16% (17) of interest-bearing liabilities.

Limiting risk

Derivatives are primarily used to obtain the desired fixed-interest structure in the debt portfolio. By combining a loan with floating interest and an interest-rate derivative, a pre-determined interest rate can be secured over the term of the derivative. By fixing rates over a longer period, a limit is set on the interest-rate risk linked to cash flow. Cross-currency derivatives are used in addition to interest-rate derivatives to eliminate currency exposure on loans in foreign currencies.

All derivatives are recognised at market value in the balance sheet. In the case of interest-rate derivatives, a surplus or deficit value occurs if the agreed interest rate is higher or lower than the current market rate. In the same manner, a surplus or deficit value also occurs in the currency derivative of the agreed exchange rate deviates from the relevant exchange rate. The change in value is recognised in profit or loss. The unrealised change in value has no effect on cash flow and will not have any realised impact on earnings if the derivative is held to maturity. As cross-currency derivatives are perfectly matched against underlying loans, there is an opposite exchange rate effect on the latter, meaning the currency effect is eliminated in profit or loss.

At year end, the value of the derivative portfolio amounted to SEK 71 billion (73), of which 72% (74) comprised interest-rate derivatives and 28% (26) currency derivatives. The value change in derivatives amounted to SEK 167 million (negative: 881), which was mainly due to falling long market interest rates in Norway during the period that positively impacted the cross-currency derivatives on which Vasakronan receives fixed interest.

Financial policy ensures balanced risks

	Financial policy in brief	Outcome, 31 December 2020
<b>Financing risk</b>		
Loan-to-maturity	min. 2 years	5.0
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/loans maturing 12 months	at least 100%	165%
<b>Interest-rate risk</b>		
Interest coverage ratio	min. 2.0x (LTM)	4.4x
Fixed-interest period	min. 2 years	5.6 years
Fixed-interest maturity within 12 months	max. 55%	29
<b>Credit risk</b>		
Counterpart's rating	min. A-, or BBB+ with CSAs	Met
<b>Currency risk</b>		
Currency exposure	No exposure	Met



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# Reasonable and desirable levels for risk assumption

Vasakronan has been tasked by its owners with delivering a high and stable, long-term return. At the same time, the operations should take people, ethics and the environment into consideration. To best achieve these goals, all the opportunities and risks that impact operations must be managed.

All business operations are associated with risks, which when managed correctly can give rise to opportunities. When managed incorrectly, risks can have considerable negative consequences in the form of lower revenue, higher costs or reduced credibility. Efforts to identify, analyse, manage and follow up risks are therefore a prioritised area at Vasakronan.

Ultimately, it is the Board’s responsibility to establish appropriate and effective systems for risk management and internal control. The Board has delegated day-to-day responsibility to the CEO and has established guidelines in terms of how to conduct these efforts. The CEO is supported by a steering committee for internal control that, in addition to the CEO, comprises the CFO, General Counsel and Group Controllers. The steering committee’s responsibilities include follow up and ongoing development of internal control. Vasakronan’s day-to-day risk efforts involve all employees and follow a structured process.

## Risk management process



### Vasakronan has divided identified risks into four categories:

#### MARKET AND BUSINESS RISKS

Risks related to external factors and market developments that Vasakronan is unable to directly influence, but still needs to relate to, and where the negative effects can be mitigated.

#### OPERATIONAL RISKS

Risks in operating activities that result from insufficient or inadequate internal processes or routines, human error or system error.

#### FINANCIAL RISKS AND REGULATORY COMPLIANCE

Risks related to our funding, our financial reporting and inadequate compliance with ordinances, laws and regulations.

#### SUSTAINABILITY RISKS

Risks connected with environmental impact, climate change, work environment and violations of the Code of Conduct.

All of the risks are ranked based on their impact on operations and the likelihood of the risk occurring. A description of the risks and their rankings is presented in the tables on pages 63–67.





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Market and business risks

Risk description	Analysis and exposure	Management	Vasakronan's assessment
Economic downturn			
An economic downturn with increased unemployment, reduced growth, weakened profitability for companies and resulting difficulties in obtaining financing can lead to reduced demand for office and store premises, lower market rents, increased vacancies and increased financing costs.	An economic downturn can affect all or parts of our operations through lower rents and increased vacancies. Vasakronan's property portfolio of modern properties in central locations as well as a spread in the lease portfolio across a number of different industries and contract lengths limits the risk of any substantial negative impact from an economic downturn. The company's strong owners and a credit facility of SEK 18 billion ensures the company's continued operation.	<ul style="list-style-type: none"><li>Competitive intelligence</li><li>Lease portfolio with a favourable spread of industries, maturities and regions</li><li>Strong owner</li><li>Diversified loan portfolio</li><li>Property portfolio with modern premises in central locations in growing districts</li></ul>	<div><div>● Impact</div><div>● Likelihood</div><div>● Priority</div></div>
Political decisions			
Political decisions can lead to changed prerequisites for Vasakronan's operations. For example, this could pertain to decisions regarding new tax legislation, new regulations for banks, the relocation of government agencies or new energy-related regulations.	Political decisions and regulatory changes are generally outside Vasakronan's control, but could negatively impact future investment opportunities, value growth, returns and cost levels.	<ul style="list-style-type: none"><li>Competitive intelligence and monitoring of developments in the areas that concern Vasakronan</li><li>Participate in debate via appropriate forums</li><li>Analysis of the effects and of possible proactive measures</li><li>Dialogue with the Board and owners about impact and actions</li></ul>	<div><div>● Impact</div><div>● Likelihood</div><div>● Priority</div></div>
Value decline in properties			
Negative value trend due to raised yield requirements, poorer access to financing, lower market rents, increased vacancies or higher property expenses leading to lower property values.	In the short term, the single largest impact on the company's performance is from changes in the value of the properties, even if it does not directly affect cash flow. A downturn in property value affects the loan-to-value ratio, a key metric to which the company's rating, inter alia, is tied. A weakened loan-to-value ratio can result in increased financing costs.	<ul style="list-style-type: none"><li>The concentration of its portfolio in markets with strong economic growth.</li><li>Competitive intelligence and close dialogues with tenants</li><li>Clear strategy for each property</li><li>Structured process for decisions regarding new construction, extensions and redevelopments</li><li>Portfolio focused on modern premises in central and desirable locations</li><li>Keeping at the forefront in terms of sustainability and technical developments</li><li>Quarterly valuations of the property portfolio</li><li>Diversified sources of finance</li></ul>	<div><div>● Impact</div><div>● Likelihood</div><div>● Priority</div></div>
Property investments			
Investments are made through new construction, extensions or redevelopments as well as through the acquisition of existing properties. The risk of unprofitable investments can arise from inaccurately assessing market trends and/or the underlying condition of a property.	Vasakronan has excellent knowledge of the regions and sub-markets in which it operates. Long lead times apply when starting larger new or redevelopment projects, which always entail market risk. However, Vasakronan never starts new projects in weaker sub-markets without having first leased out the majority of the premises. The acquisition of existing properties includes the risk of the property not generating the desired yield due to a poorer than expected location, condition or tenant structure. Vasakronan's market knowledge, experience and competence minimises this risk.	<ul style="list-style-type: none"><li>Continuous analysis of market conditions</li><li>Clear investment strategy subject to continuous evaluation</li><li>Clear investment decision process in terms of risk and opportunities</li><li>Highly skilled in property investment and market analysis</li><li>Active dialogues with municipalities</li><li>Continuous evaluation of the portfolio</li><li>Occupancy rate requirements when starting larger new or redevelopment projects</li></ul>	<div><div>● Impact</div><div>● Likelihood</div><div>● Priority</div></div>

● Low impact, likelihood or priority   ● Medium impact, likelihood or priority   ● High impact, likelihood or priority



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Risk description	Analysis and exposure	Management	Vasakronan's assessment
<b>Changing macro environment</b>			
The pace of technical development is rapid. Digital solutions are replacing old technology, new participants are entering the market and customers are demanding new solutions and services. Companies who are unable to adapt their operations and offerings to new conditions risk becoming unprofitable and losing customers, suppliers and employees.	Vasakronan aims to be at the forefront as regards the use of modern technical solutions, and of service and product offerings. This requires the company to identify trends and demand as well as to develop and try new and unproven solutions. Vasakronan strives to develop the right skills in combination with close partnerships with customers, suppliers and other companies.	<ul style="list-style-type: none"> <li>Competitive intelligence</li> <li>Organisation that focuses on and promotes change and development, that is bold enough to test new solutions</li> <li>New innovative solutions in, for example, prop-tech and energy</li> <li>Collaboration with relevant parties</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>
<b>Information and data security</b>			
In pace with increasing property sector digitalisation, there is a growing vulnerability to data hacking, virus attacks and fraud. Well functioning information and data security is essential for operations. Development in these areas is rapid and is becoming increasingly complex.	If critical information is lost or falls into the wrong hands as a result of a computer crash, data hacking or inadequate IT security, the financial consequences could be considerable and the company's credibility may be damaged. Vasakronan has prioritised this issue highly and actively monitors developments in the area.	<ul style="list-style-type: none"> <li>IT security policy</li> <li>High degree of security awareness among employees through regular training and internal communication</li> <li>The highest level of back-up solutions, firewalls, access solutions, antivirus programmes and incident reporting systems</li> <li>Regular penetration tests</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>
<b>Structural changes in retail</b>			
Changed consumption patterns, such as increased e-commerce and environmental awareness, result in fewer purchases in physical stores, which will lead to stores closing or demanding smaller premises.	Lower demand for store space means lower rental revenue and higher vacancy rates. The company's retail locations are primarily in central locations with heavy foot traffic. Vasakronan believes demand will remain firm for these types of properties, even for other uses, which will reduce the negative effect of the decline in shopping in physical stores.	<ul style="list-style-type: none"> <li>Competitive intelligence</li> <li>Offer flexible solutions</li> <li>Plan for each property and ongoing evaluation of alternative uses for premises</li> <li>Follow-up and analysis of sales statistics from store tenants</li> <li>Close dialogues with existing tenants</li> <li>Clear concepts for shopping precincts</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>
<b>Access to the right skills</b>			
Employees are the company's most important assets, since they create and nurture the company's culture and develop its operations. If it is not possible to keep the right employees or sufficient employees, the business risks underperforming.	The development of operations and remaining relevant for the market requires that the company continuously adds new skills in the form of further training and new recruitments. Vasakronan strives to be an attractive employer for qualified personnel. The strong brand together with the innovative, values-driven corporate culture engender considerable interest in the company.	<ul style="list-style-type: none"> <li>Strong brand and market leader</li> <li>Sustainable operations in every dimension</li> <li>Development plans for employees and succession planning for key personnel</li> <li>Collaboration with universities</li> <li>Corporate culture that promotes curiosity, diversity and flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>

● Low impact, likelihood or priority
 ● Medium impact, likelihood or priority
 ● High impact, likelihood or priority





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Operational risks

Risk description	Analysis and exposure	Management	Vasakronan's assessment
Rental revenue			
Falling rental revenue as a result of lower market rents or higher vacancies leading to lower profitability and poorer cash flow, which would lower the value of properties.	Increased vacancies caused by an economic downturn with lower demand, lower willingness to pay and more competition can lower rental revenue. An overlarge market offering, out of date properties or unhappy customers can also have a negative impact on rental revenue. Vasakronan offers products that are in demand in the market and continuously broadens its offering. Vasakronan strives to limit exposure to any one sector or tenant and to have an even spread of lease durations.	<ul style="list-style-type: none"><li>• Good market knowledge</li><li>• Properties in central locations in growth areas.</li><li>• Allocation between sectors, tenants, lease durations and premises types in each property and area</li><li>• Close, proactive dialogues with tenants and the market to understand customers' needs.</li><li>• Annual Customer Satisfaction Index – measurement</li><li>• Structured procurement process for accepting new tenants</li></ul>	<div><div>● Impact</div><div>● Likelihood</div><div>● Priority</div></div>
Property expenses			
The primary risks are cost increases that Vasakronan cannot offset through rent increases, index adjustments or onward invoicing. This can be, for example, ground rents or unpredictable costs, primarily repairs and maintenance.	Property expenses are impacted, inter alia, by the consumption of electricity and water, the price trends for goods and services, and the utilisation level of resources. Vasakronan is working actively to optimise and streamline operations at each property from both a sustainability and a cost perspective.	<ul style="list-style-type: none"><li>• More efficient or reduced energy consumption</li><li>• Maintenance plans for all properties</li><li>• Clear goals for recycling and reusing materials</li><li>• Optimise property administration</li><li>• Terms and conditions for green financing linked to energy consumption</li><li>• Actively negotiate with municipalities regarding ground rents</li><li>• Profit sharing linked to trend for operating surplus</li></ul>	<div><div>● Impact</div><div>● Likelihood</div><div>● Priority</div></div>
Property development			
Redevelopments, extensions and new construction projects entail risks across all phases, which increases with the project's complexity. Risks in construction projects are primarily financial, technical or time-related.	Vasakronan has a large number of ongoing projects, many of which are complex, extend over a long period of time and involve many different parties. Calculation errors, delivery delays, lack of resources and competence or increased expense due to unforeseen events or carelessness can lead to substantial financial consequences.	<ul style="list-style-type: none"><li>• Quality assurance of internal processes including risk analysis, project reviews and exchanging experiences</li><li>• Structured evaluations are conducted during the project period with all parties involved</li><li>• Highly skilled project organisation</li><li>• Contractual agreements with partners</li><li>• The Code of Conduct as well as clear and proactive supplier procurement process</li><li>• Frequent dialogue between the project organisation and the letting organisation</li></ul>	<div><div>● Impact</div><div>● Likelihood</div><div>● Priority</div></div>



## Financial risks and regulatory compliance

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Risk description	Analysis and exposure	Management	Vasakronan's assessment
<b>Financing risk</b>			
Property is a capital intensive industry and it is important to secure access to borrowed capital. Scarce capital means that new financing or refinancing will be more expensive or impossible.	Vasakronan has a stable ownership structure, a strong financial position and an LTV of 41%. The company's A3 rating from Moody's provides wider access to more sources of finance as well as financing with longer tenors. The company strives for an even maturity structure for its liabilities, with a low portion of short-term financing. Altogether, this reduces the risk in new financing and refinancing.	<ul style="list-style-type: none"> <li>Active efforts to diversify sources of financing</li> <li>The average maturity of interest-bearing liabilities is not permitted to be lower than two years</li> <li>Not more than 40% of interest-bearing liabilities are permitted to mature within the next 12 months and all maturities within 12 months are covered either by cash and cash equivalents or confirmed credit facilities</li> <li>Maintaining an A3 rating from Moody's</li> <li>Credit facility from owners</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>
<b>Interest-rate risk</b>			
Interest on borrowed capital is a large cost item. Increased interest rates have a significant effect on costs.	Vasakronan has long fixed-interest periods averaging 5.8 years. Exposure to changes in interest rates is limited, as only approximately one third of the fixed-term borrowings matures annually. If the interest rate increases 1 percentage point, the company's interest expense would rise by SEK 210 million over current borrowing.	<ul style="list-style-type: none"> <li>The average fixed-interest tenor of interest-bearing liabilities is not permitted to be lower than two years</li> <li>Not more than 55% of interest-bearing liabilities are permitted to have fixed-interest maturities within 12 months.</li> <li>The fixed-interest structure ensures that the interest coverage ratio never falls below a multiple of 2.0</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>
<b>Financial reporting</b>			
The financial reporting is an important basis for decisions. Shortcomings in the report can lead to faulty decisions for Vasakronan and external parties, for example lenders and investors.	Awareness of financial reporting risks is created by discussion between the employees concerned. The risk of errors in the reporting are limited due to Vasakronan having a centralised accounting and finance function with clear allocation of responsibility and follow-up.	<ul style="list-style-type: none"> <li>Policies with clear allocation of responsibility and authorities</li> <li>Good internal control with preventive and follow-up controls</li> <li>External audit</li> <li>Highly skilled accounting and finance function</li> <li>Continuous monitoring and analysis of regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>
<b>Counterparty risk</b>			
All business relationships entail a risk of the counterparty not meeting its obligations, which can have major financial consequences for the company.	Vasakronan is exposed to risk in terms of its suppliers, financial counterparties, tenants and transaction counterparties. To limit risk, diligent evaluations are always conducted prior to entering into contracts.	<ul style="list-style-type: none"> <li>Structured procurement process for suppliers and accepting new tenants, including credit checks and taking references</li> <li>Consequences from non-delivery are contractually regulated</li> <li>When necessary, a deposit is required</li> <li>Surplus liquidity is only invested in commercial paper issued by companies with high ratings</li> <li>Derivative agreements are only signed with counterparts that have a credit rating of at least A- on Standard &amp; Poor's rating scale or BBB+ with CSAs</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>
<b>Regulatory compliance</b>			
Vasakronan follows a large number of rules, ordinances and laws. Non-compliance with regulations can lead to economic consequences, sanctions or damaged confidence.	Regulations can be complex to interpret and comply with. To ensure regulatory compliance, Vasakronan continuously strives to stay updated vis-à-vis current regulations as well as regulatory changes.	<ul style="list-style-type: none"> <li>Continuously follow developments in terms of laws, rules and regulations in relevant areas</li> <li>Analysis of the possible effects of changes in rules and acting with the above in mind</li> <li>Active participation in debates in the relevant forums</li> <li>Dialogue with politicians or other influential individuals, for example</li> </ul>	<ul style="list-style-type: none"> <li>Impact</li> <li>Likelihood</li> <li>Priority</li> </ul>

● Low impact, likelihood or priority
● Medium impact, likelihood or priority
● High impact, likelihood or priority





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Sustainability risks

Risk description	Analysis and exposure	Management	Vasakronan's assessment
Climate changes			
Higher temperatures, extreme weather conditions and rising water levels mean that properties can be damaged by floods or that buildings might not be able to withstand changed weather conditions or temperatures. In the long term, properties in areas that are close to the sea are exposed to permanent risks.	Climate change poses new demands on properties, which comprise our largest asset. Vasakronan needs to monitor climate issues and work proactively to minimise the risk that, in the future, some properties will be unusable or the cost of rectifying the damage will be high.	<ul style="list-style-type: none"><li>• Monitor development in research and regularly track the consequences of climate change</li><li>• Identify where any risk of a major impact exists in the property portfolio and prepare action plans</li><li>• Risk analyses for new construction and acquisitions as well as preventive measures</li><li>• Climate scenario analyses</li></ul>	<ul style="list-style-type: none"><li>● Impact</li><li>● Likelihood</li><li>● Priority</li></ul>
Negative environmental impact			
The construction and property sector affects the environment in a variety of ways. For example, the sector accounts for just over 20% of emissions of greenhouse gases and just over 30% of energy consumption and waste generated in Sweden.	<p>There is less demand in the market for properties with significant environmental impact and they are no longer attractive for investors to finance. The result is falling revenue, lower property values and increased financing costs.</p> <p>Environmental work is integrated into Vasakronan's operations and we have high requirements in our sustainability work. Vasakronan's strive to achieve a high and stable return can never come at the expense of the environment.</p>	<ul style="list-style-type: none"><li>• Clear and ambitious targets for reducing Vasakronan's and its customers' energy consumption and waste, and increasing recycling of materials and reducing environmental impact from transportation</li><li>• Increased share of self-produced electricity and investments in energy efficiency measures</li><li>• Higher percentage of green financing</li><li>• Environmental certification of properties</li><li>• Preparation of a sustainability report subject to review</li></ul>	<ul style="list-style-type: none"><li>● Impact</li><li>● Likelihood</li><li>● Priority</li></ul>
Violations of the Code of Conduct			
Violations of human rights, unethical behaviour or operations that are not conducted according to good business practice internally at Vasakronan, any of our partners or anyone acting on behalf of Vasakronan can lead to reduced confidence in Vasakronan and therefore entail harm to financial performance and the brand.	Vasakronan is Sweden's largest property company and there is considerable public interest in Vasakronan's operations. We have numerous suppliers, partners and customers. Violations of human rights or unethical behaviour at any of them, or internally at Vasakronan, can lead to reduced confidence from stakeholders and therefore to financial damage. To counteract this, employees as well as suppliers are expected to follow the code of conduct.	<ul style="list-style-type: none"><li>• Active valuation efforts involving all employees</li><li>• Policies with clear allocation of responsibility and authorities</li><li>• Codes of conduct for employees and for suppliers</li><li>• Supplier audits</li><li>• Whistle-blower function</li></ul>	<ul style="list-style-type: none"><li>● Impact</li><li>● Likelihood</li><li>● Priority</li></ul>
Work environment			
All activities are associated with risk for physical and mental injury. Work environment risks are especially high in construction.	An unsafe work environment and a negative work climate lead to an ineffective organisation. Employees' work environment and health are important for Vasakronan and we work actively to minimise the risk of employees, contractors or tenants suffering physical or mental injury in and around Vasakronan's offices, projects or properties.	<ul style="list-style-type: none"><li>• Collaboration between employees, safety officers, managers, company management and suppliers</li><li>• Training in physical and mental health</li><li>• Clear goals linked to worksite accidents and mental health as well as their follow-up</li><li>• Wellness measures</li><li>• Codes of conduct for employees and suppliers</li><li>• Whistle-blower function</li><li>• Work climate that provides the prerequisites and takes responsibility for a healthy working life</li></ul>	<ul style="list-style-type: none"><li>● Impact</li><li>● Likelihood</li><li>● Priority</li></ul>

● Low impact, likelihood or priority    ● Medium impact, likelihood or priority    ● High impact, likelihood or priority



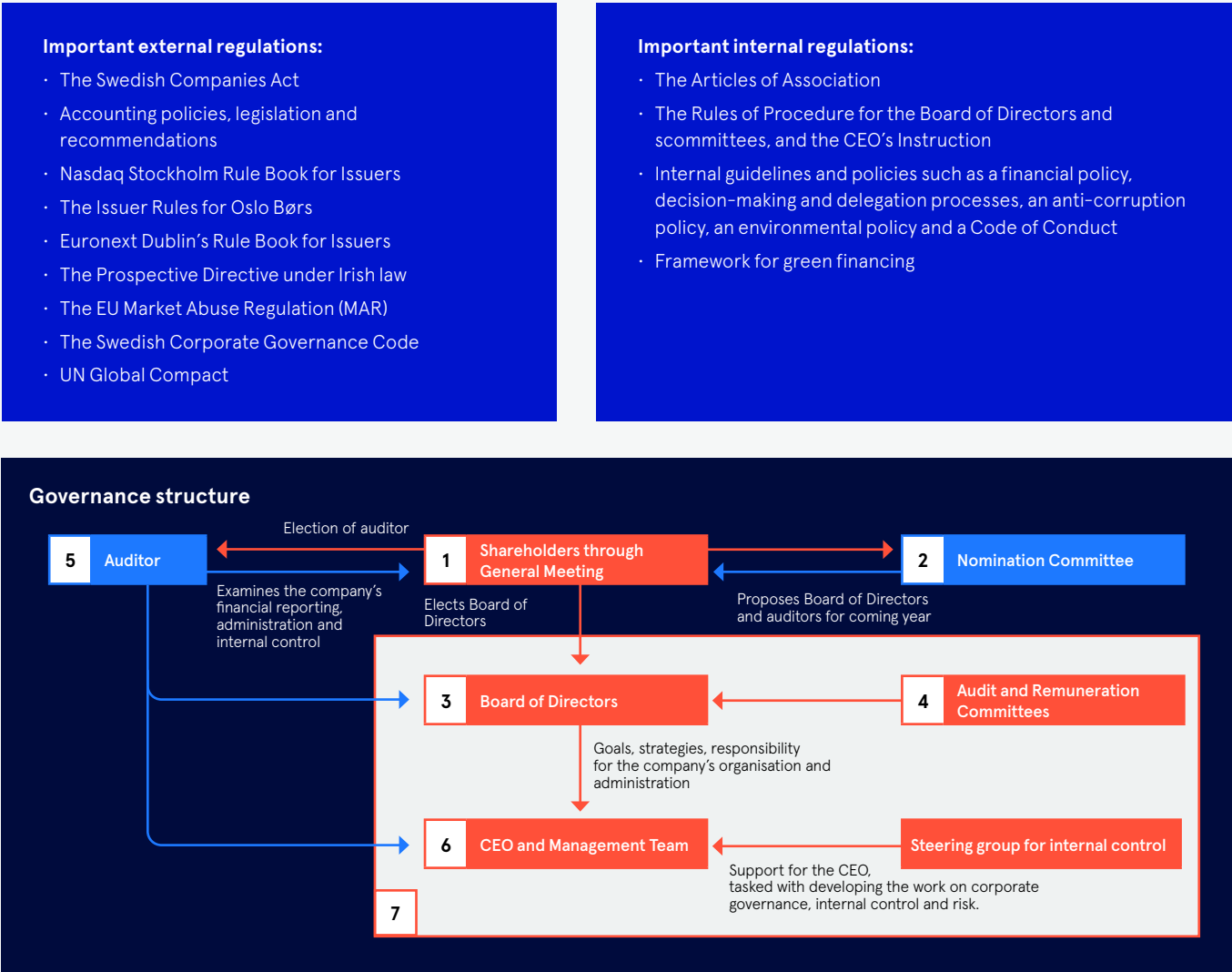
# Clear structure provides control

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- Senior executives

Corporate governance comprises the foundation for how a company should be owned and controlled. Good corporate governance ensures that the business is run sustainably, responsibly and as efficiently as possible to be able to realise the company’s strategies and to create maximum value and returns for its stakeholders. Vasakronan’s corporate governance is based on external and internal regulatory frameworks, clearly formulated goals and strategies as well as sound values. To support the operations, appropriate controls and continuous follow-up are in place.

**The Swedish Corporate Governance Code**  
Vasakronan AB is a public limited company. In view of the general interest in the company’s operations, and since the company’s bonds are listed on the Stockholm stock exchange, the Swedish Corporate Governance Code has been applied. The company also has bonds listed on the Oslo Stock Exchange and Euronext Dublin, and has chosen Ireland as its home Member State. Accordingly, the Central Bank of Ireland is responsible for supervision pursuant to the Transparency Directive.

**Deviations from the Code**  
As a consequence of its small group of owners, Vasakronan deviates from the Code in two regards: the Nomination Committee’s proposals for Board members, and notices of General Meetings and minutes from General Meetings are not published on the company’s website. None of the members of the Nomination Committee are independent in relation to the owners.







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1 Shareholders through General Meeting

Vasakronan is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds. Shareholders exercise their influence through participation in the annual general meetings (AGMs), which are the highest decision-making body. Under the Articles of Association, the AGM of shareholders must be held within six months of the end of the financial year. The Companies Act and the Articles of Association regulate what is to be resolved at the AGM. Extraordinary general meetings are held if any of the owners so request, or if the Board of Directors considers there is reason to do so.

The tasks of the AGM include:

- Adopting the income statements and balance sheets for the Parent Company and the Group
- Discharging the Board members and CEO from liability
- Resolving on the proposed distribution of profit
- Resolving on fees for the members of the Board and the committees, as well as the auditors
- Electing Board members, members of the Audit and Remuneration committees, and auditors
- Establishing principles for remuneration and other employment terms and conditions for senior executives

The most recent AGM was held on 4 May 2020 at Vasakronan’s head office in Stockholm. All shares were represented and the auditors were present.

2 Nomination Committee

Vasakronan’s Nomination Committee comprises representatives of the respective owners and is tasked with presenting proposals ahead of the AGM regarding:

- The number of Board members
- The election of Board members and Chairman of the Board
- The fees for the Board of Directors and members of the Board Committees
- The auditors and auditors’ fees
- The instruction for the Nomination Committee

In the Committee’s work on producing proposals for Board members, an equal gender distribution must be taken into account, and that the Board in general should be characterised by diversity based on competence, experience and background. Ahead of its tasks, the Nomination Committee studies the internal evaluation of the work of the Board, the Chairman’s account of the work of the Board and the company’s strategy, and interviews individual Board members as part of its work. The goal of the Committee is to propose a composition of Board members that complement each other as regards experience, personalities and knowledge, in order to thereby create the best value for Vasakronan. The Nomination Committee held four minuted meetings in 2020. No fees were paid to the Nomination Committee in 2020.

3 Board of Directors

Composition of the Board

The Articles of Association stipulate that the Board is to com-

prise at least three and at most ten members, excluding any employee representatives. The owners can, but do not need to be, represented on the Board. In addition to the owner representatives, the ambition of the owners is that the Board of Directors also consist of members who are independent in relation to the company and the owners. The independent members will supplement the Board with specific industry competence. The CEO is not a member of the Board, but is present at all Board meetings.

At the Annual General Meeting on 4 May 2020 all Board members were re-elected.

Tasks and responsibilities of the Board

The overall task of the Board is to be responsible for organisation and administration of operations, and financial reporting. It also decides on the company’s strategy, establishes financial, social, and environmental targets, and is responsible for establishing efficient and appropriate systems for governance, internal control and risk management. The work is regulated through rules of procedure that are established at the statutory Board meeting every year. These rules include instructions on the Board’s areas of responsibility and limitations in relation to the committees and the CEO.

The Chairman of the Board monitors the Board’s performance of its tasks. The Chairman also monitors operations in dialogue with the CEO and is responsible for ensuring the other members receive the information necessary to maintain a high level of quality in discussions and decisions. The Chairman is also responsible for evaluating the work of both the Board and the CEO.



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*Work of the Board of Directors in 2020*

The work of the Board of Directors follows an annual cycle of scheduled meetings on fixed dates, adjusted for such matters as the Board needing to adopt the financial reporting.

The CEO, CFO and General Counsel (in the capacity of the secretary of the Board) attended the scheduled meetings. Other persons from the organisation such as regional Senior Vice Presidents and SVPs for Finance and Property Development participate as needed, presenting reports on particular cases. Extraordinary Board meetings are held when needed. Primarily in the case of urgent business decisions that require Board approval.

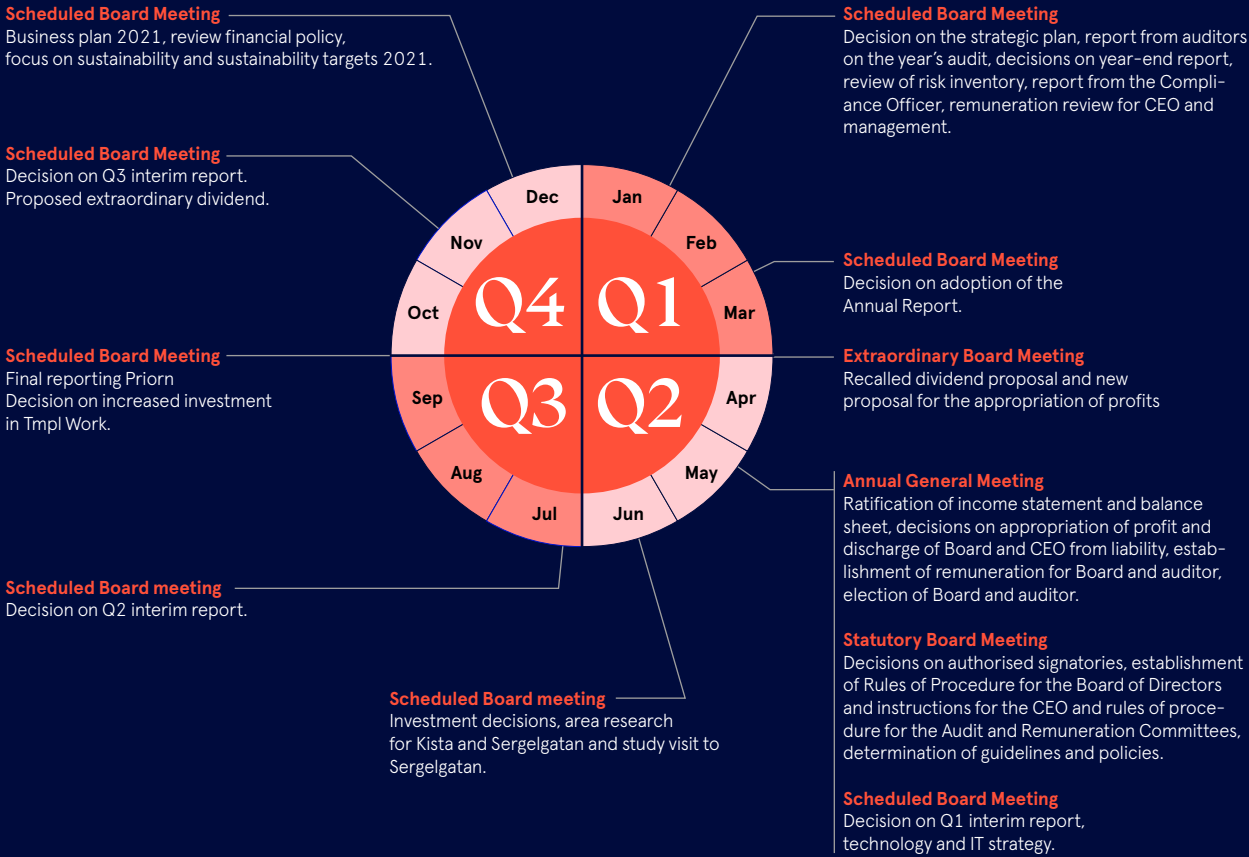
The scheduled Board meetings follow a fixed agenda on which the CEO's information on general operations are a standing point. In cases where committee meetings have been held, the chairpersons of the respective committees report on their work. Vasakronan's Compliance Officer (the company's General Counsel) reports to the Board on cases that have come in to the company's whistle-blower function.

Issues of strategy and risk management are always high on the Board's agenda. During the past year there has been a great deal of focus on business risks connected to the pandemic. Focus has otherwise primarily been on access to liquidity, tenants' payment capacity and Vasakronan's larger ongoing new construction and redevelopment projects. Developments in retail have been followed carefully since this industry has been hard hit by the pandemic. Another important Board matter during the year was technological development and investments in development projects.

In total, the Board held eight scheduled meetings in 2020, one of which was statutory. Eight extra Board meetings were held during the year.

**Governance structure**

Standing items on the Board's agenda comprise market and business conditions, ongoing projects and transactions, market valuations, financing, ongoing disputes and reporting from the Audit and Remuneration Committees. In addition to these items, the following items were addressed at the past year's Board meetings.







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In addition to the Board meetings, the Board also conducted one strategy conference that was held together with part of the Management Team. For more information, refer to the section CEO and Management Team.

Evaluation of the Board of Directors

According to the Rules of Procedure, the Board of Directors must conduct an annual evaluation of its work. An evaluation was conducted in 2020 through interviews conducted by the Nomination Committee of each individual Board member. The purpose of the evaluation is to ensure that the Board is focused on the correct area, that the Board has the correct competence and that it is correctly composed. The results of the evaluation are also used as the basis for the Nomination Committee’s work with bringing forward new candidates for the Board of Directors and as a basis for improving the Board’s work.

Composition of the Board

	Elected	Indep. of company	Indep. of major owners	Board and Committee fees, KSEK	ATTENDANCE		
					Board meetings	Audit Committee	Remuneration Committee
Ann-Sofi Danielsson	2017	Yes	Yes	380	16/16	5/5	
Niklas Ekvall	2016	No	No	No remuneration	16/16		4/4
Ulrika Francke	2018	Yes	Yes	770	16/16	5/5	4/4
Eva Halvarsson	2006	No	No	No remuneration	16/16	5/5	
Kerstin Hessius	2004	No	No	No remuneration	14/16		
Christel Kinning	2014	Yes	Yes	280	16/16		
Magnus Meyer	2019	Yes	Yes	280	16/16		
Kia Orback Pettersson	2019	Yes	Yes	280	16/16		
Johan Temse <sup>1</sup>	2020	No	No	No remuneration	16/16		

1) Elected January 2020, left the Board in January 2021

Remuneration to the Board

The AGM passes resolutions on remuneration to the Board. Board fees are not paid to members who represent any of the owners. For the period until and including the 2021 General Meeting, the AGM resolved that the Chairman will receive SEK 680,000 and the other independent members SEK 280,000 in fees. For the Audit Committee, it was resolved that a fee to its Chairman of SEK 100,000 and to independent members of SEK 50,000 would be paid, and a fee of SEK 40,000 to the Chairman of the Remuneration Committee.

4 Audit and Remuneration Committees

In order to enhance the efficiency of its work, the Board has established an Audit Committee and a Remuneration Committee. The primary task of these committees is to prepare the decisions of the Board in these two areas.

Audit Committee

The Board of Directors has appointed an Audit Committee consisting of three Board members. The Committee’s areas of responsibility are regulated in the rules of procedure established by the Board.

- The overall responsibilities of the Audit Committee include:
- Preparing the work of the Board on quality assurance of the financial reporting, which in turn includes addressing material accounting issues
  - Monitoring the work of company management on internal control, tax management and risk and corporate governance issues
  - Evaluating the audit work and preparing the election of an auditor
  - Issuing guidelines concerning the advance approval of non-audit related services performed by the elected external auditor

The Audit Committee receives continual information about the orientation, scope and results of the audit. This take place through the Committee studying the auditor’s written reporting and the auditor being present at certain Committee meetings.

For 2020, the Audit Committee consisted of Ann-Sofi Danielsson, who was also the Chairman, Eva Halvarsson and Ulrika Francke. All members have the competence in accounting required under the Companies Act.

The Committee held five meetings during the year. The company’s auditors attended four of these meetings, two of which pertained to the report on the audit. Moreover, the Committee discussed, inter alia, the company’s financial statements and the work of the Management Team on risk and internal control. The CEO, the CFO and SVP for Group Control (the secretary of



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the committee) participated in the meetings. Over the year, the Committee also evaluated its work with the aim of ensuring the right questions were addressed within the Committee.

**Remuneration Committee**

The Board of Directors has appointed a Remuneration Committee consisting of two Board members. The Committee’s areas of responsibility are regulated in a rules of procedure established by the Board and consists primarily of:

- Preparing the work of the Board of Directors on remuneration for senior executives and in the profit-sharing programme for other employees

- Monitoring and evaluating compliance with the “Guidelines for Terms of Employment for Senior Executives in state-owned Companies” that Vasakronan is to comply with as regards remuneration and other terms of employment for company management (refer to Point 6 below for more information)

In 2020, the Remuneration Committee consisted of Ulrika Francke as Chairman and Niklas Ekvall. During the year, the Committee held four meetings at which issues of remuneration for senior executives and principles for profit-sharing for other employees were primarily discussed. The January meeting addressed the work of the Committee and which issues

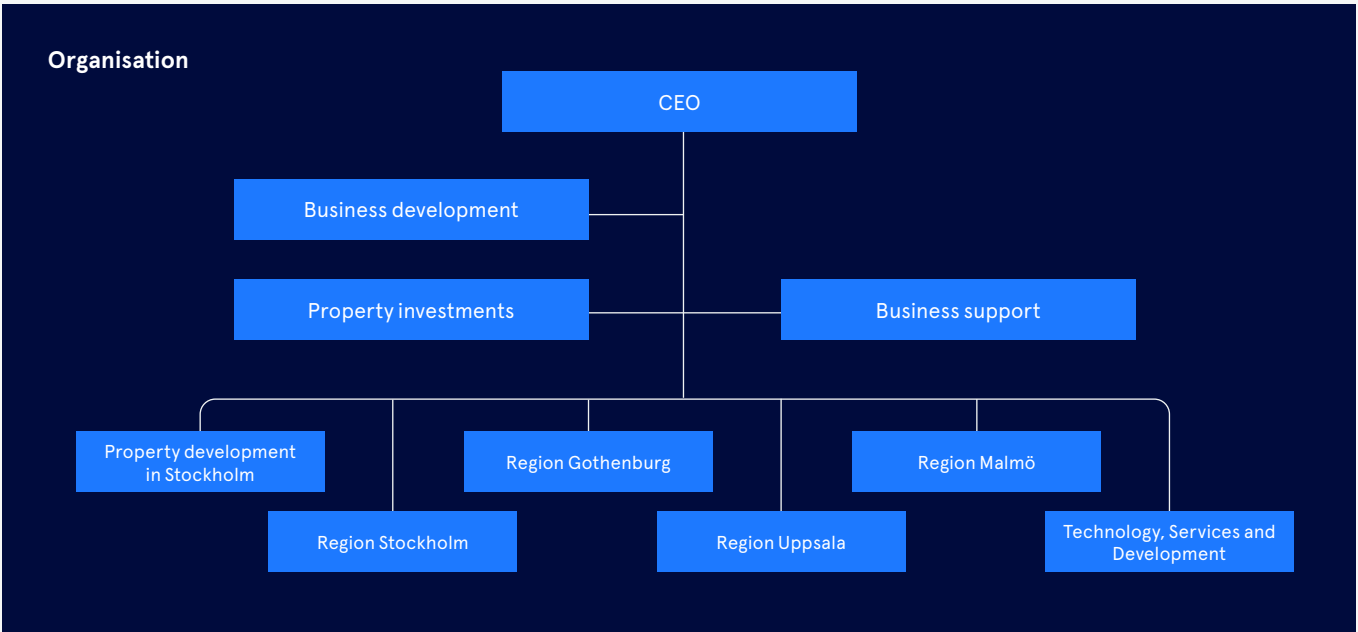
were priorities. The CEO and the SVP for Human Resources, who is the secretary of the Committee, participated in all the meetings and the company’s auditors submitted their report from the review of remuneration for senior executives at the meeting in May.

**5 External audit**

In accordance with the Articles of Association, the general meeting must appoint at least one and at most two authorised public accountants with an equal number of deputies. If an auditing company is appointed as auditor, deputies will not be appointed. The auditor is elected for one year at a time. The Board of Directors has decided that the selection of an auditor will be preceded at least once every four years by a procurement to be prepared by the Audit Committee.

In addition to issuing the Auditors’ Report, the selected auditor examines the annual accounts, the consolidated financial statements and accounting records, the Board’s and the CEO’s administration of the company and the annual accounts of the subsidiaries. The auditor also conducts limited assurance engagements of Vasakronan’s Sustainability Report and its Impact Report. The audit and the limited assurance engagements are conducted in accordance with the Companies Act, international auditing standards and generally accepted auditing principles in Sweden.

At the 2020 AGM, Ernst & Young AB was elected as auditor for the coming year, with Katrine Söderlund as Auditor in Charge. More information about the auditors can be found on Page 77. Information about the auditors’ fees can be found in Note 2.3 on page 102.







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**6 CEO and Management Team**

The CEO is appointed by the Board of Directors and is responsible for operating activities in Vasakronan, in accordance with the Board’s instructions established each year. The CEO is responsible for keeping the Board continually updated on operations and ensures that the Board is provided with the necessary basis for decisions in order to take well-founded decisions.

The CEO has formed a Management Team that, in addition to the CEO in 2020, consisted of eleven directly subordinate Senior Vice Presidents; refer to the presentation on pages 78–79. The Management Team meets regularly in order to handle Group-wide and strategic issues. Nine scheduled meetings were held in 2020. At four of them, the interim reports and operational monitoring were discussed, and two were longer strategy meetings. One strategy meeting is held in the spring, and focuses on the trends and operating environment factors that impact the company. The other strategy meeting is held in the autumn, and the strategic portion of the business plan is developed with focus areas and key issues for operations. Additionally, the Management Team has had weekly meetings since March 2020 to monitor the effects of the pandemic on operations and to develop action plans.

The principles of remuneration for the CEO and the Management Team are decided by the AGM. Salaries and other benefits for the Management Team, including the CEO, consist only of fixed salaries with no variable remuneration. Vasakronan applies the Government’s “Guidelines for Terms of Employment for Senior Executives in state-owned Companies” as regards remuneration and other terms of employment for

company management. The company can, however, deviate from the guidelines if there is reason to do so. Vasakronan deviates from the Government’s guidelines with regard to remuneration for the Management Team, exclusive of remuneration for the CEO, which is not reported at the individual level in the annual report.

Vasakronan’s operations are organised in four regions, with a separate unit for property development in Stockholm. Technology, Services and Development is organised separately, with central support functions and local staffing. As support for the organisation, there are central units for property investments and business support, which included finance, communications and IT, legal and HR. A Head of Sustainability has been appointed to govern and monitor the company’s work on sustainability topics.

**7 Governance and control**

The Board of Directors is responsible for the company having satisfactory and relevant risk management and internal control. The purpose is to ensure that operations are pursued efficiently and sustainably, that external reporting maintains a good level of quality, and that applicable laws and regulations are observed.

Planning, governance and monitoring of operations follows the organisational structure, with a clear delegation of responsibilities and authorisations. The business planning conducted every year creates clear, well-supported plans for how operations are to be pursued in all sections of the company.

Vasakronan’s business planning process starts with the Management Team’s strategy days in the spring and concludes

with the Board of Directors deciding on the strategy plan at its December meeting. In between, business plans are developed for both underlying units and for the company as a whole. The plans formulate both short- and long-term financial, environmental and social goals. The business plan is thereafter monitored continually during the subsequent year.

A risk inventory and risk assessment are conducted every year in conjunction with business planning. The material risks identified are managed in separate action plans. The work on risk management is described in more detail on pages 62–67. A framework of guidelines, policies and instructions established by the Board of Directors and the CEO govern the organisation and its employees for the purpose of ensuring long-term value creation. The framework is to be followed by all employees, and monitoring is conducted continuously.

As support for the CEO, a special steering group has been established in order to develop the work on corporate governance, internal control and risk. In addition to the CEO, the group consists of the Chief Legal Officer (CLO), the CFO and the Group Controllers. The work in the group is conducted in close collaboration with the Audit Committee, which is responsible for monitoring the quality of internal control. Since existing structures for evaluation and monitoring have so far been deemed sufficient to provide a basis for evaluation by the Board, no separate unit for internal auditing has been established. The decision is, however, taken up annually for re-examination.



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Internal control of financial reporting

This report was prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code, and is limited to describing how internal control regarding financial reporting is organised. Vasakronan’s goals for internal control regarding financial reporting are to make it relevant and efficient, that is results in reliable reports, and that it ensures that relevant laws and regulations are observed. The report contains no statements on how well internal control functioned during the past financial year, and it has not been audited by the company’s auditors.

Control environment

The basis for internal control in Vasakronan consists of a control environment with a clear organisation, clear decision-making paths and a clear allocation of responsibilities. Vasakronan’s Board of Directors has overall responsibility for internal control of financial reporting. The Board annually ratifies a number of steering documents such as the Rules of Procedure for the Board of Directors, instructions for the CEO, and financial policy in order to establish and clarify the allocation of responsibilities and authorisations in the organisation. The Board has also appointed an Audit Committee with particular responsibility for preparing quality assurance by the Board of the financial reporting as well as monitoring the work of company management on internal control. The control environment also encompasses the culture and values that both the Board and company management communicate and work from as conveyed by such documents as Vasakronan’s Code of Conduct, which is ratified yearly by the Board of Directors. A whistle-blower function has been established to which the

company’s employees or other stakeholders can turn with suspicions of improper conduct or crime. A Compliance Officer (Vasakronan’s General Counsel) is tasked with managing issues of improper conduct and deficient compliance with regulations in the company. Reporting to the Board of Directors takes place annually.

Based on the steering documents that concern accounting and financial reporting, the CEO is responsible for formulating internal processes and for establishing policies and instructions.

The CFO is responsible for guidelines for financial reporting and ensuring that they are prepared in accordance with applicable accounting standards, and the legal and listing requirements in force.

Risk assessment

As part of business and operations planning, Vasakronan annually conducts an overall risk evaluation. Risks in all the company’s key processes are then evaluated based on likelihood and impact. For more detailed information on the company’s risk evaluation process, refer to page 62. In addition, risks are continually assessed based on the company’s income statement and balance sheet, where every item is evaluated based on its existence, appraisal and completeness.

Risks linked to tax, legal issues or other non-current transactions are evaluated regularly for preventive purposes. These risks are described separately on pages 63–67 in the Annual Report. Risks are built on management’s best assessment of impact and likelihood. The risks in the financial reporting are routinely discussed with the company’s auditors.





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**Control activities**

Control activities are formulated based on the findings of risk assessments. At Vasakronan, there are controls built into all key processes through standardised system solutions, documented and well-established routines and a clear allocation of responsibilities in a centralised financial function. Control activities comprise a mix of preventive and monitoring functions, which can be both manual and automatic.

The financial reporting process is constantly reviewed. The finance function has a clear responsibility for adapting the process as needed to ensure quality in the reporting and that laws and external requirements are observed.

**Information and communication**

Employees’ understanding of Vasakronan’s risk situations is an important part of the work of internal control. Awareness of the risks in the financial reporting is created through discussion and dialogue with employees being a natural element both in annual business and operations planning and in routine work.

This communication is facilitated by a centralised finance function, with which employees are in close contact on a daily basis. Guidelines and instruction of essential importance for financial reporting are routinely updated and communicated to the employees concerned. All the routine descriptions and tools needed are available on Vasakronan’s intranet together with Group-wide policies and instructions.

**Monitoring of internal control**

The Board of Directors of Vasakronan has overall responsibility for monitoring internal control. The Audit Committee has particular responsibility for preparing quality assurance by the Board of the financial reporting. Monitoring of the financial reporting takes place continually through the controls and analyses performed by the Board of Directors, the Audit Committee, management and the finance function. These controls and analyses also capture the need for measures or proposals for improvements. Monitoring also takes place through the audit performed by the company’s external auditors. The observations from this audit are reported to the Board of Directors, the Audit Committee and company management as well as to the employees concerned.

The company’s external auditors regularly report back on the results of their audit to the CFO and to the Audit Committee.



# The Board of Directors and auditors

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	<b>Ulrika Francke</b> Chairman, since 2018.	<b>Kristin Magnusson Bernard</b> Board member since 2021.	<b>Ann-Sofi Danielsson</b> Board member since 2017.	<b>Niklas Ekvall</b> Board member since 2016.	<b>Eva Halvarsson</b> Board member since 2006 and member of the Audit Committee since 2008.
<b>Born:</b>	1956	1979	1959	1963	1962
<b>Education</b>	University studies	Ph.D. in Macroeconomics	M.Sc. Economics	Ph.D. Financial Economics and M.Sc. Industrial Engineering	M.Sc. Economics
<b>Other assignments</b>	Board assignments at Knightech, Hexagon, SIS (Swedish Standards Institute), Formas' research programme Sustainable Spatial Planning and Sven Tyréns stiftelse.	CEO of the First National Pension Fund.	Board member of Pandox AB and Nordomatic.	CEO Fourth National Pension Fund. Board member of the Hans Dalborg Stiftelse för Bank- och Finansforskning, the KVA Investment Committee, Polhem Infra and Swedish House of Finance.	CEO Second National Pension Fund. Board member of UN-PRI, the Swedish Royal Opera, IWF Sweden, Finans-KompetensCentrum, the WIN WIN Award and Misum.
<b>Previous experience</b>	President and CEO of Tyréns, CEO SBC (Sveriges Bostadsrättscentrum AB), Director of Administration and City Commissioner City of Stockholm, President and CEO of Fastighets AB Brommastaden.	Leading positions at the International Monetary Fund (IMF), the European Central Bank and Nordea.	CFO at Bonava, CFO and other executive positions at the NCC Group.	CEO Nordea Investment Management, Vice President Third National Pension Fund, various management positions at Nordea, Carnegie and Handelsbanken.	Auditor and manager State governance.
<b>Independent</b>	Independent in relation to the owners, the company and company management.	Not independent in relation to the owners.	Independent in relation to the owners, the company and company management.	Not independent in relation to the owners.	Not independent in relation to the owners.





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	<b>Kerstin Hessius</b> Board member since 2004.	<b>Christel Kinning</b> Board member since 2014.	<b>Magnus Meyer</b> Board member since 2019.	<b>Kia Orback Pettersson</b> Board member since 2019.
Born	1958	1962	1967	1959
Education	Graduate in Economics	Economics and marketing	Licentiate of Engineering in Real Estate Economics and M.Sc. in Civil Engineering.	M.Sc. Economics
Other assignments	CEO Third National Pension Fund. Board member of Hemsö, Trenum and Handelsbanken.	Chief Transformation & People Officer Oatly. Board member of Zoundindustries, Stadium, Venue Retail Group and Björn Borg.	CEO WSP Europe. Board member of Kinnarps, Slättö Förvaltning and HiQ.	Board assignments at Friskis&Svettis, Knowit, the Karl Adam Bonnier Stiftelse and SVT.
Previous experience	CEO Stockholm Stock Exchange, Deputy Governor of Swedish Central Bank, executive positions at Östgöta Enskilda Bank and Alfred Berg.	CEO of Polarn O. Pyret, CEO of RNB Retail and Brands and various executive assignments within retail and consumer goods (Reima, Hemtex, Eco-Borås tapeter and Mio).	Technical attaché in Los Angeles, various management positions at the Ljungberg group and GE Real Estate and Tengbom.	Marketing Director Dagens Nyheter, Deputy CEO Guldfynd and CEO Sturegallerian.
Independent	Not independent in relation to the owners.	Independent in relation to the owners, the company and company management.	Independent in relation to the owners, the company and company management.	Independent in relation to the owners, the company and company management.

AUDITORS

Ernst & Young AB

Katrine Söderberg

Auditor in charge

Born: 1981

Other important assignments:

Auditor of Axfast, Corem, Micasa Fastigheter and ABG Fastena.



# Senior executives

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	<b>Johanna Skogestig</b> CEO	<b>Ronald Bäckrud</b> SVP, Stockholm Region	<b>Bo de Besche</b> SVP, Uppsala Region	<b>Sheila Florell</b> SVP, General Counsel	<b>Christian Fredrixon</b> SVP, Chief Investment Officer	<b>Jan-Erik Hellman</b> SVP, Property development Stockholm
Born	1974	1958	1967	1965	1977	1975
Employed	2015	1995	2002	2005	2020	2010
Joined Management Team	2015*	2008	2020	2006	2020	2017
Education	M.Sc. in Surveying	M.Sc. in Civil Engineering	M.Sc. in Civil Engineering	Law degree and Estate Agent exam	Master of Business Administra- tion and Economics	M.Sc. in Surveying
Previous experience	AP Fastigheter, Sveafastigheter and Areim.	J&W, Vattenbyggnadsbyrån, Skandia and Arne Johnson Förvaltning.	Linköpings kommunala fastigheter AB.	If Skadeförsäkring and the Association of Swedish Real Estate Agents.	ICA Fastigheter, Catella Corporate Finance, CLS Holdings plc, HSBC Investment Bank.	JLL and ICA Fastigheter.
Other assignments	Board member of CIBUS.	Board member of Byggherrarna.	Board assignments for Kista Science City Fastighetsägare.	Board member at SSM Holding, Tmpl Work and Beyond Us.	Board member of Ancore Fastigheter, Långeberga Logistik and Idun Real Estate Solutions.	Board assignments for Stads- utvecklarna i Värtahamnen.
* Member of the Management Team since November 2019 in the capacity of CEO.						





### Senior executives, continued

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The Board of Directors and auditors

Senior executives

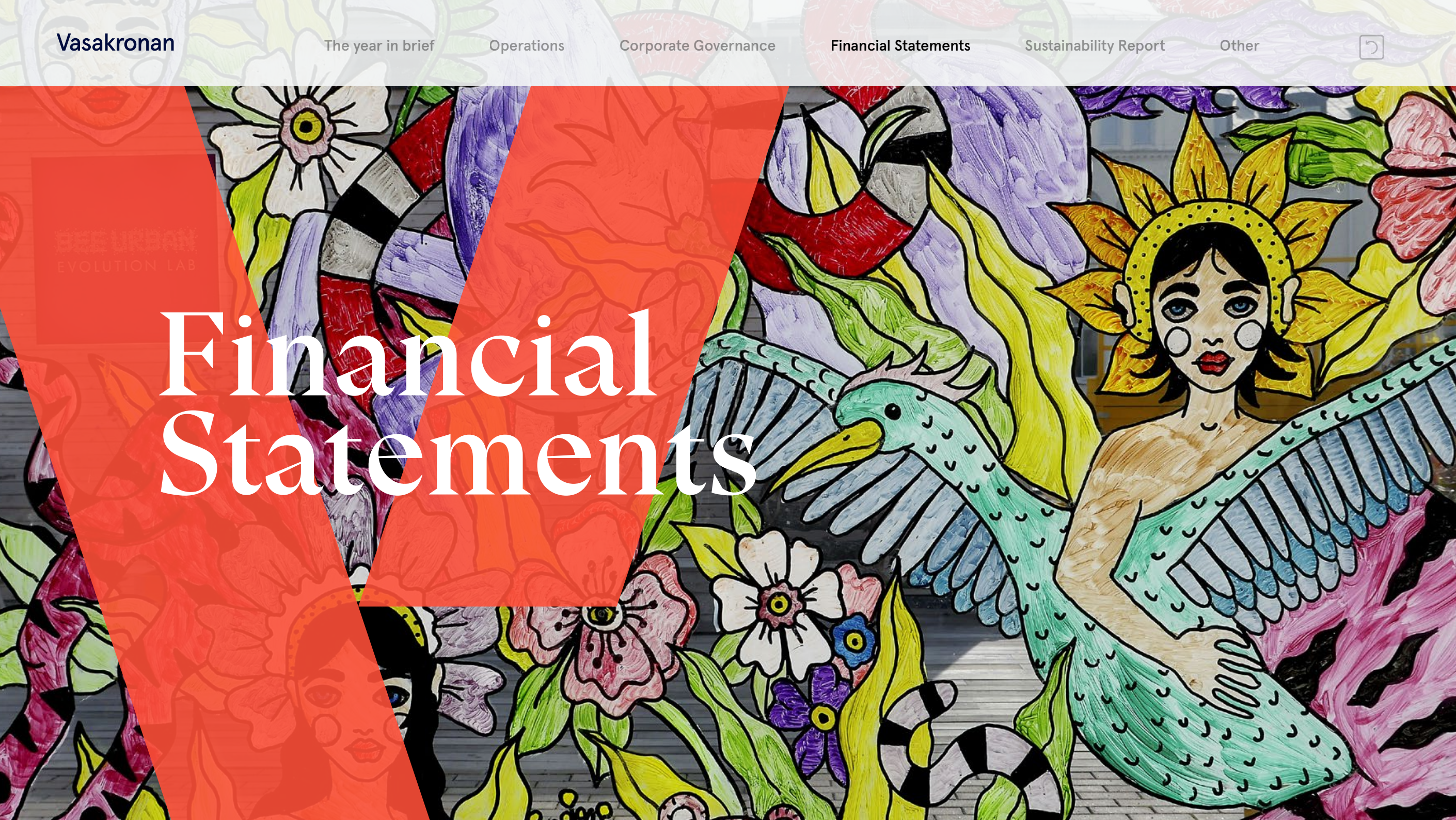
						
	<b>Christer Nerlich</b> SVP, CFO	<b>Kristina Pettersson Post</b> SVP, Gothenburg Region	<b>Anna Stenkil</b> SVP, Malmö Region	<b>Cecilia Söderström</b> SVP, Human Resources	<b>Nicklas Walldan</b> SVP, Technology, Services and Development	<b>Peter Östman</b> SVP, Corporate Communications
<b>Born</b>	1961	1964	1968	1962	1971	1961
<b>Employed</b>	1995	1993	2011	2008	2001	1998
<b>Joined Management Team</b>	1998	2011	2016	2008	2008	1998
<b>Education</b>	Graduate in Economics	M.Sc. in Civil Engineering	Graduate studies in Economics	Graduate studies in personnel and labour market	M.Sc. in Civil Engineering	Master of Business Administration and Economics
<b>Previous experience</b>	Newsec and FastighetsRenting.	Byggnadsstyrelsen.	Proffice, Newsec and Wihlborgs.	Svenska Spel and Ericsson.	Tyréns.	Storstaden and Ecuvo Förvaltning.
<b>Other assignments</b>	Board assignments at Akademiska Hus.	Board member of Nordstans Samfällighet, Trophi Fastighets AB, Swedish Property Federation Gothenburg, the non-profit organisation Göteborg citysamverkan and Beyond Us.	Board member of Fastighetsägarna Syd.	Board member of Almega Fastighetsarbetsgivarna, Almega tjänsteförbunden and Almega AB.	Board member of Svensk Byggtjänst.	Board member of Accessy, Idun Real Estate Solutions and Tmpl Work.





BE URBAN  
EVOLUTION LAB

# Financial Statements







# Consolidated income statement

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Amounts in SEK million	2020	2019	Note
Rental revenue	7,006	7,040	2.1-2
Operating expenses	-696	-682	
Repairs and maintenance	-116	-119	
Property administration	-353	-377	2.3
Property tax	-652	-655	
<b>Total property expenses</b>	<b>-1,817</b>	<b>-1,833</b>	<b>2.3</b>
<b>Operating surplus</b>	<b>5,189</b>	<b>5,207</b>	
Central administration	-118	-113	2.3
Result from participations in joint ventures	-219	1,105	7.2
Financial income	9	4	2.5
Financial expenses	-1,126	-1,135	2.5
Interest expense lease liability; ground rents and land leases	-158	-147	
<b>Profit before value changes and tax</b>	<b>3,577</b>	<b>4,921</b>	
Change in value of investment properties	1,083	13,270	4.2
Depreciation of right-of-use assets	-7	-7	
Change in value of financial instruments	167	-881	6.5
Divested/impaired goodwill	-	-74	4.1
<b>Profit before tax</b>	<b>4,820</b>	<b>17,229</b>	

Amounts in SEK million	2020	2019	Note
Current tax	-203	-230	3.1
Deferred tax	-903	-3,090	3.1
<b>Profit for the year</b>	<b>3,714</b>	<b>13,909</b>	
Of which, attributable to non-controlling interests	-4	-2	
<b>Total profit attributable to the Parent Company shareholders</b>	<b>3,718</b>	<b>13,911</b>	
<b>Other comprehensive income<sup>1</sup></b>			
<i>Items that may not be reclassified<sup>2</sup></i>			
Pensions, revaluation	-16	-41	2.4
Restriction for surplus in pension plan with asset cap	6	5	2.4
Income tax on pensions	2	7	
<b>Other comprehensive income for the year, net of tax</b>	<b>-8</b>	<b>-29</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>3,710</b>	<b>13,882</b>	

- 1) Other comprehensive income is attributable in its entirety to the Parent Company shareholders.  
The absence of any potential shares means there is no dilutive effect.
- 2) Items that will not be reclassified to profit or loss.



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Rental revenue

Rental revenue for the year amounted to SEK 7,006 million (7,040). For comparable property holdings, the decrease was 1% (+7). During the second quarter, some 500 of Vasakronan’s tenants received discounts amounting to SEK 106 million, of which SEK 48 million will be covered by state aid. Accordingly, profit for the year was charged with Covid-related discounts provided of SEK 58 million. Furthermore, Covid-related rent relief amounting to SEK 28 million has been provided in the last six months. Moreover, a provision of SEK 30 million (6) has been made for doubtful receivables at year end. Excluding these discounts and provisions, rental revenue for comparable property holdings rose 1%.

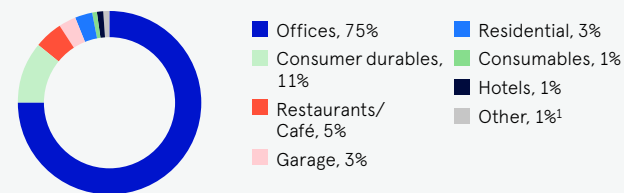
Rental revenue for the year was also negatively affected by reduced parking revenue of SEK 23 million due to lower numbers of visitors, particularly in city centres. Adjusted for lower garage revenue and the rebates mentioned above, rental revenue increased 1.1% in comparable property holdings

New lettings corresponding to 119,000 square metres (220,000) and annual rent of SEK 535 million (982) were contracted during the year, of which 15% (12) impacted on revenue in 2020. Of the new lettings for the period, SEK 199 million (414) pertained to development properties.

Notice of termination was received during the year (tenant will be vacating) corresponding to annual rent of SEK 554 million (557), whereby net lettings amounted to a negative SEK 18 million (positive: 426).

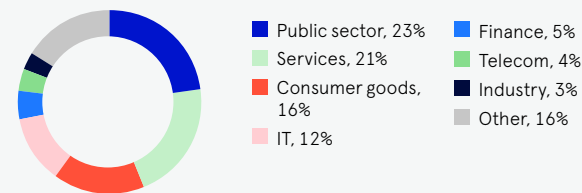
Renegotiations were completed for 315,000 square metres (306,000) during the year corresponding to annual rent of SEK 977 million (1,030), resulting in an increase on the previous rent payable of 7.3% (11.8). The result of renegotiations for the year

Predominantly office tenants



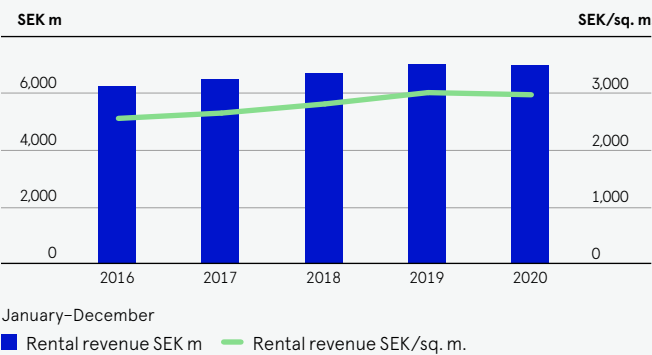
Breakdown by sector, share of contracted rent  
1) Other encompasses sectors including health and social care, sports and recreation facilities and warehouses.

Public sector comprises largest share of tenants

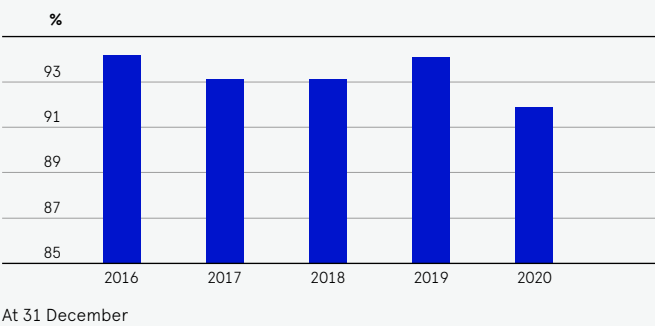


Breakdown by sector, share of contracted rent

Stable rental revenue



Occupancy rate







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for leases related to offices amounted to 11.9% (14.9) and for retail the result was down 7.1% (up: 1.5). Of all the contracts up for renegotiation over the year with add-ons for moving within the property portfolio, nearly 72% (73) of the tenants decided to remain a tenant of Vasakronan.

Contracted rent at the end of the year amounted to SEK 7,420 million (7,139) and the average remaining maturity was 3.8 years (3.9). The closing occupancy rate was 91.9% (94.1). Of total vacancies, 2.0 percentage points (1.6) were attributable to ongoing projects and development properties.

Property expenses

Property expenses amounted to SEK 1,817 million (expense: 1,833) for the year. In comparable property holdings, the property expenses decreased 2%, compared with an increase of 9% last year. The decrease was primarily due to lower tariff-based costs due to the mild winter and lower costs for property administration.

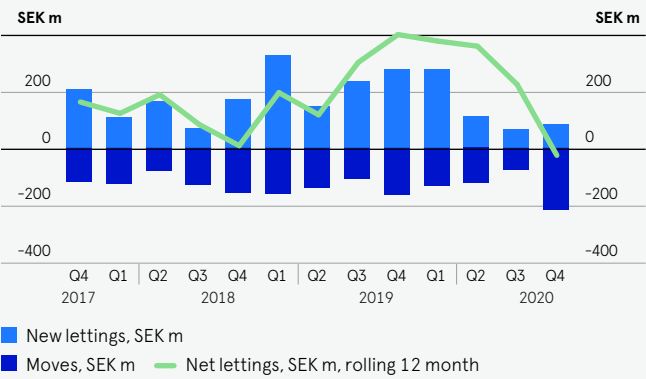
Operating expenses increased to SEK 696 million (682) due to higher development costs.

Operating surplus

Operating surplus for the year amounted to SEK 5,189 million (5,207). For comparable property holdings, the outcome was on a par with last year. Adjusted for Covid-related rebates and rent relief as well as decreased parking revenue, operating surplus increased 2.2% in comparable property holdings.

The yield for the total property portfolio for 2020 amounted to 3.3% (3.7%). The yield on investment properties was 3.7% (4.0).

Net lettings

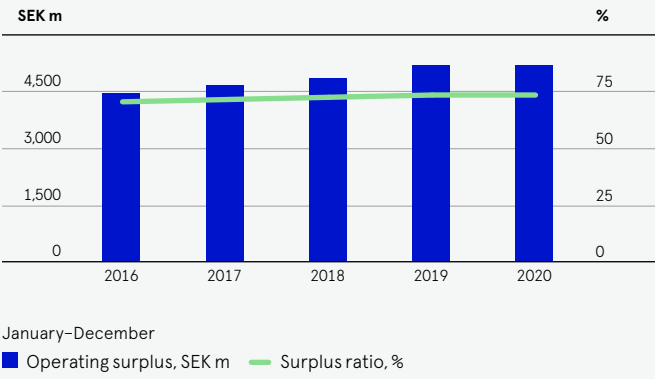


Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2021	1,204	1,115	15
2022	906	1,425	20
2023	731	1,209	16
≥2024	1,196	3,342	45
<b>Total</b>	<b>4,037</b>	<b>7,091</b>	<b>96</b>
Residential	1,169	102	1
Garage	–	227	3
<b>Total</b>	<b>5,206</b>	<b>7,420</b>	<b>100</b>

Maturity structure for contracted rent.

Stable surplus ratio



Widely distributed over many tenants

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

Largest tenants, share of contracted rent.



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Administration

Property administration costs were SEK 353 million (expense: 377) and central administration costs were SEK 118 million (expense: 113). The total decrease was mainly attributable to lower personnel costs and lower office overheads.

Result from participations in joint ventures

The result from participations in joint ventures amounted to a loss of SEK 219 million (profit: 1,105). The negative earnings for the year stemmed from a lower expected volume of development rights.

Financial items

Net financial items amounted to an expense of SEK 1,117 million (expense: 1,131). The average interest rate for loans and derivatives amounted to 1.6% (1.7) at year end.

The LTM interest coverage ratio amounted to a multiple of 4.4 (4.6). 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 3,577 million (4,921) for the year. The change was primarily due to a lower result from participations in joint ventures. Excluding the result from participations in joint ventures, the outcome was on a par with last year.

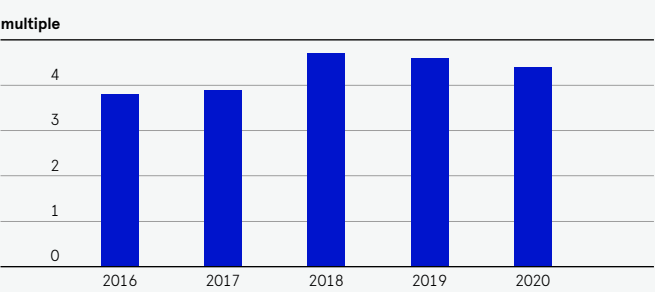
Change in value for the total property portfolio

At 31 December 2020, the entire property portfolio had been valued by external appraisers Cushman & Wakefield and Forum

Financial risks

	Financial policy in brief	Outcome, 31 Dec 2020
<b>Financing risk</b>		
Loan-to-maturity	min. 2 years	5.0
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/loans maturing 12 months	min. 100%	165%
<b>Interest-rate risk</b>		
	min. 2.0x (LTM)	
Interest coverage ratio		4.4x
Fixed-interest period	min. 2 years	5.6 years
Fixed-interest maturity within 12 months	max. 55%	29
<b>Credit risk</b>		
Counterpart’s rating	min. A-, or BBB+ with CSAs	met
<b>Currency risk</b>		
Currency exposure	No exposure	met

High interest coverage ratio



January–December

Sensitivity analysis

	Change	Impact on profit before tax, SEK m
Economic occupancy rate	+/-1%	+/-65
Rental revenue	+/-1%	+/-70
Price change for renegotiated leases expiring in 2021	+/-1%	+/-11
Property expenses	+/-1%	-/+18
Net interest with current fixed-interest tenors and changed interest	+/-1 percentage point	-/+210
Value of interest-rate derivatives if average interest rates change <sup>1</sup>	+/-1 percentage point	-/+1,315
Market value of properties <sup>2</sup>	+/-1%	+/-1,624

1) The unrealised appreciation in value of interest-rate derivatives can be realised to meet the effect of cash flow from increased borrowing expenses.  
2) The market value is in turn impacted by other factors, refer to the sensitivity analysis on page 109.





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Fastighetsekonomi. Altogether, the change in the property value amounted to SEK 1,083 million (13,270), which corresponded to a 0.8% (9.7) increase in value for the full year. Changes in value amounted to a decrease of SEK 434 million (increase: 11,234), corresponding to a decrease of 0.3% (increase: 9.5), for investment properties and to an increase of SEK 1,517 million (1,989), corresponding to 7% (11.5), for development properties.

The value decline for the year is estimated at around 5% for Vasakronan’s retail properties. The scale of the decline depends, inter alia, on the percentage of office space included in the respective retail property. The decline in value was offset by an increase for public sector properties, which was primarily due to downward adjustment of yield requirements, and value increases for projects, which were mainly attributable to lower completion risk and favourable occupancy rates.

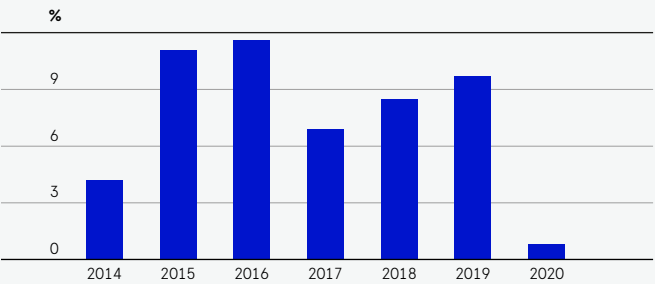
Unpredictability regarding the pandemic’s long-term effects on the rental market entail that the assumptions made in the valuations include an unusually high degree of uncertainty.

Change in value of financial instruments

The value change in derivatives amounted to SEK 167 million (negative: 881), which was mainly due to falling long market interest rates in Norway during the year that positively impacted the cross-currency derivatives on which Vasakronan receives fixed interest.

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 year, the derivative portfolio

Value change in the total portfolio



amounted to SEK 71,349 million (73,000), of which SEK 50,505 million (54,936) comprised interest-rate derivatives and SEK 20,844 million (18,064) cross-currency derivatives.

Tax

The Group reported a total tax effect of an expense of SEK 1,106 million (expense: 3,320). Of the tax expense, an expense of SEK 203 million (expense: 230) was current tax and SEK 902 million (expense: 3,090) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments.

The effective tax rate for the year amounted to 22.9% (19.3). The difference from Sweden’s corporate tax rate of 21.4% depends materially on non-deductible interest as an effect of the new interest deduction limit rules.

At the end of 2020, Vasakronan was not involved in any tax litigation.

Factors impacting value

	Value impact, %
Yield requirement	0.9
Market rents	0.9
Long-term vacancy rate	-0.3
Other valuation parameters, e.g., changed cost and investment assumptions	-0.7
<b>Total</b>	<b>0.8</b>

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	1.2	0.8
Gothenburg	0.4	0.1
Uppsala	0.4	0.0
Malmö	-1.0	-0.1
<b>Total</b>		<b>0.8</b>

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	-0.3	-0.3
Development properties	7.0	1.1
Transactions		0.0
<b>Total</b>		<b>0.8</b>



# Consolidated balance sheet

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Amounts in SEK million	2020	2019	Note
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2,044	2,024	4.1
<b>Property, plant and equipment (PPE)</b>			
Investment properties	162,420	156,071	4.2
Right-of-use assets, leaseholds and land leases	5,163	5,243	
Equipment	47	40	4.3
<b>Total property, plant and equipment (PPE)</b>	<b>167,630</b>	<b>161,354</b>	
<b>Financial assets</b>			
Shares and participations in joint ventures	911	1,164	7.2
Receivables from joint ventures	–	130	7.3
Derivatives	934	642	6.4
Other non-current receivables	915	174	6.4
<b>Total financial assets</b>	<b>2,760</b>	<b>2,110</b>	
<b>Total non-current assets</b>	<b>172,434</b>	<b>165,488</b>	
<b>Current assets</b>			
Accounts receivable	73	35	5.1
Receivables from joint ventures	131	0	7.3
Derivatives	4	27	6.4
Other current receivables, prepaid expenses and accrued income	1,026	1,114	5.2
Cash and cash equivalents	2,558	3,515	6.3
<b>Total current assets</b>	<b>3,792</b>	<b>4,691</b>	
<b>TOTAL ASSETS</b>	<b>176,226</b>	<b>170,179</b>	

Amounts in SEK million	2020	2019	Note
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4,000	4,000	
Other contributed capital	4,227	4,227	
Retained earnings	62,636	61,926	
Non-controlling interests	6	3	
<b>Total equity</b>	<b>70,869</b>	<b>70,156</b>	
<b>Non-current liabilities</b>			
Interest-bearing liabilities	55,659	53,682	6.2
Lease liability, leaseholds and land leases	5,164	5,244	
Deferred tax liability	22,269	21,368	3.2
Derivatives	4,284	2,725	6.4
Other non-current liabilities	58	385	6.4
Provision for pensions	120	119	2.4
<b>Total non-current liabilities</b>	<b>87,554</b>	<b>83,523</b>	
<b>Current liabilities</b>			
Interest-bearing liabilities	13,658	12,956	6.2
Accounts payable	72	220	
Liabilities joint ventures	11	12	
Current tax liabilities	91	128	
Derivatives	80	70	6.4
Other current liabilities, accrued expenses and deferred income	3,891	3,114	5.3
<b>Total current liabilities</b>	<b>17,803</b>	<b>16,500</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>176,226</b>	<b>170,179</b>	





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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 December 2020, 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 36 million (16) invested in technical platforms was recognised as an intangible asset.

Investment properties

At 31 December 2020, Vasakronan’s entire property portfolio had been valued externally. The assessed market value of the property portfolio was SEK 162,420 million at year end, compared with SEK 156,071 million at the end of 2019. The change in value for 2020 was SEK 1,083 million (13,270) and net investments totalled SEK 5,266 million (3,867).

The average yield requirement used for valuation of the property portfolio was 4.12% (4.16). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 9.2 billion/positive SEK 10.4 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 valuation. A more comprehensive description of Vasakronan’s property valuation methodology is available on pages 108–109.

Property projects

Ongoing property projects have a total investment volume of SEK 14,323 million (14,374), of which SEK 10,258 million had been capitalised as of 31 December 2020, compared with SEK 6,753 million at the start of the year. The occupancy rate for major projects was 81% (69) at the end of the year. The total contracted annual rent for these projects amounts to SEK 840 million.

Changed property values

SEK m	2020	2019
Opening value, 1 January	156,071	138,934
Investments	5,314	4,440
Acquisitions	181	977
Sales	-229	-1,550
Change in value	1,083	13,270
Closing value, 31 December	162,420	156,071

Investments in property projects

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Start Occupancy	Occupancy rate, % <sup>1</sup>	Estimated completion date	LEED Environmental certification <sup>5</sup>
Stockholm	Sergelhusen	4,000	3,879	97	56,500	Q4 2020	84 <sup>2</sup>	Dec 2021	Platina
Gothenburg	Platinan	2,600	1,753	67	53,700	Q4 2021	72	Mar 2022	Platina
Sundbyberg	Kronan 1	1,680	922	55	44,400	Q2 2021	100	Nov 2021	Platina
Stockholm, Solna Strand	Nöten 5	883	822	93	26,000	Q3 2020	67	Dec 2020	Gold
Stockholm	Nattugglan, block 2	800	353	44	15,000	Q4 2021	80	Jun 2022	Platina
Uppsala	Magasin X	530	248	47	11,500	Q4 2021	73 <sup>3</sup>	Mar 2022	Platina
Uppsala	Kronåsen 1:1 Celsius	418	415	99	10,200	Q4 2020	99	Oct 2020	Platina
Stockholm	Sperlingens Backe 45	300	105	35	3,900	N/A	47	Dec 2021	Gold
Gothenburg	Strömshuset	270	122	45	10,500	N/A	71	Nov 2021	Platina
Stockholm, Solna	Diktaren	143	78	55	6,400	Q3 2021	100	Aug 2021	–
Stockholm	Sergelgatan	1,500	665	44	15,500	N/A	<sup>4</sup>	Mar 2023	Gold
Total major property projects		13,124	9,362	71			81		
Other projects		1,199	896						
Total		14,323	10,258						

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.



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**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. At year end, 85% (85) of our property portfolio was environmentally certified, of which 73 percentage points (72) 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 December 2020, right-of-use assets totalled SEK 5,164 million (5,244).

**Shares and participations in joint ventures**

The value of holdings in the form of shares and participations in joint ventures amounted to SEK 915 million (1,164) at year end. The value declined SEK 185 million in 2020 as a result of lower assessed future development rights and SEK 34 million due to dividends received during the period.

**Deferred tax**

At 31 December 2020, the deferred tax liability was SEK 22,269 million, compared with SEK 21,368 million at the end of 2019. 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.

**Liabilities, and cash and cash equivalents**

The extensive financial and monetary policy measures introduced during the year have had a stabilising effect on the capital market and resulted in falling credit margins. Access to financing is assessed as very good and, at the end of the year, credit margins were 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 66,759 million (63,123). The proportion of loans maturing within the next 12 months amounted to 20% (19) of interest-bearing liabilities, while the share of loans maturing in ten years or more amounted to 11% (12). The average loan-to-maturity decreased to 5.0 years (5.2) at year end and the average loan-to-maturity taking into consideration unutilised credit commitments decreased to 5.4 years (5.6).

**Breakdown of funding sources**

SEK m	Nominal amount base currency, SEK m	Carrying amount, SEK m	Share, %
Commercial paper	–	7,514	11
Bonds, SEK	–	24,507	35
Bonds, NOK	11,820	11,337	17
Bonds, EUR	477	4,790	7
Bonds, JPY	11,400	907	1
Bonds, AUD	160	1,013	1
Bonds, USD	340	2,797	4
Secured bank loans	–	10,971	16
NIB and EIB	–	5,482	8
<b>Total</b>		<b>69,317</b>	<b>100</b>

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 2,558 million (3,515), unutilised credit facilities with the owners and the unutilised credit facility of SEK 2 billion with the EIB together correspond to 165% (166) of loans maturing over the next 12 months. Of cash and cash equivalents, SEK 76 million (321) comprised deposits under CSAs.

Vasakronan is one of the largest corporate issuers in the Swedish and Norwegian capital markets, but also issues bonds in other currencies to investors from Europe and Asia. Over the year, the company issued debt equivalent to SEK 12.4 billion (15.2) in the bond market, distributed as follows: SEK 6.8 billion





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(7.5), JPY 1.4 billion (10), NOK 3.1 billion (0.3), USD 155 million (185), AUD 80 million (55) and EUR 40 million (407). Of the total liability at year end, 31% (27) consisted of borrowings in currencies other than SEK. Borrowing in foreign currencies is hedged through cross-currency derivatives, which eliminates currency risk.

During the year, unsecured bank loans totalling SEK 750 million (–) and secured bank loans of SEK 1.6 billion (1.3) were raised. Total bank loans outstanding secured against mortgage deeds decreased to 6% (7) of the Group’s total assets at year end.

The proportion of loans with fixed-interest maturities within one year declined to 29% (32) and loans with fixed-interest maturities of ten years or more amounted to 16% (17) of interest-bearing liabilities. The average fixed-interest tenor had decreased to 5.6 years (5.8) at year end. The average interest rate for loans and derivatives amounted to 1.6% (1.7) at year end.

Green financing

Of bonds issued during the year, 96% were green bonds. In total, SEK 11.8 billion (13.4) in green bonds has been issued, making the company the Nordic region’s largest issuer of green corporate bonds. A SEK 750 million (–) green loan was raised during the year with the Nordic Investment Bank as well as a green secured bank loan of SEK 1 billion (0.76) and a SEK 2 billion (–) green loan facility with the EIB. At year end, the facility with the EIB was unutilised.

The volume outstanding of green loans with the Nordic Investment Bank and the EIB totalled SEK 5,482 million (4,827) at year end, and green secured bank loans amounted to SEK 1,760 million (760).

The percentage of green funding consisting of green bonds, green commercial paper and green loans increased during the year to 61% (47) of the total loan portfolio, corresponding to an increase in green financing outstanding of SEK 10.8 billion.

Fixed-interest tenors and loan-to-maturity

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share,%	SEK m	Share,%
0–1 year	20,410	29	13,658	20
1–2 years	3,201	5	7,405	11
2–3 years	1,087	2	10,082	15
3–4 years	3,799	5	4,761	7
4–5 years	4,145	6	5,982	8
5–6 years	1,748	3	3,881	6
6–7 years	7,950	11	5,969	9
7–8 years	4,200	6	3,168	5
8–9 years	6,800	10	4,434	6
9–10 years	4,550	7	2,678	4
10 years or more	11,427	16	7,299	11
Total	69,317	100	69,317	100

Green financing under the framework

	Amounts in SEK million
Green commercial paper	870
Green bonds, SEK	22,437
Green bonds, NOK	3,838
Green bonds, EUR	2,915
Green bonds, JPY	959
Green bonds, AUD	1,030
Green bonds, USD	2,856
Total volume of Green Finance Instruments	34,905
Total volume of Green Assets – Green Pool	53,776
Remaining approved borrowing capacity	18,871



# Consolidated statement of changes in equity

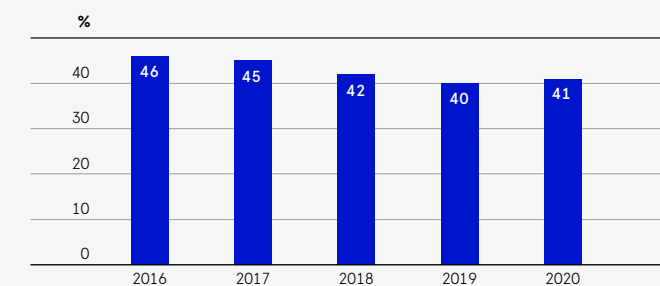
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Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Equity, opening balance at 1 Jan 2019</b>	<b>4,000</b>	<b>4,227</b>	<b>52,044</b>	<b>60,271</b>	<b>–</b>	<b>60,271</b>
Profit for the year	–	–	13,911	13,911	–2	13,909
Other comprehensive income	–	–	–29	–29	–	–29
<b>Comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>13,882</b>	<b>13,882</b>	<b>–</b>	<b>13,882</b>
<i>Transactions with owners</i>						
Non-controlling interests	–	–	–	–	5	5
Dividend	–	–	–4,000	–4,000	–	–4,000
<b>Equity, closing balance at 31 Dec 2019</b>	<b>4,000</b>	<b>4,227</b>	<b>61,926</b>	<b>70,153</b>	<b>3</b>	<b>70,156</b>
<b>Equity, opening balance at 1 Jan 2020</b>	<b>4,000</b>	<b>4,227</b>	<b>61,926</b>	<b>70,153</b>	<b>3</b>	<b>70,156</b>
Profit for the year	–	–	3,718	3,718	–4	3,714
Other comprehensive income	–	–	–8	–8	–	–8
<b>Comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>3,710</b>	<b>3,710</b>	<b>–</b>	<b>3,710</b>
<i>Transactions with owners</i>						
Non-controlling interests	–	–	–	–	7	7
Dividend	–	–	–3,000	–3,000	–	–3,000
<b>Equity, closing balance at 31 Dec 2020</b>	<b>4,000</b>	<b>4,227</b>	<b>62,636</b>	<b>70,863</b>	<b>6</b>	<b>70,869</b>

## Equity

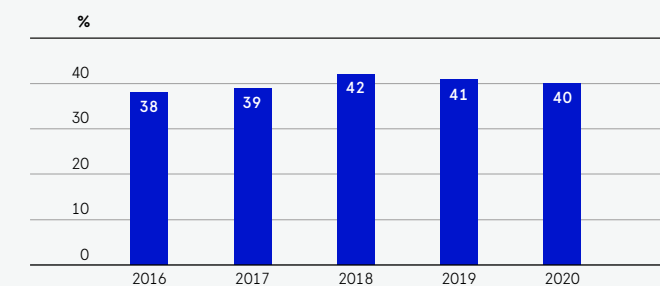
Equity increased during the year to SEK 70,869 million (70,156) as a result of comprehensive income for the period of SEK 3,710 million (13,911). The equity/assets ratio was 40% (41) and the loan-to-value ratio was 41% (40) at year end. Non-controlling interests amounted to SEK 6 million (3).

## Stable loan-to-value ratio



At 31 December

## Equity/assets ratio



At 31 December





# Consolidated cash-flow statement

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Amounts in SEK million	2020	2019	Note
<b>Operating activities</b>			
Operating surplus	5,189	5,207	
Central administration	-118	-113	
Add back amortisation and depreciation	13	12	
Adjustment for other non-cash items	-13	-13	6.7
<b>Cash flow from operating activities before interest and tax</b>	<b>5,071</b>	<b>5,093</b>	
Interest paid <sup>1</sup>	-1,295	-1,194	
Interest received	6	3	
Taxes paid	-235	-147	
<b>Cash flow before changes in working capital</b>	<b>3,547</b>	<b>3,755</b>	
Increase (-)/decrease (+) in operating receivables	10	-213	
Increase (+)/decrease (-) in operating liabilities	261	287	
<b>Cash flow from operating activities</b>	<b>3,818</b>	<b>3,829</b>	
<b>Investing activities</b>			
Investments in existing property	-5,314	-4,440	4.2
Property acquisitions	-181	-977	4.2
Property divestments	229	1,550	
Other PPE, net	-14	-3	
Acquisition of intangible assets	-23	-12	
Dividends from joint ventures	34	309	
<b>Cash flow from investing activities</b>	<b>-5,269</b>	<b>-3,573</b>	
<b>Cash flow after investing activities</b>	<b>-1,451</b>	<b>256</b>	

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

Amounts in SEK million	2020	2019	Note
<b>Financing activities</b>			
Dividend	-3,000	-4,000	9
Raised debt: interest-bearing liabilities	35,844	35,874	
Repayment of debt: interest-bearing liabilities	-31,417	-30,709	
Change in collateral	-663	214	
Redemption of financial instruments	-277	-335	
Transactions with non-controlling interests	7	-	
<b>Cash flow from financing activities</b>	<b>494</b>	<b>1,044</b>	
<b>Cash flow for the period</b>	<b>-957</b>	<b>1,300</b>	
<b>Opening balance, cash and cash equivalents</b>	<b>3,515</b>	<b>2,215</b>	
Cash flow for the period	-957	1,300	
<b>Closing balance, cash and cash equivalents</b>	<b>2,558</b>	<b>3,515</b>	6.3



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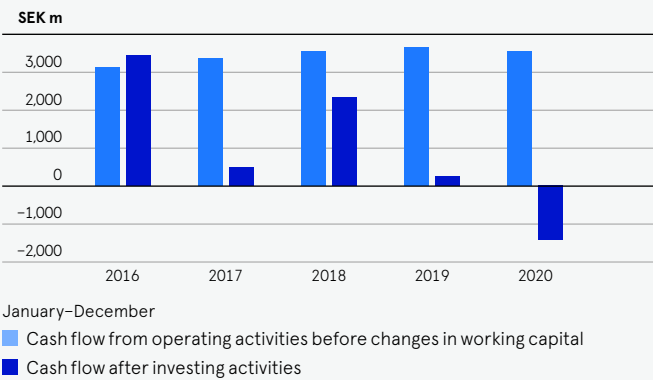
Cash flow for the year

Cash flow from operating activities before interest and taxes for the year increased to SEK 5,071 million (5,093). Cash flow from operating activities before changes in working capital decreased to SEK 3,547 million (3,755) as a result of higher interest and higher tax paid.

During the year, investments in existing properties amounted to SEK 5,314 million (4,440). Cash flow from investing activities amounted to a total outflow of SEK 5,269 million (outflow: 3,573). The change was attributable to increased investment and fewer property sales in 2020. In total, net borrowing for the year amounted to SEK 4,427 million (5,165).

Altogether, cash and cash equivalents decreased SEK 957 million (1,300) and totalled SEK 2,558 million (3,515) at the end of the year.

Stable cash flow from operating activities



Property acquisitions 2020

Property	City	Seller	Purchase price, SEK m	Transfer date
Innerstaden 30:79 and 30:3	Malmö	The City of Malmö	6	Jun 2020
Gulmäran 1	Solna	Järvastaden AB	180	Oct 2020
Total agreed property value				
Transaction costs, as well as deduction for deferred tax			-5	
Total purchase price			181	

Property divestments 2020

Property	City	Buyer	Purchase price, SEK m	Transfer date
Vildmannen 11	Stockholm	Arnhammar Fastighets AB	230	Sep 2020
Total agreed property value			230	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-1	
Total purchase price			229	

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	





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**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 year was SEK 510 million (503), which primarily consists of the Parent Company’s invoices to the subsidiaries for services rendered. The profit from participations in Group companies amounted to SEK 3,943 million (6,982) and pertained to dividends.

The change in the value of financial instruments amounted to SEK 167 million (negative: 881) due to lower long market interest rates. Profit before tax was SEK 3,411 million (5,249). Closing cash and cash equivalents amounted to SEK 2,546 million (3,506).

## Income statement

Amounts in SEK million	2020	2019	Note
Net sales	510	503	8.1
Operating expenses	-659	-639	2.3-4
Capital gain on sales	0	3	4.2
<b>EBIT</b>	<b>-149</b>	<b>-133</b>	
<b>Financial items</b>			
Profit from participations in subsidiaries	3,943	6,982	8.2
Result from participations in joint ventures	-1	0	7.2
Interest income	951	841	2.5
Interest expense	-1,300	-1,260	2.5
<b>Profit before value changes and tax</b>	<b>3,444</b>	<b>6,430</b>	
Change in value of financial instruments	167	-881	6.5
Appropriations	-200	-300	8.3
<b>Profit before tax</b>	<b>3,411</b>	<b>5,249</b>	
Tax	-230	-84	3.1
<b>Profit for the year</b>	<b>3,181</b>	<b>5,165</b>	

## Statement of comprehensive income

Profit for the year recognised in profit or loss	3,181	5,165
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>3,181</b>	<b>5,165</b>


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## Balance sheet

Amounts in SEK million	2020	2019	Note
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	4	7	4.3
Shares and participations in subsidiaries	37,636	37,635	7.1
Receivables from subsidiaries	40,472	37,093	8.4
Shares and participations in joint ventures	0	1	7.2
Receivables from joint ventures	–	130	7.3
Deferred tax assets	368	459	3.2
Derivatives	934	642	6.4
Other non-current receivables	909	169	6.4
<b>Total non-current assets</b>	<b>80,323</b>	<b>76,136</b>	
<b>Current assets</b>			
Accounts receivable	0	0	5.1
Receivables from subsidiaries	6,469	4,565	
Receivables from joint ventures	131	0	
Derivatives	4	27	6.4
Other current receivables, prepaid expenses and accrued income	614	615	5.2
Cash and cash equivalents	2,546	3,506	6.3
<b>Total current assets</b>	<b>9,764</b>	<b>8,713</b>	
<b>TOTAL ASSETS</b>	<b>90,087</b>	<b>84,849</b>	

Amounts in SEK million	2020	2019	Note
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	4,000	4,000	
	<b>4,000</b>	<b>4,000</b>	
<i>Unrestricted equity</i>			
Retained earnings	5,642	3,476	
Profit for the year	3,181	5,165	
	<b>8,823</b>	<b>8,641</b>	
<b>Total equity</b>	<b>12,823</b>	<b>12,641</b>	
Untaxed reserves	686	486	8.3
<b>Non-current liabilities</b>			
Interest-bearing liabilities	55,659	53,682	6.2
Liabilities to subsidiaries	723	728	8.4
Derivatives	4,284	2,725	6.4
Other non-current liabilities	55	383	6.4
Provision for pensions	7	6	
<b>Total non-current liabilities</b>	<b>60,728</b>	<b>57,524</b>	
<b>Current liabilities</b>			
Interest-bearing liabilities	13,658	12,956	6.2
Accounts payable	1	3	
Current tax liabilities	27	84	
Liabilities to subsidiaries	1,030	391	
Derivatives	80	70	6.4
Other current liabilities, accrued expenses and deferred income	1,054	694	5.3
<b>Total current liabilities</b>	<b>15,850</b>	<b>14,198</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>90,087</b>	<b>84,849</b>	



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Change in equity

Amounts in SEK million	Share capital <sup>1</sup>	Retained earnings	Total equity
Equity, opening balance at 1 Jan 2019	4,000	7,476	11,476
Profit for the year	–	5,165	5,165
Comprehensive income for the year	–	5,165	5,165
Dividend	–	-4,000	-4,000
Equity, closing balance at 31 Dec 2019	4,000	8,641	12,641
Equity, opening balance at 1 Jan 2020	4,000	8,641	12,641
Profit for the year	–	3,181	3,181
Comprehensive income for the year	–	3,181	3,181
Dividend	–	-3,000	-3,000
Equity, closing balance at 31 Dec 2020	4,000	8,823	12,823

1) 40,000,000 shares with a quotient value of SEK 100 per share.

Cash-flow statement

Amounts in SEK million	2020	2019	Note
Operating activities			
EBIT	-149	-133	
Add back amortisation and depreciation	2	5	
Adjustment for other non-cash items	-3	-5	6.7
Cash flow from operating activities before interest and tax	-150	-133	
Interest paid	-1,303	-1,161	
Interest received	947	840	
Taxes paid	-196	-33	
Cash flow before changes in working capital	-702	-487	
Increase (-)/decrease (+) in operating receivables	-3,962	2,950	
Increase (+)/decrease (-) in operating liabilities	629	244	
Cash flow from operating activities	-4,035	2,707	
Investing activities			
Acquisitions of equipment	-1	-2	
Divestments of equipment	5	3	
Acquisition of shares in subsidiaries	–	0	
Divestment of shares in subsidiaries	–	1,210	
Dividends received from subsidiaries	2,586	5,616	
Shareholders’ contributions paid	-2	-9,284	
Cash flow from investing activities	2,588	-2,457	
Cash flow after investing activities	-1,447	250	

Amounts in SEK million	2020	2019	Note
Financing activities			
Dividends and Group contributions to Parent Company	-3,000	-4,000	9
Raised debt: interest-bearing liabilities	35,844	35,874	
Repayment of debt: interest-bearing liabilities	-31,417	-30,709	
Change in collateral	-663	214	
Redemption of financial instruments	-277	-335	
Cash flow from financing activities	487	1,044	
Cash flow for the period	-960	1,294	
Opening balance, cash and cash equivalents	3,506	2,212	
Cash flow for the period	-960	1,294	
Closing balance, cash and cash equivalents	2,546	3,506	6.3





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The consolidated income statement and balance sheet and the Parent Company’s income statement and balance sheet will be subject to adoption by the AGM on 28 April 2021.

<b>The following profit is at the disposal of the AGM:</b>	
Retained earnings	SEK 5,641,562,015
Profit for the year	SEK 3,181,003,702
<b>Total</b>	<b>SEK 8,822,565,717</b>
<b>The Board proposes that the earnings be appropriated as follows:</b>	
Dividend to shareholders, SEK 50 per share	SEK 2,000,000,000
To be carried forward	SEK 6,822,565,717
<b>Total</b>	<b>SEK 8,822,565,717</b>

A dividend of SEK 2 billion has been proposed to the General Meeting. The Board finds that the proposed dividend is justifiable in terms of the assessment criteria stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act regarding operations, scope and risks as well as consolidation requirements, liquidity and general position.



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**NOTE 1   GENERAL INFORMATION AND ACCOUNTING POLICIES**

**1.1 General information**  
Vasakronan AB (publ), corporate registration number 556061-4603, is the Parent Company of the Vasakronan Group and is domiciled in Stockholm. The address of its registered office is Malmkillnadsgatan 36, Box 30074, SE-104 25 Stockholm, Sweden. Vasakronan AB is owned by Vasakronan Holding AB, corporate registration number 556650-4196, which is owned in turn in equal shares by the First, Second, Third and Fourth Swedish National Pension Funds.  
The Vasakronan Group’s operations comprise the ownership, management and development of properties with the aim of providing owners with a high and stable long-term return. The Parent Company Vasakronan AB (publ) has personnel employed to manage and administer the Group’s properties. The Parent Company’s assets mainly comprise shares and participations in the companies that own the properties.  
The annual accounts and consolidated accounts were approved by the Board for publication on 23 March 2021 and will be submitted to the Annual General Meeting for adoption on 28 April 2021.

**1.2 Accounting policies**  
This section provides an overview of the policies applied in the preparation of these financial statements. Refer to the respective note for information about specific items. All amounts are stated in SEK million, unless otherwise stated. Amounts pertain to the 1 January to 31 December period for income-statement items and 31 December for balance-sheet items.

**Basis for preparation of the financial statements**  
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as determined on 31 December 2020 and as adopted by the EU together with the interpretations issued by the IFRS Interpretations Committee (IFRIC), and in accordance with the Swedish Financial Reporting Board’s recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Annual Accounts Act. These policies were consistently applied for all years presented, unless otherwise stated. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant, are disclosed in more detail in the respective note.

**Consolidated accounts**  
The consolidated financial statements have been prepared applying a historical cost convention, except for the measurement of investment properties, and certain financial assets and liabilities, which are measured at fair value.

Group companies are entities over which Vasakronan exercises a controlling influence. Subsidiaries are companies owned directly by Vasakronan AB (publ). A “controlling influence” entails that the Parent Company is exposed to, or is entitled to, variable returns from its investment, and can also affect the returns from the subsidiary by means of its influence. Group companies are consolidated from the date on which controlling influence is transferred to the Group, and they are deconsolidated from the date that control ceases.  
Initial recognition of Group companies in the consolidated financial statements follows the acquisition method. Any surplus comprising the difference between compensation paid and the fair value of the Group’s share of identifiable acquired net assets is recognised as goodwill.  
When a company is acquired, the acquisition meets the criteria for either an asset acquisition or a business combination. A transaction qualifies as an asset acquisition if it pertains to properties, with or without leases, but excluding an organisation and the administrative processes required for property management. Other acquisitions are business combinations. The management determines for each acquisition which criteria have been met. The assessment is that all acquisitions in 2020 and 2019 were asset acquisitions.  
Intra-Group transactions, balances, and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.  
  
**Joint ventures**  
All joint arrangements are classified as joint ventures since the agreement terms or the entities’ legal forms entitle the participants to the net assets of the related arrangement. Joint ventures are companies where, through partnership agreements with one or more parties, Vasakronan shares controlling influence with one or more parties.  
Holdings in joint ventures are recognised using the equity method. This means that the consolidated carrying amount of the holding is adjusted with Vasakronan’s share of profit for the year and any dividends received, and accordingly, the Group’s participation in joint ventures is thus recognised in the consolidated income statement. When losses in a joint venture exceed the Group’s share, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.  
Intra-Group gains and losses as a result of transactions with these companies are eliminated in relationship to the Group’s holding. Adjustments have been made where the accounting policies of joint ventures do not correspond with those of the Group.





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*Leases*

Until 31 December 2018, leases of assets where the Group comprised the lessee were essentially classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. Due to the transition to IFRS 16 from 1 January 2019, all material leases that extend for more than 12 months are recognised as right-of-use assets and financial liabilities. For Vasakronan these leases comprise land leases and ground rent agreements. Lease payments are allocated between amortisation and interest, with the interest recognised in profit or loss over the lease period pursuant to the effective interest method.

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.

Payments associated with short-term leases of less than 12 months for equipment or vehicles, and all leases of low-value assets are recognised as expenses in profit or loss.

*State aid and rent discounts*

State aid received in connection with the government’s temporary rent support package is recognised in compliance with IAS20 Accounting for Government Grants and Disclosure of Government Assistance. This entails recognition of the aid as rental revenue in profit or loss in the same period as the foregone rent in the form of discounts that the state aid is intended to compensate. The aid was recognised to the extent it is deemed likely to be received. State-aid-linked rent discounts provided are not considered to comprise adjustments of existing leases and have therefore not been allocated over the duration of the lease. Instead, these rent discounts have been recognised in the rent period to which the discount pertains.

*Provisions*

Provisions comprise reliable estimates of amounts that reflect formal or constructive obligations for the Group as a result of earlier events.

Provisions are classified as current liabilities if payment can be deferred for up to 12 months after the balance-sheet date, otherwise provisions are classified as non-current liabilities.

*Critical judgements in applying the Group’s accounting policies*

The preparation of financial statements in accordance with generally accepted accounting principles requires that the management and Board make judgements and assumptions that affect the amounts recognised for assets, liabilities, income and expenses, as well as other information disclosed. These judgements are based on experience and assumptions that are considered reasonable in view of the prevailing circumstances. The most significant in preparing the company’s financial reports are as follows:

- Fair value of investment properties, Note 4.2 on pages 108–109.
- Criteria for business combinations and asset acquisitions, Note 1.2 on page 98.
- Recoverable amount for goodwill, Note 4.1 on page 108.

*New or amended accounting standards*

From 2020, the IASB has adopted an amendment to IFRS 3 regarding the definition of a business combination. The amendment entails that if the sum paid for the shares is essentially attributable to the market value of the properties acquired, the acquisition constitutes an asset acquisition.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

NOTE 2 REVENUE, INCOME AND EXPENSES

2.1 Segment reporting

**§ Accounting policies – segment reporting**

Segmentation is based on how the management and the chief operating decision-maker (CODM) monitor and control operations. Vasakronan conducts operations in four regions: Stockholm, Gothenburg, Malmö and Uppsala, which correspond to the operating segments reported.

The management is responsible for allocating resources and assessing the performance of the operating segments. Vasakronan has determined that the CODM is the CEO of the Parent Company and the Group’s management collectively as the Management Team.

The allocation of results by segment is conducted down to net operating income level, and thereafter only items pertaining directly to investment properties. Other revenue and costs are assessed as Group-wide and are not allocated by segment. Items directly attributable to investment properties are also segmented in the balance sheet. Other assets, and equity and liabilities, are assessed as essentially Group-wide.


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	Stockholm		Gothenburg		Malmö		Uppsala		Group-wide		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>INCOME STATEMENT</b>												
<b>Rental revenue</b>	<b>4,450</b>	<b>4,464</b>	<b>1,286</b>	<b>1,325</b>	<b>700</b>	<b>692</b>	<b>570</b>	<b>559</b>	<b>-</b>	<b>-</b>	<b>7,006</b>	<b>7,040</b>
Operating expenses	-414	-406	-107	-105	-103	-102	-72	-69	-	-	-696	-682
Repairs and maintenance	-75	-73	-19	-19	-11	-15	-11	-12	-	-	-116	-119
Property administration	-190	-198	-70	-75	-51	-58	-42	-46	-	-	-353	-377
Property tax	-427	-441	-128	-121	-60	-60	-37	-33	-	-	-652	-655
<b>Property expenses</b>	<b>-1,106</b>	<b>-1,118</b>	<b>-324</b>	<b>-320</b>	<b>-225</b>	<b>-235</b>	<b>-162</b>	<b>-160</b>	<b>-</b>	<b>-</b>	<b>-1,817</b>	<b>-1,833</b>
<b>Operating surplus</b>	<b>3,344</b>	<b>3,346</b>	<b>962</b>	<b>1,005</b>	<b>475</b>	<b>457</b>	<b>408</b>	<b>399</b>	<b>-</b>	<b>-</b>	<b>5,189</b>	<b>5,207</b>
Central administration	-	-	-	-	-	-	-	-	-118	-113	-118	-113
Result from participations in joint ventures	-	-	-	-	-	-	-	-	-219	1,105	-219	1,105
Financial income	-	-	-	-	-	-	-	-	9	4	9	4
Financial expenses	-	-	-	-	-	-	-	-	-1,126	-1,135	-1,126	-1,135
Interest expense lease liability: ground rents and land leases	-148	-138	-2	-2	-8	-7	-	-	-	-	-158	-147
<b>Profit before value changes and tax</b>											<b>3,577</b>	<b>4,921</b>
Change in value of investment properties	1,111	10,704	83	1,721	-137	490	26	355	-	-	1,083	13,270
Depreciation of right-of-use assets	-	-	-7	-7	-	-	-	-	-	-	-7	-7
Change in value of financial instruments	-	-	-	-	-	-	-	-	167	-881	167	-881
Divested/impaired goodwill	-	-	-	-	-	-74	-	-	-	-	-	-74
<b>Profit before tax</b>											<b>4,820</b>	<b>17,229</b>
<b>BALANCE SHEET</b>												
Investment properties	109,799	105,113	29,365	28,149	13,018	13,010	10,238	9,799	-	-	162,420	156,071
of which, investments during the year	3,630	3,000	1,133	801	140	242	411	397	-	-	5,314	4,440
of which, acquisitions/sales during the year	-55	-208	0	-3	5	-918	2	556	-	-	-48	-573
Right-of-use assets: leaseholds and land leases	4,859	4,945	42	52	262	246	-	-	-	-	5,163	5,243
Goodwill	1,047	1,047	435	435	346	346	80	80	-	-	1,908	1,908
Other assets	-	-	-	-	-	-	-	-	6,735	6,957	6,735	6,957
<b>Total assets</b>	<b>115,705</b>	<b>111,105</b>	<b>29,842</b>	<b>28,636</b>	<b>13,626</b>	<b>13,602</b>	<b>10,318</b>	<b>9,879</b>	<b>6,735</b>	<b>6,957</b>	<b>176,226</b>	<b>170,179</b>



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2.2 Rental revenue

**§ Accounting policies – rental revenue**

The Group’s revenue primarily consists of rental revenue and additional rental charges, which are invoiced in advance and allocated over a straight line so that only the portion that falls due during the period is recognised as revenue. IFRS 15 – Revenue from Contracts with Customers entered force 1 January 2018. The Group’s revenue is essentially rental revenue, which is recognised pursuant to IFRS 16 Leases. Vasakronan has chosen to view media, property tax and other expenses as an integrated part of rental revenue, since they are not independent services. In those cases where Vasakronan acts as the tenant’s representative, the services are invoiced for separately. When applicable, recognised revenue is reduced by the cost of incentives. Larger rent discounts are allocated in a straight line over the term of the agreement. Surrender premia paid by tenants in conjunction with vacating leases prior to lease expiry are recognised as revenue in conjunction with the termination of the agreement and when no commitments remain for Vasakronan, which generally arises on vacation of the premises.

Rental agreements classified as operating leases and properties leased out under operating leases are included in investment properties.

Change in the Group’s rental revenue	
Income statement 2019	7,040
Change in comparable property holdings	-85
Development properties	4
Acquired properties	49
Properties sold	-2
<b>Income statement 2020</b>	<b>7,006</b>

Lease portfolio expiry structure	No. of contracts	Annual rent
Expires within 1 year <sup>1</sup>	2,373	1,217
2022	906	1,425
2023	731	1,209
2024	406	866
2025	186	791
More than 5 years	604	1,912
<b>Total</b>	<b>5,206</b>	<b>7,420</b>

1) Of which, 1,169 residential leases with annual rents amounting to SEK 102 million.

At year end, the average remaining term to maturity for the lease portfolio was 3.8 years (3.9). Of contracted rents, 95% (95) pertained to commercial leases and 5% (5) to leases for residential and parking facilities. There are some 4,037 commercial leases (4,150) allocated across tenants in a number of different industries, no single tenant accounts for more than 3% of rental revenue. Public sector tenants account for 23% (24) of contracted rents. Credit loss exposure is reduced through analysis of tenants’ credit ratings for new lettings and on an ongoing basis; when needed, requirements are set for collateral.

2.3 Costs

The Group’s costs mainly encompass direct property expenses and administration costs.

Costs recognised in profit or loss	Group	
	2020	2019
Property expenses excl. admin.	-1,464	-1,456
Property administration	-353	-377
Central administration	-118	-113
<b>Total</b>	<b>-1,935</b>	<b>-1,946</b>

Expenses allocated by category	Group	
	2020	2019
Repairs and maintenance	-116	-119
Property tax	-652	-655
Other direct property expenses	-688	-676
Personnel costs	-410	-422
Depreciation	-9	-11
Other external expenses	-60	-63
<b>Total</b>	<b>-1,935</b>	<b>-1,946</b>

The operations of the Parent Company consist of Group-wide functions and management of properties owned by other Group companies. The property management costs are invoiced to the property-owning Group companies as property administration. Central administration costs are recognised in the Parent Company and relate to the costs associated with the Group management, property investments, financing and central marketing.





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	Group	
	2020	2019
Administration		
Personnel costs	-265	-291
Procured services	-117	-88
IT	-55	-56
Marketing	-16	-18
Depreciation, equipment	-2	-5
Other	-16	-32
Total	-471	-490
	Group/ Parent Company	
	2020	2019
Auditors’ fees		
EY		
Audit engagement	1.4	-
Audit activities other than the audit engagement	0.4	-
Tax advice	1.0	-
Other	0.1	-
PwC		
Audit engagement	0.0	1.4
Audit activities other than the audit engagement	0.5	0.3
Tax advice	0.0	0.1
Other	0.3	0.3
Total	3.7	2.1

The audit engagement refers to the statutory audit required of the auditors in order to be able to submit an auditors’ report. Ernst & Young AB were elected as auditors at the 2020 AGM. Previously, PwC acted as the company’s auditors.

2.4 Employees, personnel costs and remuneration to the Board

**§ Accounting policies – Employee compensation**

Remuneration of employees as vested and comprises salaries, paid holiday, paid sick leave and other benefits as well as pensions. Pensions are based on defined-contribution or defined-benefit pension plans. For defined-contribution pension plans a fixed premium is paid to a separate legal entity and the Group expenses the resulting cost as the benefit is vested. For defined-benefit pension plans, the employee is guaranteed an amount on retirement. Vasakronan applies IAS 19.

The recognised commitment for defined-benefit obligations is calculated by an independent actuary at the present value of future disbursements discounted by the interest rate on high-quality mortgage bonds with corresponding maturities to the term of the actual pension obligation. Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise.

**Employees**

All of the Group’s staff are employed by the Parent Company, Vasakronan AB. In 2020, the average number of employees was 302 (308) of these 137 (139) were women and 165 (169) men. More details regarding the number of employees are available in the Group’s sustainability reporting.

Vasakronan’s senior executives refers to the eleven individuals who, together with the CEO, comprise the Management Team, refer to pages 78–79. At the balance-sheet date, the gender breakdown of the Group’s senior executives was as follows: 5 (6) women and 7 (7) men, and for the Board: 6 (6) women and 3 (3) men.

**Salaries and other benefits**

Salaries and other benefits for the CEO and other senior executives consist only of fixed salaries. Variable compensation can be paid to other employees based on the operational focus areas, which for 2020 were operating surplus, occupancy rate and customer satisfaction. The Group has a standardised model for variable compensation, whereby the maximum outcome is capped at two months’ salary. A provision has been made in the annual accounts for an estimated outcome corresponding to one month’s salary and was established on an individual basis in Q1 2021. Variable compensation for the 2019 financial year was distributed during the year and was also capped at two months’ salary. The average outcome corresponded to 1.2 months’ salary.



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	Group/ Parent Company	
	2020	2019
<b>Salaries, other benefits and social security costs</b>		
Senior executives	26	32
Other employees	199	196
<b>Total salaries and benefits</b>	<b>225</b>	<b>228</b>
Pension costs	86	88
Social security costs	95	96
<b>Total</b>	<b>406</b>	<b>412</b>

*Remuneration to the Board*

Remuneration to the Board is determined by resolution of the AGM and is disbursed as salary. Board members employed at one of the Swedish national pension funds or at Vasakronan receive no Board fees.

Senior executives 2020 (SEK 000)	Basic salary/ Board and committee fees <sup>1</sup>	Other benefits <sup>2</sup>	Pension costs	Total
<b>Chairman of the Board</b>				
Ulrika Francke	770	–	–	770
<b>Other Board members</b>				
Ann-Sofi Danielsson	380	–	–	380
Christel Kinning	280	–	–	280
Magnus Meyer	280	–	–	280
Kia Orback Pettersson	280	–	–	280
	<b>1,990</b>			<b>1,990</b>
Chief Executive Officer Johanna Skogestig	4,854	36	1,339	6,229
Other senior executives (11)	19,514	436	10,893	30,843
	<b>24,368</b>	<b>472</b>	<b>12,232</b>	<b>37,072</b>
<b>Total</b>	<b>26,358</b>	<b>472</b>	<b>12,232</b>	<b>39,062</b>

Senior executives 2019 (SEK 000)	Basic salary/ Board and committee fees <sup>1</sup>	Other benefits <sup>2</sup>	Pension costs	Total
<b>Chairman of the Board</b>				
Ulrika Francke	770	–	–	770
<b>Other Board members</b>				
Jan-Olof Backman <sup>3</sup>	133	–	–	133
Ann-Sofi Danielsson	380	–	–	380
Christel Kinning	280	–	–	280
Rolf Lydahl <sup>4</sup>	164	–	–	164
Magnus Meyer <sup>5</sup>	140	–	–	140
Kia Orback Pettersson <sup>6</sup>	140	–	–	140
	<b>2,007</b>			<b>2,007</b>

Chief Executive Officer Johanna Skogestig

1 Nov–31 Dec	776	6	196	978
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Chief Executive Officer Fredrik Wirdenius

1 Jan–31 Oct	5,492	51	2,337	7,880
1 Nov–31 Dec	1,070	10	468	1,548

Other senior executives (12)

	22,798	415	12,047	35,260
	<b>30,136</b>	<b>482</b>	<b>15,048</b>	<b>45,666</b>
<b>Total</b>	<b>32,143</b>	<b>482</b>	<b>15,048</b>	<b>47,673</b>

1) Remuneration to employees pertains to remuneration paid in 2020, while remuneration to the Board pertains to Board fees as adopted by the AGM.

2) Other benefits pertain primarily to costs for group health insurance and group life insurance.

3) Pertains to fees paid in 2019. Jan-Olof Backman stepped down from the Board in conjunction with the May 2019 AGM.

4) Pertains to fees paid in 2019. Rolf Lydahl stepped down from the Board in conjunction with the May 2019 AGM.

5) Magnus Meyer was elected to the Board at the May 2019 AGM. Board fees amount to SEK 280,000 per year.

6) Kia Orback Pettersson was elected to the Board at the May 2019 AGM. Board fees amount to SEK 280,000 per year.



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Pensions

The pension rights of salaried employees are covered pursuant to the defined-benefit BTP pension plan (the occupational pension plan for Swedish bank employees), which is financed through payments to SPP and, according to a statement from the Swedish Financial Reporting Board UFR 10, this comprises a multi-employer plan.

The following applied for the CEO from 1 November 2019: Pensionable salary consists of the applicable base salary and holiday pay. The pension provision is to comprise 30% of pensionable salary with a pension age of 65.

The following applied for the CEO until 31 October 2019: The CEO’s employment contract extended until the age of 62. The pension terms and conditions adhered to the defined-benefit BTP plan, and were calculated based on a pension age of 65. During the contracted employment period, a supplementary and defined-contribution pension provision was also made. If the provision amounted to less than 30% of pensionable monthly salary, a supplementary payment was made up to that level. Settlement was carried out by the end of February, the year after the settlement year.

Other senior executives have a “10-pointer” pension solution through the BTP plan, and are calculated based on a retirement age of 65.

Terms and conditions

The following applied for the CEO from 1 November 2019: In the event of termination of employment, a mutual notice period of six months applies. In the event of notice being given by the company, for a reason that does not warrant immediate dismissal, further severance pay corresponding to 12 months’ salary is due in addition to the benefits during the notice period.

The following applied for the CEO until 31 October 2019: A notice period of six months. In the event that notice was given by the company, the notice period was 12 months and the CEO would then receive severance pay corresponding to 12 months’ salary.

Other senior executives are subject to a mutual notice period of six months. If employment is terminated by the company, the senior executive is entitled to severance pay of 12 months’ salary, unless the executive is aged over 50 at the time, in which case severance pay is increased to 18 months’ salary.

If the CEO or other senior executives receive remuneration from other employment, the severance pay is reduced by a corresponding amount. If the employment is terminated by the CEO or other senior executive, no severance pay is due.

Provision for pensions

The pension solutions primarily encompass retirement, disability and survivors’ pensions, and are held in either defined-contribution or defined-benefit pension plans. Defined-contribution pension plans consist of BTPK and ITPK, and defined-benefit plans comprise BTP which is secured through insurance with SPP, as well as a number of retirement and survivors’ obligations secured with Skandia.

When Vasakronan was founded as a company in 1993, it took over the defined-benefit pension obligations from Byggnadsstyrelsen, which were administered by the National Government Employee Pensions Board (SPV) and have mainly been secured with KPA. Moreover, Vasakronan has a defined-benefit ITP secured through insurance with Alecta, which is recognised in accordance with the Swedish Financial Reporting Board’s statement UFR10 as a defined-contribution pension. The obligation in Alecta has been agreed previously and no new premiums or fees were paid. At the end of the financial year, Alecta had a consolidation ratio of 148 (148).

Under IAS19, all defined-benefit pension rights are vested on a straight-line basis over the period of employment. This means that the pension costs in the consolidated income statement consist of an estimated value which could differ from the actual paid-up pension premiums recognised in the Parent Company. The present value of pension obligations and the fair value of plan assets are recognised net in the consolidated balance sheet.

	Group		Parent Company	
	2020	2019	2020	2019
<b>Pension costs in the income statement</b>				
Pension costs, defined-contribution	63	67	33	35
Pension costs, defined-benefit	18	15	56	53
Separate payroll tax on pension costs	19	20	22	22
<b>Total pension costs in the income statement</b>	<b>100</b>	<b>102</b>	<b>111</b>	<b>110</b>
<i>Of which recognised as property administration</i>	80	82		
<i>Of which recognised as central administration</i>	20	20		
<b>Pension costs in other comprehensive income, excl. tax</b>				
Actuarial gains(-)/losses(+), incl. payroll tax	16	41		
Restriction for surplus in pension plan with asset cap, incl. payroll tax	-6	-5		
<b>Total pension costs in other comprehensive income, excl. tax</b>	<b>10</b>	<b>36</b>		





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	Group	
	2020	2019
<b>Net debt defined-benefit pensions, Group</b>		
<b>Change in the defined-benefit obligation</b>		
Present value of the pension obligation, opening balance	495	433
Pension rights vested through service <sup>1</sup>	17	14
Interest on pension obligation <sup>1</sup>	8	9
Pension disbursements	-19	-17
Actuarial gains(-)/losses(+) on pension obligations <sup>2</sup>	19	56
<b>Present value of the obligation, closing balance<sup>3</sup></b>	<b>520</b>	<b>495</b>
<b>Change in plan assets</b>		
Fair value of plan assets, opening balance	-413	-377
Interest income <sup>1</sup>	-6	-8
Paid-in premiums	-27	-22
Pension disbursements	19	16
Return on plan assets excluding interest income <sup>2</sup>	-6	-22
<b>Fair value of plan assets, closing balance</b>	<b>-433</b>	<b>-413</b>
Restriction for surplus in pension plan with asset cap	4	8
Other pension obligations	7	7
Separate payroll tax on net pension debt	22	22
<b>Net debt, defined-benefit pensions</b>	<b>120</b>	<b>119</b>

1) Recognised in profit or loss.    2) Recognised in other comprehensive income.  
3) Expected weighted-average duration for the obligation’s present value at 31 Dec 2020 is 18.51 years (18.57).

The plan assets mainly comprise shares, interest-bearing securities and participations in funds.

The difference between the actual and the expected return amounted to SEK 6 million (22) and was recognised as the return on plan assets excluding interest income.

Net actuarial gains and losses after tax amounted to SEK 8 million (29) and were recognised in other comprehensive income under the alternative rule in IAS 19.

The Group’s payments to defined-benefit plans are expected to amount to SEK 18 million in 2021.

	Group	
	2020	2019
<b>Actuarial and financial assumptions (%):</b>		
Discount rate	1.25	1.50
Inflation	2.00	2.00
Expected annual wage growth	3.50	3.50
Expected annual increase in pension disbursements	2.00	2.00
Expected annual increase in income base amount	3.00	3.00

The discount rate corresponds to the interest rate on mortgage bonds and is the single assumption that has the largest impact on the size of the pension obligation. A 1 percentage point change in the discount rate would, for example, result in a SEK 87 million change in the present value of the pension obligation.

2.5 Financial income and expenses

**§ Accounting policies – Financial income and expenses**

Financial income encompasses interest income on bank funds, receivables, financial investments and dividend income. Expenses consist of interest expense and other costs arising in conjunction with borrowing, such as arrangement fees and administrative expenses. The net effect of exchange-rate differences on financial items is recognised as an income or expense depending on the outcome. Financial income and expenses are recognised in profit or loss in the period in which they arise. Financial expenses pertaining to major new construction, extensions and redevelopments are capitalised in the balance sheet as investments during the production period.

**Net financial items**

Net financial items is not affected by the market values of contracted interest-rate derivatives, which are used to adjust fixed-interest periods, since they are recognised as changes in value under their own item. Refer to Note 6.4 for more information.



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Financial income and expenses	Group		Parent Company	
	2020	2019	2020	2019
Interest income	9	4	9	4
Interest income from subsidiaries	–	–	942	837
Other financial income	0	0	0	0
<b>Total financial income</b>	<b>9</b>	<b>4</b>	<b>951</b>	<b>841</b>
Interest expense	-1,233	-1,194	-1,233	-1,192
Interest expense to subsidiaries	–	–	-20	-20
Capitalised interest	154	107	–	–
Other financial expenses	-47	-48	-47	-48
<b>Total financial expenses</b>	<b>-1,126</b>	<b>-1,135</b>	<b>-1,300</b>	<b>-1,260</b>
<b>Net financial items</b>	<b>-1,117</b>	<b>-1,131</b>	<b>-349</b>	<b>-419</b>

The average interest rate for the loan portfolio over the period is used for capitalising interest expense. In 2020, the average interest rate was 1.7% (1.8).

NOTE 3 TAX

**§ Accounting policies – Tax**  
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except where the underlying transaction is recognised in other comprehensive income or directly in equity, in these cases the accompanying tax effect is also included.  
The current tax charge is calculated on the taxable income for the period and recognised as an expense or income in profit or loss. Taxable income differs from profit in the form of adjustments for non-taxable income and non-deductible items.  
Current tax is tax that is to be paid or received in the current year adjusted with any current tax attributable to previous periods.  
Deferred tax is recognised according to the balance sheet method, and deferred tax liabilities and tax assets are recognised in the balance sheet for all temporary differences that arise between the carrying amount and the tax base of an asset or liability. The carrying amounts for deferred tax assets and tax losses are tested at each reporting date and reduced if it is no longer likely that sufficient taxable profits will be available to be utilised fully or in part.  
Deferred income tax is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the balance-sheet date and, which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.  
The temporary difference that arises from the initial recognition of assets or liabilities in an asset acquisition is not recognised as deferred tax.

Tax on profit for the year	Group		Parent Company	
	2020	2019	2020	2019
Current tax	-203	-230	-139	-196
Deferred tax	-903	-3,090	-91	112
<b>Total tax on profit for the year</b>	<b>-1,106</b>	<b>-3,320</b>	<b>-230</b>	<b>-84</b>

3.1 Summary of tax expense/income

Tax expense	Group		Parent Company	
	2020	2019	2020	2019
Recognised profit before tax	4,820	17,229	3,411	5,249
Tax on profit according to current tax rate, 21.4%	-1,032	-3,687	-730	-1,123
Tax attributable to previous fiscal years	0	6	0	0
<b>Tax effect of:</b>				
Non-taxable sale of subsidiaries	-4	182	0	-1
Divested goodwill	–	-16	–	–
Non-taxable dividend	-45	119	553	1,202
Impairment of participations	–	–	0	-109
Non-deductible interest expenses	-56	-53	-56	-49
Other non-taxable income/non-deductible costs	-1	0	0	0
Effect as a result of lowered tax rates on deferred tax	33	129	4	-4
Other adjustments	-1	0	-1	0
<b>Tax expense recognised</b>	<b>-1,106</b>	<b>-3,320</b>	<b>-230</b>	<b>-84</b>
Effective tax rate, %	22.9	19.3		

Current tax has been calculated based on a nominal tax rate of 21.4%, while deferred tax has been calculated using a lower corporate tax rate of 20.6%. This is in accordance with the government’s decision to change the corporate tax rate from 1 January 2019.

Properties can be divested directly or indirectly through the divestment of the property-owning subsidiary. Gains from the sale of property are taxable while gains from the sale of companies are in most cases free of taxes.


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### 3.2 Deferred tax

Deferred tax liability	Opening balance		Recognised in profit or loss		Recognised directly in equity		Closing balance	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Group</b>								
Derivatives	-459	-347	91	-112	-	-	-368	-459
Investment properties	21,633	18,550	761	3,083	-	-	22,394	21,633
Untaxed reserves	149	80	43	69	-	-	192	149
Tax losses	-8	-1	8	-7	-	-	-	-8
Other temporary differences	54	4	0	57	-2	-7	51	54
<b>Total deferred tax</b>	<b>21,368</b>	<b>18,286</b>	<b>903</b>	<b>3,090</b>	<b>-2</b>	<b>-7</b>	<b>22,269</b>	<b>21,368</b>
<b>Parent Company</b>								
Derivatives	-459	-347	91	-112	-	-	-368	-459
Investment properties	-	210	-	0	-	-	-	0 <sup>1</sup>
<b>Total deferred tax</b>	<b>-459</b>	<b>-137</b>	<b>91</b>	<b>-112</b>	<b>-</b>	<b>-</b>	<b>-368</b>	<b>-459</b>

1) The change for the year pertained to deferred tax attributable to wholly owned general and limited partnerships divested to other Group companies.

### 3.3 Market value of deferred tax

The deferred tax liability is calculated in the balance sheet using a nominal tax rate and in the case of a market valuation of the deferred tax liability would probably result in a lower value than the carrying amount in the balance sheet. When calculating the key metric EPRA Net Tangible Assets (EPRA NTA), the fair value is calculated at 30% of the nominal tax rate of 20.6%, in other words 6.2%, which results in deferred tax of SEK 6,785 million. For more guidance, refer to the key metrics on page 177 and the definition for EPRA NTA on page 178.

### 3.4 Depreciation

Vasakronan recognises investment properties at fair value in the consolidated accounts. However, tax legislation permits depreciation of 2–5% for buildings, 5% for land improvements and 20–30% of the fixtures and fittings of a building or of the type of land improvement that constitutes the building and land inventory. Land may not be depreciated.





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NOTE 4 ASSETS

4.1 Intangible assets

§ Accounting policies – intangible assets

*Goodwill*  
The goodwill that arises when preparing the consolidated accounts comprises the difference between any consideration paid and the fair value of the net assets acquired. The Group’s goodwill mainly arose from business acquisitions performed by Vasakronan and is recognised in accordance with IFRS 3 Business Combinations. In the Group, goodwill is mainly attributable to the difference between nominal and calculated tax for business combinations and is thus entirely linked to the deferred tax. This item changes if a property with goodwill is divested. When a property is sold, or alternatively if a need for impairment arises, goodwill attributable to the property is eliminated and recognised as “divested/ impaired goodwill.”

*Other intangible assets*  
In addition to goodwill, the Group’s intangible assets include the Vasakronan brand and investments during the year in certain new technical platforms. The brand was acquired through a business combination and is valued at fair value at the acquisition date.

*Impairment testing*  
The useful lives for goodwill and the brand have been assessed as indefinite and therefore not subject to amortisation. Instead, their values are tested annually or on any indication of a need for impairment. Goodwill arising on acquisitions that are not considered asset acquisitions is tested for each property or balance-sheet item for which goodwill was allocated at the acquisition date.

*Goodwill*  
The value of goodwill is tested each quarter to ensure the carrying amount for the property does not exceed the recoverable amount. The recoverable amount is mainly impacted by the assessed market value of deferred tax. The company management bases its assessment mainly on observable market data for completed transactions. When establishing the fair value for goodwill at the end of 2020, deferred tax has been measured at an average of 6.2% (6.2).

*Other intangible assets*  
The value of the brand is tested annually, or on any indication of a decline in value, to identify any need for impairment and to then recognise the brand at cost less any accumulated impairments.

	Group					
	Goodwill		Other intangible assets		Total	
Intangible assets	2020	2019	2020	2019	2020	2019
Opening balance	1,908	1,982	116	107	2,024	2,089
Divested/impaired goodwill	-	-74	-	-	-	-74
Acquisitions for the year	-	-	23	11	23	11
Amortisation for the year	-	-	-3	-2	-3	-2
Closing balance	1,908	1,908	136	116	2,044	2,024

4.2 Investment properties

§ Accounting policies – investment properties

Vasakronan’s properties are held to generate rental revenue and capital appreciation, and are therefore classified as investment properties. The term investment properties includes land and buildings, land improvements, building and land installations, and ongoing projects. Investment properties are recognised at fair value in the balance sheet, which is determined by the management based on the properties’ market values. Changes in the fair value are recognised as realised and unrealised value changes in profit or loss. Vasakronan applies IFRS 13 Fair Value Measurement – Level 3 Unobservable inputs for the asset or liability.

On initial recognition, property is recognised at cost, including directly attributable transaction costs, and thereafter at fair value at each reporting date.

Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will accrue to the Group, in other words, when the expenditure adds value. Other repairs and maintenance costs are expensed when incurred.

In the case of major new construction, extensions and redevelopments, interest expense during the production period is capitalised in accordance with IAS 23 Borrowing Costs, see Note 6.2.

*Measurement*  
Fair value comprises the market value based on the most likely outcome of a sale with a normal marketing period in the open property market.  
To establish the properties’ fair value at each reporting date, market valuations are conducted for all properties. The valuation process is governed by a valuation policy under which all properties are valued by external parties at year end and mid year, and valued internally at the end of the first and third quarters. If an agreement has been signed regarding the purchase and sale of a property, the agreed property value is used as the market value in the next quarterly accounts.



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External valuations are conducted pursuant to RICS Valuation – Global Standards [the Red Book]. In parallel with the external valuation, an internal control of the reasonableness of this valuation is carried out. In 2020, the external valuation was conducted by Cushman & Wakefield in Gothenburg and Stockholm, and by Forum Fastighetsekonomi in Malmö and Uppsala.

*Valuation assumptions*

The market values are primarily assessed using a yield-based valuation method that utilises cash-flow statements with a horizon of at least ten years. Where this is not appropriate, market values are assessed using the location-price method.

The cost of capital and requirements for yields are based on the valuers’ experience-based assessments of market return requirements for comparable properties. The projections of future cash flows take into consideration the use of the object, its age and maintenance status. Rent payments are based on existing rental contracts and on their expiry, rent levels at market rates are assumed. Cost for operation, maintenance and administration are based on actual costs in combination with projections, assessments and experience from comparable objects. Future investments have been assessed based on actual requirements. The external valuers inspect each property every three years.

Valuation assumptions	2020 Average
Inflation assumption	2.0%
Cost of capital – cash flow	5.84%
Cost of capital – residual value	6.03%
Yield requirement – residual value	4.12%
Long-term vacancy rate	4.99%
Operating and maintenance costs, year 1	SEK 409 sq. m.
Investments, year 1	SEK 1,910 sq. m.
Market rent (at zero vacancies)	SEK 3,506 sq. m.

Yield requirement – residual value per sub-market	Interval	Average
Central Stockholm	3.20–5.25	3.82
Stockholm’s inner suburbs	3.75–5.75	4.77
Gothenburg	3.65–4.20	3.98
Malmö	4.10–5.55	4.61
Uppsala	4.30–5.75	4.94

Change in value of investment properties	Group	
	2020	2019
Development properties	1,662	2,136
Transactions	1	47
Investment properties:		
Changed yield requirement	-325	4,538
Change in market rents	-255	6,549
<b>Total change in value</b>	<b>1,083</b>	<b>13,270</b>

The properties sold in 2020 are detailed on page 92. The total rental value for properties sold was SEK 5 million. Over the year, sales in a corporate wrapper have resulted in a gain of SEK 0 million (3) in the Parent Company.

Investment properties	Group	
	2020	2019
Opening balance	156,071	138,934
Investments	5,314	4,440
Acquisitions, consideration	181	977
Sales	-229	-1,550
Change in value	1,083	13,270
<b>Closing balance</b>	<b>162,420</b>	<b>156,071</b>
<b>Fiscal values</b>	<b>50,615</b>	<b>47,887</b>

*Sensitivity analysis*

The following table illustrates the effects on the market value of changes in each factor.

Sensitivity analysis	Change in assumption	Value impact, SEK m	Value impact, %
Yield requirement and cost of capital	+1 percentage point	-31,360	-19.3
Yield requirement and cost of capital	-1 percentage point	51,473	31.7
Long-term vacancy rate	+/-1 percentage point	-/+1,827	-/+1.1
Operating and maintenance costs	+/- SEK 25 sq. m.	-/+1,324	-/+0.8
Market rents	+/- SEK 50 sq. m.	+/-2,648	+/-1.6

Undertakings	2020	2019
Capital expenditure investment properties	4,066	7,238



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4.3 Equipment

**§ Accounting policies – equipment**  
Equipment mainly comprises office equipment, which is recognised at cost less accumulated depreciation and any impairment losses. Equipment is depreciated using the straight-line method over a five-year period and residual values are assessed as negligible and not taken into consideration. Depreciation is calculated from the time the asset is taken into use.  
Assets that are subject to depreciation are reviewed for impairment whenever an indication arises that the carrying amount may not be recoverable. The impairment is established as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Equipment	Group		Parent Company	
	2020	2019	2020	2019
Cost:				
Opening balance	129	131	59	66
Acquisitions	18	8	1	2
Sales and disposals	-7	-10	-7	-9
<b>Closing balance – cost</b>	<b>140</b>	<b>129</b>	<b>53</b>	<b>59</b>
Depreciation:				
Opening depreciation	-89	-87	-52	-55
Depreciation for the year	-10	-11	-2	-5
Sales and disposals	6	9	5	8
<b>Closing balance – depreciation</b>	<b>-93</b>	<b>-89</b>	<b>-49</b>	<b>-52</b>
<b>Closing balance</b>	<b>47</b>	<b>40</b>	<b>4</b>	<b>7</b>

NOTE 5 OPERATING RECEIVABLES AND LIABILITIES

Accounts receivable are recognised net after provisions for doubtful receivables and the amount reflects the sum expected to be recovered based on the circumstances known at the balance-sheet date. The payment period for accounts receivable is short and fair value corresponds to amortised cost less accumulated impairment.

Other current receivables, prepaid expenses and accrued income are recognised at carrying amounts as the payment period is short.

5.1 Accounts receivable

	Group		Parent Company	
	2020	2019	2020	2019
Tenant receivables	116	50	0	0
Provision for doubtful receivables	-43	-15	0	0
<b>Closing balance</b>	<b>73</b>	<b>35</b>	<b>0</b>	<b>0</b>

The Group reported losses of SEK 30 million (1) for the impairment of tenant receivables.

5.2 Other current receivables, prepaid expenses and accrued income

	Group		Parent Company	
	2020	2019	2020	2019
Accrued interest income	239	240	239	240
Accrued rent discounts	93	86	-	-
Deposit account	281	298	281	298
VAT adjustment	4	12	-	-
Prepaid operating expenses	37	21	-	-
Other items	372	457	94	77
<b>Closing balance</b>	<b>1,026</b>	<b>1,114</b>	<b>614</b>	<b>615</b>

5.3 Other current liabilities, accrued expenses and deferred income

	Group		Parent Company	
	2020	2019	2020	2019
Prepaid rental revenue	1,343	1,235	-	-
Accrued interest expense	485	481	485	481
Accrued expenses for ongoing projects	851	509	-	-
Deposits, CSAs	457	92	457	92
VAT	196	162	7	11
Deposits	281	300	-	-
Accrued operating expenses	46	31	-	-
Property tax	39	81	-	-
Vacation pay, social security expenses and employee withholding taxes	56	53	56	53
Other items	137	170	49	57
<b>Closing balance</b>	<b>3,891</b>	<b>3,114</b>	<b>1,054</b>	<b>694</b>





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NOTE 6 FINANCING AND CAPITAL STRUCTURE

6.1 Goals for financial operations

Owning and developing properties is a capital-intensive business. Interest expense is one of the Group’s major cost items and access to cost-efficient financing is strategically important. Vasakronan finances its activities through owners’ capital or through external borrowing, the division being decided by weighting the requirements for returns and financial stability.

Vasakronan’s financial objective is, within set frameworks and with restrictions, to diversify its financing structure in terms of tenors and financing sources to thereby secure its required funding at the lowest possible cost.

Credit rating

In May 2020, Moody’s confirmed the rating of A3 with a stable outlook. The rating is based on the high quality of the property portfolio, healthy financial key metrics and the links to the company’s owners, the First, Second, Third and Fourth Swedish National Pension Funds.

§ Accounting policies – Financial instruments

Financial instruments

Financial instruments are defined as any form of agreement or contract that gives rise to a financial asset or liability. Financial assets in the balance sheet are: accounts receivable, receivables from joint ventures, cash and cash equivalents, and derivatives. Financial liabilities comprise: accounts payable, borrowings and derivatives.

The Group’s financial assets are assigned the following categories in accordance with IFRS 9:

- Equity instruments: measured at FVTOCI
- Derivatives: measured at FVTPL
- Debt instruments: measured at FVTPL, or through the other comprehensive income alternative, in accordance with the cost, since the aim of the instrument is the basis for its classification.

Fair value estimation

The fair value of financial instruments traded on an active market is based on market valuations obtained from current market data. The bid price is used for financial assets and the put price for financial liabilities.

Method and decision data

- Derivatives are calculated by discounting future contracted cash flows with the actual market interest rate for the respective tenor.
- Financial liabilities are calculated by discounting future contracted cash flows at the current market interest rate.
- Accounts receivable and accounts payable are based on their nominal values, in other words, consideration is taken to any estimated credits.

Financial risks and reporting

Financing and financial risks are managed pursuant to guidelines set by Vasakronan’s Board. The Group is exposed to financing risk, interest-rate risk, credit risk and currency risk in its financing operations.

Financial policy

Goals, governing principles and allocation of responsibilities across treasury operations are set in Vasakronan’s financial policy and an instruction to Treasury. The steering documents regulate the risk mandate. The policy regulates the risk mandate and the principles for calculating, reporting, following up and controlling financial risks. In accordance with the steering documents, the duality principle applies in conjunction with transactions in so far as the individual who conducts and registers a transaction does not have authority to control and administer the funds pertaining to the transaction. Authority to conclude business transactions is regulated through powers of attorney with the respective counterparty. The financial policy and the instruction to Treasury are evaluated on an ongoing basis and adopted each year by the Board.

All financial operations are conducted by a central finance function to ensure efficient management and control of the company’s financial risks and to enable the utilisation of economies of scale.

Summary, compliance with financial policy	Policy	31 Dec 2020
<b>Financing risk</b>		
Loan-to-maturity	min. 2 years	5.0
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/loans maturing 12 months	at least 100%	165%
<b>Interest-rate risk</b>		
Interest coverage ratio	min. 2.0x (LTM)	4.4
Fixed-interest period	min. 2 years	5.6
Fixed-interest maturity within 12 months	max. 55%	29%
<b>Currency risk</b>		
Currency exposure with no foreign currency assets	No exposure	met
Currency exposure with foreign currency assets	max 1% of total assets	met
<b>Credit risk</b>		
Counterpart’s rating	min. A-, or BBB+ with CSAs	met



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## 6.2 Breakdown of funding sources, share of total loan portfolio

	Loan limit	Nominal amount base currency	Amount utilised	Share, %
Commercial paper	25,000		7,514	11%
Bonds, SEK	60,299 <sup>1</sup>		24,507	35%
Bonds, NOK	–	11,820	11,337	16%
Bonds, EUR	–	477	4,790	7%
Bonds, JPY	–	11,400	907	1%
Bonds, AUD	–	160	1,013	1%
Bonds, USD	–	340	2,797	4%
Secured bank loans	10,970		10,970	16%
NIB and EIB	7,482		5,482	8%
Credit facility from owners	18,000		–	–
<b>Total</b>			<b>69,317</b>	<b>100</b>

1) The amount corresponds to EUR 6 billion and encompasses all currencies.

Summary of liabilities arising from financing activities – Group	Opening balance	Loan repayments	New borrowings	Repayment premiums/ discounts	Exchange- rate differences	Closing balance
Commercial paper	7,235	-20,893	21,172	–	–	7,514
Bonds, SEK	24,909	-7,165	6,764	-1	–	24,507
Bonds, NOK	10,361	-1,062	3,154	–	-1,116	11,337
Bonds, EUR	4,584	0	422	–	-216	4,790
Bonds, JPY	861	0	124	–	-78	907
Bonds, AUD	526	0	501	–	-14	1,013
Bonds, USD	1,732	0	1,384	–	-319	2,797
Secured bank loans	11,603	-2,200	1,573	-6	–	10,970
Unsecured bank loans	4,827	-96	750	1	–	5,482
<b>Total</b>	<b>66,638</b>	<b>-31,416</b>	<b>35,844</b>	<b>-6</b>	<b>-1,743</b>	<b>69,317</b>

Exchange-rate differences and Repayment premiums/discounts are non-cash items.

## Loan terms and conditions

- Agreements for commercial paper and bank loans contain an ownership covenant that allows lenders to terminate the loan and require repayment unless the First, Second, Third and Fourth Swedish National Pension Funds collectively or separately own at least 51% of Vasakronan. A similar ownership covenant is included in bond agreements whereby the bondholder can require repayment if a change in ownership, as above, should lead to a downgrade of the company's rating by at least one level.
- The bank loan agreements also contain a covenant specifying that the interest coverage ratio may not fall below a multiple of 1.5
- Unsecured loan agreements also include covenants stating that the LTV may not exceed 65%
- The bond is subject to a covenant that covered financing may not exceed 40% of the Group's total assets.

## Carrying amount

Interest-bearing liabilities are recognised at amortised cost, which is reported in the above tables.

## 6.3 Financial risks

### Currency risk

Currency risk pertains to unfavourable changes in exchange rates that impact the Group's financial position. When borrowing, all currency risk is to be eliminated and the exchange rate for interest payments and loan repayments of foreign currency loans hedged using currency swaps. Where assets in foreign currency exist, currency exposure (net of assets and liabilities in foreign currencies) is permitted corresponding to a maximum of 1% of the company's total assets.

At 31 December 2020, borrowing in foreign currency amounted to NOK 11,820 million (9,720), EUR 477 million (437), JPY 11,400 million (10,000), AUD 160 million (80) and USD 340 million (185).

### Financing and liquidity risk

Financing risk pertains to the long-term risk that fulfilling the Group's capital requirements and refinancing loans outstanding becomes more difficult or expensive, for example through limitation to several different types of financing sources. This risk is limited since the average remaining tenors for interest-bearing liabilities may not be less than two years.

Vasakronan has a credit facility that extends indefinitely from the First, Second, Third and Fourth Swedish National Pension Funds, whereby the owners commit to supply the company with liquidity. The agreement has a volume of SEK 18 billion and a notice period of 24 months.



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Cash and cash equivalents are recognised at nominal values and include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Liquidity risk pertains to Vasakronan’s risk of having insufficient cash funds or credit to meet its payment obligations. The risk is balanced since the relationship between credit commitments, cash funds and loans maturing within 12 months must be not less than 100%.

The maturity analysis is based on amounts for future undiscounted cash flows related to financial receivables and liabilities, including interest, allocated over the period until the contractual maturity date. The closing interest rates for the respective loans and derivatives form the basis for estimating future cash flows for all liabilities. The closing exchange rate is used for currency derivatives.

Interest-rate risk

Changes in market interest rates and credit margins influence borrowing expenses. Vasakronan’s finance function limits the risk by maintaining an average fixed-interest tenor of at least two years. Interest-rate risk is reflected by the interest coverage ratio which, pursuant to the financial policy, should always exceed a multiple of 2.0 over the last 12 months.

Liquidity risk – maturity analysis GROUP	2020				2019			
	0–1 year	1–2 years	2–5 years	>5 years	0–1 year	1–2 years	2–5 years	>5 years
Assets								
Accounts receivable	73	–	–	–	35	–	–	–
Other receivables	1,026	–	–	–	1,114	–	–	–
Cash and cash equivalents	2,558	–	–	–	3,515	–	–	–
Total	3,657	–	–	–	4,664	–	–	–
Liabilities <sup>1</sup>								
Bonds	-6,793	-6,978	-15,809	-21,400	-5,978	-9,623	-15,786	-16,994
Bank loans	-689	-1,679	-8,622	-6,159	-661	-698	-7,811	-8,164
Commercial paper	-7,514	–	–	–	-7,235	–	–	–
Interest-rate derivatives	-523	-517	-1,349	-1,433	-553	-555	-1,534	-1,504
Currency derivatives – inflows	2,074	1,286	2,674	14,782	1,308	224	1,639	8,881
Currency derivatives – outflows	-2,002	-1,250	-2,424	-15,330	-1,184	-118	-1,344	-8,431
Accounts payable	-73	–	–	–	-220	–	–	–
Total	-15,520	-9,138	-25,530	-29,540	-14,523	-10,770	-24,836	-26,212

1) Excluding lease liability, leaseholds and land leases.

Cash and cash equivalents	Group		Parent Company	
	2020	2019	2020	2019
Cash and cash equivalents	2,558	3,515	2,546	3,506
Closing balance	2,558	3,515	2,546	3,506

Maturity structure current and non-current interest-bearing liabilities in the Group and Parent Company	Group/Parent Company			
	Fixed-interest		Loan-to-maturity	
	Amount	Share,%	Amount	Share,%
0–1	20,410	29	13,658	20
1–2	3,201	5	7,405	11
2–3	1,087	2	10,082	15
3–4	3,799	5	4,761	7
4 years or more	40,820	59	33,411	47
Closing balance	69,317	100	69,317	100
of which				
Interest-bearing liabilities – floating rate	19,196			
Interest-bearing liabilities – fixed rate	50,121			

1) The credit facility from the owners of SEK 18 billion, the unutilised credit facility from the EIB of SEK 2 billion and cash and cash equivalents of SEK 2,558 million corresponded to a total of 165% of loans maturing in the next 12 months, see pages 88–89 for more information.

6.4 Derivatives

Derivatives are recognised in the balance sheet at the contract date and are measured on an ongoing basis at fair value pursuant to Level 2 in IFRS 13. All derivatives are recognised as assets when fair value is positive and as liabilities when negative. Gains or losses arising from changes in value are recognised in profit or loss. Derivatives may only be used for risk management within the framework of the financial policy and the electricity trading policy, and are used primarily for controlling fixed-interest tenors and balancing the following risk areas:

Risk area	Derivative contracts
Interest-rate risk	Interest-rate swaps, inflation-linked swaps
Currency risk	Currency swaps
Price risk – electricity	Electricity forwards




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### Derivative contracts in the consolidated and Parent Company balance sheets

Derivatives – financial assets	2020	2019
Interest-rate swaps, currency swaps	937	664
Electricity derivatives	1	5
<b>Closing balance</b>	<b>938</b>	<b>669</b>
Derivatives – financial liabilities	2020	2019
Interest-rate swaps, currency swaps, inflation-linked swaps	-4,364	-2,795
<b>Closing balance</b>	<b>-4,364</b>	<b>-2,795</b>
<b>Net Derivatives</b>	<b>-3,426</b>	<b>-2,126</b>

To reflect counterparty risk, derivatives are adjusted to fair value through the CVA (Credit Value Adjustment) and DVA (Debt Value Adjustment) components. The CVA shows Vasakronan's credit risk in the event of the counterparty defaulting while the DVA reflects the company's own risk of default. Calculation of the valuation adjustment is based on the expected exposure, probability of default and recovery rates for exposed credits. At 31 December 2020, the net value was SEK 42 million (38) and is included in the value of interest-rate swaps.

#### Credit risk

Credit risk pertains to the risk that Vasakronan's counterparty is unable to discharge its commitments in conjunction with liquidity management and using financial derivatives. This risk is limited by working with a number of different counterparties. The financial policy also states that:

- Derivative agreements are signed with counterparties that have a credit rating of at least A- on Standard & Poor's rating scale or BBB+ with CSAs
- Cash and cash equivalents may only be invested with selected counterparties that have a credit rating of at least BBB on Standard & Poor's rating scale or alternatively Baa2 on Moody's rating scale
- The duration of liquidity investments may not exceed six months
- ISDA agreements are required that allow offsetting of payables and receivables from the same counterparty

### Counterparty risk – derivative contracts

As part of managing counterparty risks in derivative contracts, the Group has entered into credit support annexes (CSAs) to International Swaps and Derivatives Association (ISDA) agreements. The annexes are mutual and both parties undertake to post cash collateral for deficit and surplus values in derivative contracts outstanding. As of 31 December 2020, the Group has posted such collateral.

	Group		Parent Company	
Non-current receivables	2020	2019	2020	2019
Deposits, CSAs	854	113	854	113
Other non-current receivables	61	61	55	56
<b>Closing balance</b>	<b>915</b>	<b>174</b>	<b>909</b>	<b>169</b>

	Group		Parent Company	
Other non-current liabilities	2020	2019	2020	2019
Deposits, CSAs	-	326	-	326
Liabilities to subsidiaries	-	-	723	728
Other non-current liabilities	58	59	55	57
<b>Closing balance</b>	<b>58</b>	<b>385</b>	<b>778</b>	<b>1,111</b>



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### 6.5 Financial instruments

Fair value corresponds to carrying amounts for the following financial instruments: accounts receivable, accounts payable, derivatives and cash and cash equivalents. Fair value for other financial instruments is established using the current yield curve along with a borrowing margin, which currently results in a lower interest rate than that contracted for the loan. Recognition at fair value would increase the Group's liabilities by SEK 776 million and reduce equity by SEK 610 million. All investments in financial instruments are intended to be held till maturity.

Classification of financial instruments, Group	Financial assets/liabilities at am- ortised cost		Financial assets/liabilities at FVTPL		Carrying amount		Fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Financial assets</b>								
Accounts receivable	73	35	-	-	73	35	73	35
Deposits, CSAs	854	113	-	-	854	113	854	113
Derivatives	-	-	938	669	938	669	938	669
Cash and cash equivalents	2,558	3,515	-	-	2,558	3,515	2,558	3,515
<b>Total</b>	<b>3,485</b>	<b>3,663</b>	<b>938</b>	<b>669</b>	<b>4,423</b>	<b>4,332</b>	<b>4,423</b>	<b>4,332</b>
<b>Financial liabilities</b>								
Bonds	45,351	42,973	-	-	45,351	42,973	45,816	43,722
Bank loans	16,452	16,430	-	-	16,452	16,430	16,762	16,730
Commercial paper	7,514	7,235	-	-	7,514	7,235	7,515	7,234
Lease liability, leaseholds and land leases	5,164	5,244	-	-	5,164	5,244	5,164	5,244
Accounts payable	72	220	-	-	72	220	72	220
Deposits, CSAs	0	326	-	-	0	326	0	326
Derivatives	-	-	4,364	2,795	4,364	2,795	4,364	2,795
<b>Total</b>	<b>74,553</b>	<b>72,428</b>	<b>4,364</b>	<b>2,795</b>	<b>78,917</b>	<b>75,223</b>	<b>79,693</b>	<b>76,271</b>

Change in value of financial instruments	Group/ Parent Company	
	2020	2019
Interest-rate derivatives	447	-518
Early settlement of derivatives	-277	-335
Valuation allowances for foreign currency loans	-1744	-387
Valuation allowances for currency derivatives	1744	387
Electricity derivatives	-3	-28
<b>Total</b>	<b>167</b>	<b>-881</b>

### 6.6 Pledged assets and contingent liabilities

Property deeds are pledged as collateral for the Group's interest-bearing liabilities.

Vasakronan is a limited partner in Stora Ursvik KB and its responsibility for the company's undertakings is limited to an amount equivalent to the invested capital of SEK 46 million (46).

For the Järvastaden AB joint venture, Vasakronan has issued surety of SEK 241 million (241) for the performance of the implementation agreement with Svenska Kraftnät.

Pledged assets and contingent liabilities	Group		Parent Company	
	2020	2019	2020	2019
Property deeds	10,971	11,625	None	None
Contingent liabilities	287	287	None	None

### 6.7 Adjustment for non-cash items

Adjustment for non-cash items	Group		Parent Company	
	2020	2019	2020	2019
Estimated defined-benefit pension costs	-10	-8	-	-
Sales/discontinuation of Group companies	-	-	-	-3
Result from participations in joint ventures	-	-2	-	-
Equipment sales	-3	-3	-3	-2
<b>Total</b>	<b>-13</b>	<b>-13</b>	<b>-3</b>	<b>-5</b>



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NOTE 7 GROUP STRUCTURE

7.1 Shares and participations in subsidiaries

Shares and participations in subsidiaries	Parent Company	
	2020	2019
Opening balance	37,635	30,660
Shareholders’ contributions	3	9,284
Acquisitions	–	0
Settlement of earnings shares	–	–593
Sales	0	–1,206
Impairment	–2	–512
Reversed impairment	–	2
Closing balance	37,636	37,635

Companies in the Vasakronan AB Group	Shares/ participa- tions <sup>1</sup>	Share of equity, % <sup>2</sup>	Carrying amount in Parent Company	
			2020	2019
Civitas Holding AB, 556459-9164, Stockholm	500	100	30,106	30,106
Vasakronan Fastigheter AB, 556474-0123, Stockholm	500	100	–	–
Vasakronan Holdingfastigheter AB, 556611-6850, Stockholm	1,000	100	–	–
Vasakronan Inom Vallgraven 22:3 AB, 556879-7012, Malmö	500	100	–	–
Vasakronan Malmöfastigheter AB, 556376-7267, Stockholm	5,000	100	–	–
Handelsbolaget Gotic, 969622-2844, Trelleborg	100	100	–	–
Ankarspik 115 AB, 559122-1519, Stockholm	50	100	–	–
Fastighets AB Luxor, 556059-7139, Stockholm	2,000	100	–	–
Vasakronan Vattenled AB, 556577-9088, Stockholm	1,000	100	–	–
Vasakronan Priorinnan 5 AB, 559073-2151, Stockholm	500	100	–	–
Mabrabo AB, 556339-0227, Stockholm	10,000	100	–	–
Vasakronan Kista Science Tower AB, 556649-8043, Stockholm	1,000	100	–	–
Kymlinge Utvecklings A, 556647-7583, Stockholm	1,000	100	–	–
Vasakronan Kista Science Tower KB, 969660-7820, Stockholm	100	100	–	–
Vasakronan Uppsalafastigheter AB, 556651-1092, Stockholm	1,000	100	–	–
Kungspinnen I AB, 556701-4278, Stockholm	1,000	100	–	–
Frösunda Hus I AB, 556704-9183, Stockholm	1,000	100	–	–
Frösunda Hus II AB, 556704-9175, Stockholm	1,000	100	–	–

Companies in the Vasakronan AB Group	Shares/ participa- tions <sup>1</sup>	Share of equity, % <sup>2</sup>	Carrying amount in Parent Company	
			2020	2019
Frösunda Hus III AB, 556704-6213, Stockholm	1,000	100	-	-
Vasakronan Priorinnan 2 AB, 556675-2423, Stockholm	1,000	100	-	-
Vasakronan Ängen AB, 556637-3550, Stockholm	1,000	100	-	-
Vasakronan Hakberget AB, 556745-5695, Stockholm	1,000	100	-	-
Vasakronan Trähus AB, 556715-4850, Stockholm	1,000	100	-	-
Vasakronan Hammarby Gård 12 AB, 556766-4007, Stockholm	1,000	100	-	-
Vasakronan Boländerna 7:4 AB, 556297-1696, Stockholm	1,000	100	-	-
Vasakronan Fålhagen 1:39 AB, 556876-3204, Stockholm	1,000	100	-	-
Vasakronan Sejen 3 AB, 556837-6742, Stockholm	500	100	-	-
Vasakronan Fastighetsutveckling AB, 556532-9108, Stockholm	1,000	100	-	-
Järvatorget AB, 556548-5546, Stockholm	1,000	100	-	-
Vasakronan Ullevifastigheter Holding AB, 556718-7884, Stockholm	1,000	100	-	-
Vasakronan Ullevifastigheter AB, 556718-6704, Stockholm	1,000	100	-	-
Ullevi Park Holding 1 i Göteborg AB, 556718-6688, Stockholm	1,000	100	-	-
Ullevi Park 1 i Göteborg AB, 556718-6621, Stockholm	1,000	100	-	-
Vasakronan Skånegatan AB, 556870-5791, Stockholm	500	100	-	-
Vasakronan Hekla AB, 559088-2196, Stockholm	500	100	-	-
Vasakronan Hekla Fastigheter AB, 559091-2340, Stockholm	500	100	-	-
Vasakronan Markholding AB, 556675-1771, Stockholm	1,000	100	-	-
Fastighets AB Järvamåran, 559202-8574, Stockholm	500	100	-	-
Vasakronan Diktaren 1 AB, 556943-7584, Stockholm	500	100	-	-
Ankarspik 41 AB, 556761-8763, Stockholm	1,000	100	-	-
Fastighets AB Gesimsen Grön, 556011-7698, Stockholm	50,000	100	1,892	1,892
Fastighets AB Svava, 556268-6658, Uppsala	500,000	100	-	-
Vasakronan Uppsala City AB, 556057-0896, Uppsala	75,000	100	-	-
Uppsala Science City AB, 556250-5346, Uppsala	300,000	100	-	-
Uppsala Science Park KB, 916512-8126, Uppsala	200	100	-	-
Vasakronan Blåmannen AB, 556825-9302, Stockholm	500	100	1,110	1,110
Vasakronan Stockholmsstuten AB, 556820-7798, Stockholm	500	100	611	611
Vasakronan Kaninen 30 AB, 556740-3604, Stockholm	1,000	100	473	473

1) Pertains to the Group’s total number of shares and participations.  
2) Pertains to the Group’s total share of equity.





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Companies in the Vasakronan AB Group	Shares/ participa- tions <sup>1</sup>	Share of equity,% <sup>2</sup>	Carrying amount in Parent Company	
			2020	2019
Vasakronan Bassängkajen AB, 556696-1362, Stockholm	1,000	100	367	367
Fastighets Aktiebolaget Telefonfabriken, 556577-4535, Stockholm	1,000	100	360	360
Vasakronan Inom Vallgraven 22:16 AB, 556865-4163, Stockholm	500	100	333	333
KB Positionen 2, 969666-7485, Stockholm	1,000	100	278	278
RTB Reval KB, 969635-4886, Stockholm	200	100	-	-
Gotic AB, 556339-0839, Stockholm	1,000	100	251	251
Agilia Förvaltnings AB, 556651-1852, Stockholm	1,000	100	-	-
KB Inom Vallgraven 22:15 Göteborg, 916445-7039, Stockholm	200	100	-	-
Arkaden Göteborg KB, 969646-3448, Stockholm	200	100	-	-
Allmänna Pensionsfondens Fastighets nr 53 KB, 969646-3836, Stockholm	200	100	-	-
Fastighets AB Skjutgossen nr 8 & Co KB, 916502-7971, Stockholm	105	100	-	-
Nisseshus Nr 1 HB, 916587-3424, Stockholm	-	100	-	-
Allmänna Pensionsfondens Fastighets nr 63 KB, 969646-7522, Stockholm	200	100	-	-
Förvaltningsbolaget Alvikshus HB, 916501-8004, Stockholm	-	100	-	-
Fastighetsbolaget Brödtorget & Co KB, 989200-4418, Stockholm	100	100	-	-
Allmänna Pensionsfondens Fastighets nr 12 KB, 969646-4016, Stockholm	200	100	-	-
Vasakronan Nordstaden 10:20 AB, 556865-4205, Stockholm	500	100	214	214
Fastighets Aktiebolaget Bodega, 556031-4246, Stockholm	3,000	100	213	213
Fastighets AB Gesimsen, 556482-7318, Stockholm	1,000	100	-	-
KB Radio Östra, 916625-7007, Stockholm	1,000	100	-	-
Vasakronan Kaninen 32 AB, 556740-3612, Stockholm	1,000	100	173	173
AB Studentskrapan, 556611-6868, Stockholm	1,000	100	171	171
Position Stockholm AB, 556577-3818, Stockholm	1,000	100	158	158
Vasakronan Värtan Exploatering AB, 556984-3963, Stockholm	500	100	-	-
Vasakronan Stapelbädden 3 AB, 556740-2614, Stockholm	500	100	151	151
Vasakronan Magasinet 1 AB, 556692-9146, Stockholm	1,000	100	151	151
Vasakronan Inom Vallgraven 20:14 AB, 556865-4361, Stockholm	500	100	135	135
Vasakronan Heden 22:19 AB, 556859-5291, Stockholm	500	100	114	113
AP Fastigheter AB, 556417-5858, Stockholm	100,000	100	98	98
Vasakronan Magasin X AB, 559016-1450, Stockholm	500	100	-	-
Ankarspik 100 AB, 559016-1427, Stockholm	500	100	-	-

Companies in the Vasakronan AB Group	Shares/ participa- tions <sup>1</sup>	Share of equity,% <sup>2</sup>	Carrying amount in Parent Company	
			2020	2019
Vasakronan Nordstaden 21:1 AB, 556875-2918, Stockholm	500	100	90	90
Vasakronan Jungmannen 1 AB, 556646-7089, Stockholm	1,000	100	88	88
Allmänna Pensionsfondens Fastighets AB, 556355-6835, Stockholm	500	100	60	60
Vasakronan Starkströmmarna AB, 556771-7920, Stockholm	1,000	100	39	39
Allmänna Pensionsfondens Fastighets nr 59 KB, 969646-4032, Stockholm	200	100	-	-
Nacka Strand Förvaltnings Aktiebolag, 556034-9150, Stockholm	500	100	0	0
Vasakronan Invest AB	500	100	0	0
Beyond Us AB, 559016-1559, Stockholm	500	100	-	-
Idun Real Estate Solutions AB, 559016-1245, Stockholm	1,019	51	-	-
Tmpl Work AB, 556761-8961, Stockholm	1,212	60	-	-
<b>Total</b>			<b>37,636</b>	<b>37,635</b>

1) Pertains to the Group’s total number of shares and participations.  
2) Pertains to the Group’s total share of equity.



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7.2 Shares and participations in joint ventures

Shares and participations in joint ventures	Group		Parent Company	
	2020	2019	2020	2019
Opening balance	1,164	366	1	1
Dividends received	-34	-308	-1	0
Profit/loss for the year from participations in joint ventures	-219	1,105	0	0
Sales	-	0	-	-
Closing balance	911	1,164	0	1

Joint ventures	Corp. Reg. No.	Reg. office	Share of equity, %	Shares/ participations	Carrying amount 2020	Rec-ognised in profit or loss	Dividends received	Carrying amount 2019	Other owners
Companies that pursue the long-term development of development rights at Järvafältet.									
Järvastaden AB	556611-6884	Solna	50	500	562	-209	-	771	Skanska
Ursvik Exploaterings AB	556611-6892	Stockholm	50	5,000	0	-	-	0	Bonava
Stora Ursvik KB	969679-3182	Stockholm	50	50	349	-9	-34	392	Bonava
Companies for property development at Värtahamnen									
Värtan Fastigheter AB	556678-0267	Stockholm	50	1,000	0	-	-	0	Fabege
Värtan Fastigheter KB	969601-0793	Stockholm	50	1	0	-1	-	1	Fabege
Total					911	-219	-34	1,164	

The result from participations in joint ventures stem essentially from value changes for the properties.

7.3 Non-current receivables from joint ventures

Non-current receivables from joint ventures	Group		Parent Company	
	2020	2019	2020	2019
Opening balance	130	165	130	165
Principal repayments	-	-35	-	-35
Transfer to current receivables	-130	-	-130	-
Closing balance	-	130	-	130

Pertains to a promissory note from Järvastaden AB.

7.4 Related parties

Related parties	Transactions
Parent Company	A dividend of SEK 3,000 million was paid to the Parent Company Vasakronan Holding AB as par the resolution at the Extraordinary General Meeting.
Parent Company shareholders	The First and Third Swedish national pension funds lease premises under market terms and conditions. Vasakronan has a subscription commitment from the First, Second, Third and Fourth Swedish National Pension Funds for its commercial paper, refer to page 112. At the end of 2020, the Third Swedish National Pension Fund had bond holdings with Vasakronan of SEK 490 million.
Board of Directors	Refer to Note 2.4 for details of remuneration. No Board member has participated directly or indirectly in any business transaction with Vasakronan. The Board is presented on pages 76–77.
Management Team	Refer to Note 2.4 for details of remuneration. No senior executive has participated directly or indirectly in any business transaction with Vasakronan. The management are presented on pages 78–79.
Subsidiaries	Specified in notes 7.1 and 8.4
Group companies	Specified in notes 7.1 and 8.1
Joint ventures	Specified in Note 7.2

NOTE 8 PARENT COMPANY

The Parent Company applies the same accounting policies as the Group in accordance with RFR 2, Accounting for Legal Entities. This means that the IFRS are applied together with the deviations presented in the Parent Company’s accounting policies.

- The Parent Company’s functional currency is Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group.
- Shares in subsidiaries are recognised using the cost method. Should the carrying amount exceed the consolidated fair value of the subsidiaries, impairment is charged to profit or loss. Investment properties are measured at fair value when calculating the consolidated value, refer to Note 4.2. Earlier impairment is reversed when it is no longer justified. Carrying amounts are tested each quarter against the subsidiaries’ equity.
- Dividends are recognised when the entitlement to receive payment is considered certain.
- Income from the sale of subsidiaries is recognised when the risks and benefits associated with the holding in the subsidiary have transferred to the buyer.
- Group contributions paid to the owner Vasakronan Holding AB are treated as dividends and are recognised in equity.
- Group contributions received and paid from and to subsidiaries are recognised as profit from participations in subsidiaries in profit or loss.



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**8.1 Intra-Group transactions**

Of the Parent Company's purchases during the financial year, 5% (3) pertained to purchases from Group companies. Intra-Group costs mainly comprised rent.

Of the Parent Company's sales during the financial year, 99% (99) pertained to sales to Group companies. Intra-Group revenue comprises the property management costs invoiced by the Parent Company to the property-owning Group companies.

**8.2 Profit from participations in subsidiaries**

	Parent Company	
Profit from participations in subsidiaries	2020	2019
Group contributions received and paid	1,359	1,875
Dividends from participations in subsidiaries	2,586	5,616
Impairment and reversal of impairment in participations in subsidiaries	-2	-509
<b>Total</b>	<b>3,943</b>	<b>6,982</b>

**8.3 Appropriations and untaxed reserves**

	Parent Company	
Appropriations and untaxed reserves	2020	2019
<b>Appropriations</b>		
Provision to tax allocation reserve	-200	-300
<b>Total</b>	<b>-200</b>	<b>-300</b>
<b>Untaxed reserves</b>		
Tax allocation reserve, 2015 fiscal year	44	44
Tax allocation reserve, 2017 fiscal year	142	142
Tax allocation reserve, 2019 fiscal year	300	300
Tax allocation reserve, 2020 fiscal year	200	-
<b>Total</b>	<b>686</b>	<b>486</b>

**8.4 Non-current receivables and liabilities with subsidiaries**

	Parent Company	
Non-current receivables, subsidiaries	2020	2019
Opening balance	37,093	9,820
New lending	4,605	29,353
Principal repayments	-1,226	-2,080
<b>Closing cost/carrying amount</b>	<b>40,472</b>	<b>37,093</b>

	Parent Company	
Non-current liabilities, subsidiaries	2020	2019
Opening balance	728	-
New borrowings	-	728
Principal repayments	-5	-
<b>Closing cost/carrying amount</b>	<b>723</b>	<b>728</b>

Non-current receivables and liabilities with subsidiaries pertain to promissory notes carrying interest at market rates.

**NOTE 9 PROPOSED APPROPRIATION OF PROFITS**

The following profit is at the disposal of the AGM:

Retained earnings	SEK 5,641,562,015
Profit for the year	SEK 3,181,003,702
<b>Total</b>	<b>SEK 8,822,565,717</b>

The Board proposes that the earnings be appropriated as follows:

Dividend to shareholders, SEK 50 per share	SEK 2,000,000,000
To be carried forward	SEK 6,822,565,717
<b>Total</b>	<b>SEK 8,822,565,717</b>

A dividend of SEK 2 billion has been proposed to the General Meeting. The Board finds that the proposed dividend is justifiable in terms of the assessment criteria stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act regarding operations, scope and risks as well as consolidation requirements, liquidity and general position.

**NOTE 10 EVENTS AFTER THE BALANCE-SHEET DATE**

In addition to the proposed dividend pursuant to Note 9, no significant events occurred after the balance-sheet date that impact the assessment of Vasakronan's financial position.





# Signing by the Board of Directors

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The Board and CEO affirm that the annual accounts have been prepared in accordance with the Annual Accounts Act and RFR2, and provide a fair and accurate overview of the Parent Company’s financial position and results. The consolidated accounts have been prepared in accordance with the International Financial Reporting standards (IFRS) as adopted by the EU and provide a fair and accurate overview of the Group’s financial position and results. The Administration Report for the Group and Parent Company provides a fair and accurate overview of the Group and Parent Company’s operations, position and results, and describes material risks and uncertainties faced by the Parent Company and the companies included in the Group.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Vasakronan has chosen to prepare its statutory Sustainability Report separately from its Administration Report. The Board and CEO also affirm that Vasakronan’s 2020 Sustainability Report has been prepared in accordance with the Annual Accounts Act and the GRI standards as issued by the Global Reporting Initiative.

Stockholm, 23 March 2021

<b>Ulrika Francke</b> <i>Chairman of the Board</i>	<b>Ann-Sofi Danielsson</b> <i>Board Member</i>	<b>Niklas Ekvall</b> <i>Board Member</i>
<b>Eva Halvarsson</b> <i>Board Member</i>	<b>Kerstin Hessius</b> <i>Board Member</i>	<b>Christel Kinning</b> <i>Board Member</i>
<b>Kristin Magnusson Bernard</b> <i>Board Member</i>	<b>Magnus Meyer</b> <i>Board Member</i>	<b>Kia Orback Pettersson</b> <i>Board Member</i>
	<b>Johanna Skogestig</b> <i>Chief Executive Officer</i>	

Our Auditors’ Report was submitted on 24 March 2021  
Ernst & Young AB

**Katrine Söderberg**  
*Authorised Public Accountant, Auditor in Charge*



# Auditor’s report

To the general meeting of the shareholders of Vasakronan AB (publ), corporate identity number 5560601-4603

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## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Vasakronan AB (publ) except for the corporate governance statement on pages 68–75 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 55–75 and 81–120 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 68–75. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other matters

The audit of the annual accounts for the financial year 2019 was performed by another auditor who submitted an auditor’s report dated March 23, 2020, with unmodified opinions in the Report on the annual accounts.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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Valuation of investment properties

Description	How our audit addressed this key audit matter
The fair value of the Groups investment properties, reported in the consolidated balance sheet, amounted 162 420 million SEK on 31 December 2020. Unrealized change in investment prop-erties during the year, reported in the consolidated income statement, amounted 1 083 million SEK.	In our audit we have evaluated the company’s process for prop-erty valuation.
As at 31 December 2020, all the properties in the portfolio have been valued by external valuation experts. All properties are val-ued quarterly. The properties are valued by external valuation experts at each full-year and half-year end, and at the other quarterly shifts the properties are valued internally.	We have evaluated the valuation methodology and the input data in the externally and internally prepared valuations. We have evaluated the skills and objectivity of the external experts.
The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. The required yields for the properties are assessed on each property’s unique risk profile and observable transactions in the market for properties with a similar nature.	We have with support from internal valuation specialist reviewed the valuation model used and reviewed the reasonability of the adopted assumptions such as yield requirements, vacancy rates, rental income and operating costs for a sample of properties and made comparisons to known market information. The work of the internal valuation specialist has mainly included an assess-ment of reasonableness of the most significant assumptions such as yield requirements and future rental levels as well as an assessment of the final fair value.
Valuation at fair value is by nature subject to subjective assess-ments where a seemingly minor change in the assumptions made that form the basis for the valuations can have a significant effect in reported values. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, we assess this area to be a key audit matter in our au-dit.	The sample has been based on the criteria of risk and size. We have discussed important assumptions and assessments with managers responsible for the internal valuation and with man-agement.
A description of the valuation of the investment properties, to-gether with accounting principles, significant accounting assess-ments, estimates and assumptions is stated in note 4.2. Risk and risk management linked to property valuation are described on pages 108–109.	For a sample of investment properties, we have tested input in the valuation model regarding rental income, contract length and investments and checked the calculations arithmetically.
	During the year, we have obtained and reviewed a sample of in-ternally valued properties to evaluate compliance with the valua-tion policy and valuation model of the Group.
	We have reviewed the disclosures provided in the annual report.

**Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–54, 76–80, 126–160, 162–169 and 171–179. The Remunera-tion report for the year 2020 also represent other information. The Board of Directors and the Managing Director are respon-sible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the infor-mation identified above and consider whether the information is materially inconsistent with the annual accounts and consol-idated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this infor-mation, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are respon-sible for the preparation of the annual accounts and consoli-dated accounts and that they give a fair presentation in accor-dance with the Annual Accounts Act and, concerning the con-





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solidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncer-

tainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical require-



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ments regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Vasakronan AB (publ) for the year 2020 and the proposed appropriations of the company’s profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

**Basis for opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company’s and the group’s type of operations, size and risks place on the size of the parent company’s and the group’s equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company’s organization and the administration of the company’s affairs. This includes among other things continuous assessment of the company’s and the group’s financial situation and ensuring that the company’s organization is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors’ guidelines and

instructions and among other matters take measures that are necessary to fulfill the company’s accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor’s responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company’s profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company’s profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the



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audit. The examination of the administration and the proposed appropriations of the company’s profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company’s situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors’ proposed appropriations of the company’s profit or loss we examined whether the proposal is in accordance with the Companies Act.

**The auditor’s examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 68–75 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR’s standard RevR 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB was appointed auditor of Vasakronan AB by the general meeting of the shareholders on May 4th, 2020 and has been the company’s auditor since then.

Stockholm, March 24, 2021  
Ernst & Young AB

**Katrine Söderberg**  
*Authorized Public Accountant*





# Sustainability Report



# About Vasakronan’s Sustainability Report 2020

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The Sustainability Report follows the Global Reporting Initiative (GRI) guidelines and is prepared in accordance with the GRI Standards: Core option. In addition to GRI Standards, Vasakronan has chosen to recognise the sector-specific indicators that were previously recognised in accordance with GRI G4.

The goal is to run the entire business in a sustainable way. Consequently, reporting of our sustainability agenda has been integrated into the company’s annual report. The GRI index on pages 135–136 contains references to where the information can be found in the annual report. Information on responsibility, how we govern and monitor and boundaries for each material sustainability topic can be found in the sustainability notes on pages 137–160. Information is described in accordance with GRI Standards 2016, with exceptions for GRI 303 Water and effluents and GRI 403 Occupational health and safety, which are given in accordance with GRI Standards 2018.

The Sustainability Report is produced once per year, and 2020 was its twelfth year of publication. The report is reviewed in summary by EY, and their limited assurance report can be found on page 161. The Sustainability Report covers the Parent Company and all wholly owned subsidiaries. Joint venture companies co-owned by Vasakronan are not covered, and are not considered to constitute a significant part of operations. Nor does the Sustainability Report cover operations controlled by individual tenants or suppliers.

Statutory Sustainability Report

The Sustainability Report has been prepared pursuant to the provisions in the Swedish Annual Accounts Act Chapter 6 Section 11 and encompasses pages 127–160, except for the description of the company’s business model (page 10) and risk management (pages 62–67).

Governance

Planning, governance and monitoring of sustainability efforts follow the organisational structure, with a clear delegation of responsibilities and authorisations via a management system consisting of policies, guidelines, general measurable targets and detailed action plans. Our work is also governed by guidelines and regulations including the UN’s Sustainable Development Goals (SDGs).

The business planning conducted every year creates clear, well-supported plans for how operations are to be pursued in all sections of the company. The plans formulate both short- and long-term financial, environmental and social goals. The business plan is thereafter monitored continually during the year. For more information about how we govern our operations, see pages 68–75 and 137–160.

Effect on the UN SDGs

Sustainable development is defined by the UN as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” In September 2015, UN member countries adopted the 2030 Agenda for Sustainable Development, a universal agenda with 17 goals for economically, socially and environmentally sustainable development. The purpose of the goals is to address poverty, peace and justice as well as inequality, and to solve the climate crisis by 2030.

Even if the goals are set on an international level, it is important for us as a company to analyse whether and how we can contribute to the goals. Operations have the largest positive impact on Goal 7 “Affordable and clean energy,” Goal 9 “Industry, innovation and infrastructure,” Goal 11 “Sustainable cities and communities” and Goal 12 “Responsible consumption and production.” Through our positive impact on these goals, our operations also contribute to Goal 13, “Climate Action.”

The challenges in operations connected to the 2030 Agenda goals include Goal 8 “Decent work and economic growth,” primarily related to work environment accidents and hazardous working conditions at our construction sites. For more detailed information about our efforts and which goals are relevant to our operations, see pages 137–160.



# Stakeholder dialogues

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**Stakeholder expectations**

Surveying and analysing stakeholder expectations for the operations is a prerequisite for creating sustainable value. Ongoing discussions are therefore conducted with our stakeholders.

In addition to these dialogues, in 2020 several in-depth interviews were held with selected representatives from our various stakeholder groups. The goal was to identify Vasakronan’s most important sustainability issues now and in the future, and to understand which issues our stakeholders weigh highly. The interviews also provided us with an understanding of what kind of information stakeholders want to see in our reporting.

Stakeholders were able to share which sustainability areas they think will have the largest strategic impact for Vasakronan in the next five years and which issues they think are the most important in terms of confidence. Their assessments were based on Vasakronan’s existing material sustainability areas, but respondents could also highlight other areas. Interviews also covered which trends stakeholders believe will have the largest impact on Vasakronan’s operations in the future.

Tenants	Suppliers	Lenders	Employees	Communities	Owners
We aim to be the preferred choice for tenants looking for office or retail premises	We set and follow up on requirements for our suppliers to jointly contribute to sustainable collaboration	We aim to always have access to financing on favourable terms and with low risk	We aim to be an employer that attracts skilled employees and new talents	We aim to actively contribute to society by collaborating with public and private organisations	We aim to generate returns for our owners, but never at the expense of people, the environment or society
EXPECTATIONS					
<ul style="list-style-type: none"><li>Long-term asset management that offers premises that provide good service and a good work environment</li><li>Collaboration aimed at minimising negative environmental impact</li><li>Low energy consumption in the buildings</li><li>Safety and security in and around properties</li><li>Biodiversity</li></ul>	<ul style="list-style-type: none"><li>Circular material use and selection</li><li>Specifier of requirements concerning the supplier's work conditions and work environment</li><li>Collaboration for greater sustainability</li></ul>	<ul style="list-style-type: none"><li>Long-term and stable financial management</li><li>Customer satisfaction</li><li>Climate change adaptation</li><li>Low energy consumption in the buildings</li></ul>	<ul style="list-style-type: none"><li>Responsible and ethical business practices</li><li>Stable, long-term employer that offers good employment terms</li><li>Good work environment</li><li>Engagement in local communities</li></ul>	<ul style="list-style-type: none"><li>Advocate more eco-system services in the planning phase and in the operations</li><li>Circular material use and selection</li><li>Transportation and emissions</li><li>Safety and security in and around properties</li><li>Diversity throughout the entire value chain/ contributing to integration</li><li>Biodiversity</li></ul>	<ul style="list-style-type: none"><li>A long-term stable yield where consideration is given to people, ethics and the environment</li><li>Transparent reporting</li><li>Diversity throughout the entire value chain/ contributing to integration</li><li>Biodiversity</li></ul>
DIALOGUE OPPORTUNITIES					
<ul style="list-style-type: none"><li>Customer meetings</li><li>Customer satisfaction survey</li><li>Customer service and ongoing dialogues regarding property management</li><li>Theme lectures</li></ul>	<ul style="list-style-type: none"><li>During procurement processes for suborder agreements, when placing orders and in meetings with suppliers</li><li>Regular reviews/audits</li><li>Contract meetings</li><li>Site visits</li></ul>	<ul style="list-style-type: none"><li>Individual meetings with banks and investors in the capital market</li><li>Financial statements</li><li>Capital market and investor presentations</li></ul>	<ul style="list-style-type: none"><li>Employee dialogue meetings</li><li>Employee survey</li><li>Workshops</li><li>Business planning</li></ul>	<ul style="list-style-type: none"><li>Attending and participating in meetings with stakeholders and industry organisations as well as other forums</li><li>Network meetings</li></ul>	<ul style="list-style-type: none"><li>Board meetings, one of which each year is a strategy meeting</li><li>Meeting with owner representatives for specific discussions on corporate governance</li></ul>





# Materiality review

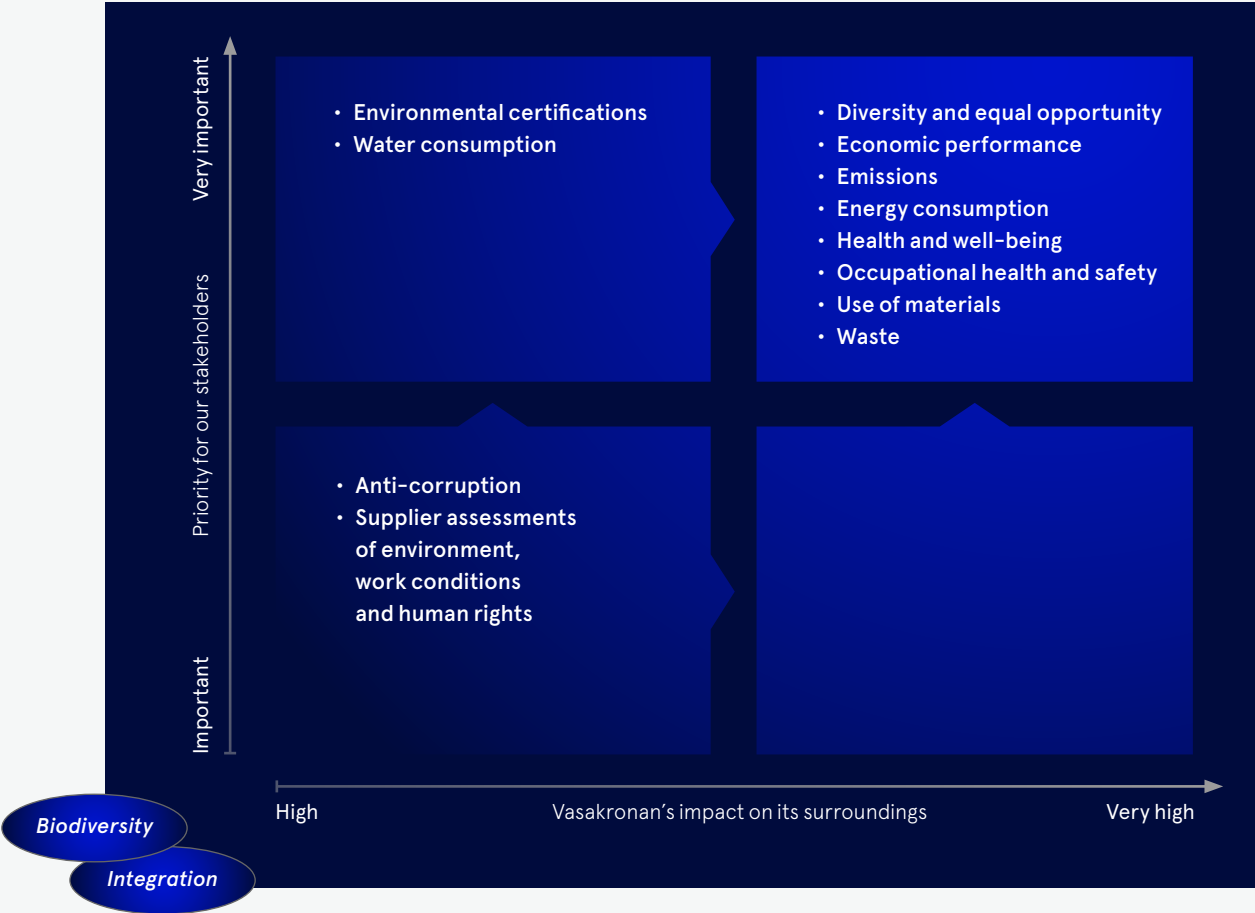
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**Significant sustainability areas**

Based on the stakeholders’ expectation inventory and on external trends monitoring, an internal prioritisation of which sustainability topics were considered the most material was performed. When setting priorities, Vasakronan took into account the actual impact on people, the environment, economy and society. Consideration was also given to Vasakronan’s vision and business strategy. Prioritised sustainability topics were then validated by Vasakronan’s Management Team. The areas on the right-hand side of the graph are the most important for Vasakronan and our stakeholders, according to our materiality review.

The in-depth stakeholder dialogues in 2020 revealed that the areas of “Biodiversity” and “Integration” had gained importance with our stakeholders and in our operating environment. They expect to receive information about how Vasakronan is supporting biodiversity during project development or developing new land. When it comes to integration, there is demand for insight into the societal responsibility Vasakronan takes in terms of diversity and the requirements we have for our value chain. That is why the ambition for 2021 is to work further with governance, boundaries, setting targets and follow-up in these two areas.

Stakeholders believe that “Safe work environments at suppliers” and “Anti-corruption” are important confidence factors, but less material in terms of actual impact. They therefore expect progress reports and regular updates on the number of accidents and any confirmed cases of corruption. Circular construction in our projects is another issue that stakeholders deemed a future matter of confidence, so they expect more information about this.





# Climate Report according to TCFD

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Vasakronan realised over ten years ago that the business needed to be reorganised and more consideration given to the environment and climate. Through enhancing energy efficiency in various ways, and the transition to renewable energy sources, since 2006 Vasakronan has reduced its direct greenhouse gas emissions from energy and air travel by around 90%. Work to reduce our climate impact has historically been a success factor, both driving and meeting demand from the market for climate-smart solutions. The reduction in energy consumption has also led to considerable improvements in net operating income, increased property values and an overall improvement in profitability. But in addition to reducing its impact on the climate, the company also adapts its operations to withstand a changed climate.

**TCFD**

The Task Force on Climate-related Financial Disclosures (TCFD) recommendations are directed both to companies and to investors. The aim is primarily to provide investors with information about the risks and possibilities that a transition to a society with lower carbon emissions and a changing climate entails. They are also intended to provide a description of the company’s governance and strategy regarding climate issues. This is the second year that the climate agenda has been described based on the TCFD recommendations. The aim is to follow them to the greatest extent possible. The goal of our reporting is to help stakeholders understand how the business will be affected by climate changes.

The TCFD’s recommendations are categorised into four areas: governance, strategy and risk management as well as key metrics and targets. Our report on how work is conducted in these four areas is given below. In relevant cases there are references to other parts of the Annual Report with more detailed information.

**Governance**

The Board of Directors establishes a strategic plan for the company every year. It includes a description of the sustainability strategy that is expected to form the basis for the operations and the long- and short-term environmental targets. A review of the company’s work to reduce the operational impact on the climate and to adapt operations to climate changes is also conducted at least once a year with the Board of Directors.

Stringent requirements from the owners (the First through Fourth Swedish national pension funds) mean that the return must be long-term stable and generated with consideration for people, the environment and society. They also expect climate issues to be an integrated part of operations. The progress report to owners is made through owner representatives on the Board of Directors as well as through ongoing dialogues with the sustainability departments at each Swedish national pension fund.

Responsibility for daily operations with climate issues such as planning, governance and monitoring follows the organisational structure, with a clear delegation of responsibilities and authorisations. Climate issues are included as part of the business plans developed for the underlying units as well as for the company as an entirety and include the targets set for both the

short and long term. The targets are monitored on a quarterly basis by management and the Board of Directors.

**Strategies**

Vasakronan is a long-term actor. It is therefore important that the company’s strategy also monitors areas that have a significant effect in the long run, including the climate. The strategic plan the Board of Directors develops every year includes the operating environment factors and trends that have the most impact on the company in the next five years and the strategies assessed as appropriate for the new conditions. One is the sustainability strategy, which entails that the company continues to set ambitious climate targets that affect the decisions taken across the entire value chain. Climate issues are also a central part of future investments. The existing portfolio will be continuously reviewed and adapted based on assessments of future climate changes.

Vasakronan supports Sweden’s national goal of becoming climate neutral by 2045. To strengthen competitiveness and remain profitable over the long term, Vasakronan decided that the company must be climate neutral across the entire value chain by 2030. To reach climate neutrality across the entire value chain, emissions related to construction and tenant use of premises need to be drastically reduced.

Business plans and long- and short-term targets are set so we know what to focus on in the coming year. In 2020, the climate issue has also been a particular focus area. The aim is for the climate to be an integral part of every decision taken. For more information about climate targets, refer to pages 15 and 173.



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To ensure that efforts to reduce our climate impact are sufficient and in line with the requirements specified by the Paris Agreement's goal to limit global warming to two degrees, we have engaged the Science Based Targets initiative (SBTi) to evaluate our climate targets. The SBTi is a collaboration between the World Wide Fund for Nature, the United Nations Global Compact, the Carbon Disclosure Project and the World Resources Institute. The objective is to ensure that the climate goals set by companies have a scientific basis. In December 2018, Vasakronan’s climate targets were approved by the SBTi, with the comment that they were well under those of the Paris Agreement.

**Risks and opportunities**

Efforts to identify, analyse, manage and follow up risks are prioritised at Vasakronan. Climate-related risks are also addressed. Risk efforts involve all units in the company and follow a structured process that starts with an inventory of existing and new risks. This includes conducting workshops and interviews with representatives from various parts of the organisation. The Management Team assesses the risks included in the inventory based on likelihood and impact. Material risks are then presented to the Audit Committee and the Board.

According to the TCFD’s recommendations, climate-related financial risks can be divided in two primary categories: transition risks and physical risks. Transition risks refers to the political, regulatory and technological risks that a transition to a society with lower carbon emissions can entail. The physical risks can be acute or chronic and include direct damage to assets or indirect damage to operations, for example interrup-

tions to the supply chain. For information about Vasakronan’s risk management and climate-related risks, see pages 62–67 as well as the “Transition risks” and “Physical risks” on this page and the table on pages 133–134.

**Scenario analysis**

Climate scenarios help us understand what our climate will look like in the future, depending on several global issues like politics, technology, the economic and changes in society. Transition risks and physical risks can be identified by analysing the possible effects different climate scenarios would have on operations. They are used to develop future strategies. This means preparing for financial, legislative and social development with low carbon emissions and to adapt to the physical effect of the changed climate on properties as well as on tenants’ and suppliers’ operations.

A scenario analysis carried out in 2019 investigated how Vasakronan would be affected up until 2100 using different climate scenarios. These were based on an RCP<sup>1)</sup> of 2.6, 4.5 and 8.5. An RCP of 2.6 is based on a strong climate policy to promote reduced emissions, negative emissions by 2100 and a global temperature increase of 0.5–1.5 degrees Celsius. An RCP of 8.5 is based instead on a weak climate policy with continued high emissions as a result and a global temperature increase of 3.5–5.0 degrees Celsius. The analysis identified the following risks and opportunities.

**Transition risks**

Vasakronan identified climate change as an important operating environment factor as early as ten years ago, thus comprehensive efforts have already been made to reduce several

transition risks, primarily in management activities. The company has already significantly reduced its energy consumption and carbon emissions from property management. Efforts to reduce emissions from construction project operations began a few years ago, and include greater use of wood and reused materials as construction materials. For more information about identified transition risks, refer to page 133.

**Physical risks**

The physical risks identified for Vasakronan’s portfolio are primarily flooding, rising sea levels and a damper climate with more heat waves. When the climate becomes warmer and damper, properties must still provide a comfortable indoor environment as well as avoiding flooding during extreme precipitation. Properties are therefore continuously evaluated in terms of technical performance and improvements are planned in conjunction with regular maintenance and renovations. Development projects ensure that the design and planning of properties takes into account the needs of today and of the coming decades.

In the lower temperature scenarios, the operations are not assessed as being impacted by any immediate risks that cannot be managed. However, we are convinced that our long-standing focus on implementing adaptation measures means that the operations will continue to develop positively despite climate changes.

In the scenario with the higher temperature intervals, however, there are risks that would have significant financial affects, primarily risks connected to permanent and drastic

1) RCP = representative concentration pathway for radiative forcing expressed in W/sq. m. High levels of greenhouse gasses lead to high levels of radiative forcing.





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changes in sea levels. That is why in 2020, Vasakronan investigated the potential physical risks for the property portfolio, primarily in Malmö and Gothenburg. Flooding risks due to extreme precipitation and proximity to watercourses were also analysed. Results of the study are now being integrated property by property into the different processes of operations, maintenance, property management, projects and portfolio planning.

The higher temperature intervals also entail indirect potentially significant effects on Vasakronan’s operations, such as more global conflicts, increased migration and shortages of food and raw material that would negatively affect us, our customers and our suppliers. These risks need to be recognised, but they are not the kind that Vasakronan can reduce on its own and they are therefore not presented in more detail in this report.

**Opportunities**

The transition to a low carbon dioxide society can also entail opportunities for operations. Using exclusively renewable energy, increasing the share of on-site produced electricity and improving energy efficiency reduces greenhouse gas emissions and operating expenses.

Project development entails an increased focus on material use and on increasing material recycling as well as reduced material costs. An increased focus on waste management will also have positive financial effects.

The measures that have been carried out so far to reduce climate impact have also had a clear contribution to profitability. The work has led to decreased energy costs and higher revenue due to increased demand in the rental market.

This has also entailed higher property values due to lower requirements for yields for buildings with low climate impact and lower financing costs. For the long term, the assessment is that demand for resilient buildings with a low carbon footprint will continue to increase and that Vasakronan’s portfolio can meet these expectations.

**Goals and measurements**

A summary of Vasakronan’s greenhouse gas emissions from 2016 to 2020 is in the sustainability disclosures 305-1 to 305-3 on pages 145–149. A description of the environmental targets set for 2020 can be found on page 173.

The table on pages 133–134 shows the financial impact the identified risks and opportunities could have on the income statement and balance sheet. We followed the TCFD’s recommendations for table 5 as far as possible. We are aware that there are several aspects of the financial impact of the risks and opportunities presented in the table. Work to further quantify these aspects is under way. For more information about how we measure, steer and monitor environmental data, see pages 140–154.

DEVELOPMENT ACQUISITION   OPERATION   TENANTS

**Climate targets 2020**

**DEVELOPMENT/ACQUISITION**

- Waste generated from project development activities must decrease
- Recycled material used in all projects

**OPERATION**

- Decrease purchased energy by 5%
- 65% of the buildings should have an energy intensity of less than 100 kWh/sq. m. and year
- At least 75 solar photovoltaic systems in operation
- We have completed at least three projects that have led to reduced power requirements

**TENANTS**

- Food waste collection offered at all properties

The image above shows the environmental targets for 2020. Read more about targets and target fulfilment on page 173.



TCFD table of climate risks and opportunities and their financial impact

Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
TRANSITION RISKS				
Higher energy costs due to raised taxes or other regulation	Costs	Total energy consumption in the form of heating, cooling and property electricity, GWh and SEK m/year.	Total energy consumption in the property portfolio for the year amounted to 214 GWh (249), equivalent to a cost of approximately SEK 265 million (277).	GRI 302-1, pages 142-143
	Costs	The effect on energy costs and operating surplus if energy prices increase SEK 1/kWh. Calculated based on consumption in 2020. Expressed in SEK m and percentage of operating surplus.	A price increase of SEK 1/kWh would entail an increased energy cost of SEK 214 million, the equivalent of 4% of the operating surplus for 2020.	GRI 302-1, pages 142-143
	Assets/liabilities	Investment in low-carbon alternatives. Expressed in SEK m/year.	In 2020, approximately SEK 69 million (60) was invested in low-carbon alternatives to reduce energy consumption in the portfolio.	-
Higher operating costs due to raised taxes or other emissions regulations	Costs	The effect on operating costs of a SEK 500/ton price increase for scope 1 and 2 emissions, Estimate is based on the assumption that the entire cost of emissions for the purchased energy will be charged to the buyer. Expressed in SEK m and percentage of operating surplus.	A SEK 500/ton price increase for scope 1 and 2 emissions would increase costs SEK 2.1 million, the equivalent of 0.04% of the operating surplus for 2020.	GRI 305, pages 145-149
	Costs	The effect of a price increase of SEK 500/ton on emissions from construction material. Estimate is based on the assumption that the entire cost of emissions for the material will be charged to the buyer. Expressed in SEK m and percentage of total project expenses for the year.	A price increase for scope 3 emissions from construction material would increase costs SEK 10 million, the equivalent of 0.2% of total project expenses for 2020.	GRI 305, pages 145-149
	Costs	Climate compensation paid, expressed in SEK m/year.	Vasakronan has voluntarily paid climate compensation for its remaining emissions for more than ten years. From 2020, all reported emissions from operations are compensated. Compensation for emissions from 2020 will be paid in 2021 and is estimated at SEK 2 million.	GRI 305, pages 145-149
Higher water costs due to greater investment needs in water and sewage networks	Costs	Total water consumption in the property portfolio and the effect of a 100% price increase for water on costs. Expressed in SEK m <sup>3</sup> /year and percentage of operating surplus.	Total water consumption the property portfolio amounted to 867,895 m <sup>3</sup> (1,109,087). A doubling of the price of water would entail an increase in water costs of approximately SEK 19 million, equivalent to 0.4% of the operating surplus in 2020.	GRI 303-5, page 144
PHYSICAL RISKS				
Properties will become permanently unusable due to rising sea levels. (Systematic physical risk)	Assets	The share of properties in areas with heightened risks for rising sea levels.	A survey of the property portfolio was carried out in 2020 that included rising sea levels. The result was that none of the properties were deemed at risk of flooding up until 2100. The assessment is therefore that there is no risk of any negative financial impact from permanently higher sea levels.	TCFD report, pages 131-132
Increased energy needs (primarily cooling) due to a warmer climate (Systematic physical risk)	Costs	The impact of a 100% increase in cooling needs on operating costs. The estimate is based on the outcome for cooling needs for 2019, since the outcome for 2020 was not deemed representative due to the Covid-19 pandemic. Expressed in SEK m and percentage of operating surplus.	The impact of a 100% increase in cooling needs entails increased costs of SEK 29 million, the equivalent of 0.6% of the operating surplus for 2020.	GRI 302-1, pages 142-143



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Risk/opportunity	Financial category	Unit of measure	Financial impact	Reference
<b>Properties becoming temporarily unusable due to increased precipitation or other temporary flooding</b> <i>(Acute physical risk)</i>	Income	Estimated loss in income due to properties becoming temporarily unusable. Based on the assumption that one percent of the property portfolio is damaged annually and that it leads to, on average, two weeks of lost income in the affected property portfolio. Expressed in SEK m and percentage of operating surplus.	Assuming that one percent of the property portfolio will be temporarily unusable, the loss of income is estimated at SEK 3 million per year, the equivalent of 0.05% of the operating surplus.	TCFD report, pages 132–133
	Costs	Estimated increase in maintenance costs due to properties becoming temporarily unusable and in need of repairs on an annual basis. Assuming that one percent of the property portfolio is damaged and that it would cost SEK 1,000/sq. m. to repair. Expressed in SEK m and percentage of operating surplus.	Assuming that one percent of the property portfolio will be temporarily unusable and need to be repaired, the maintenance costs would increase SEK 23 million per year, the equivalent of 0.45% of the operating surplus.	TCFD report, pages 132–133
OPPORTUNITIES				
<b>Increased own production of renewable energy</b>	Income	Income from sales of on-site produced renewable energy. Expressed in SEK m/year.	Income from sale of on-site produced renewable energy from solar photovoltaics amounted to SEK 0 million since the solar park built during the year has not yet gone into operation. In 2021, revenue from the solar park and from a minor energy surplus from other solar photovoltaic systems is expected to amount to approximately SEK 1.8 million.	GRI 302-1, pages 142–143
	Costs	Lower energy costs due to on-site produced renewable energy. Expressed in MWh of energy and SEK m/year.	In 2020, own-produced energy in the portfolio reduced the need for purchased energy by 3,700 MWh, the equivalent of cost savings of approximately SEK 3.7 million, the equivalent of 0.07% of the operating surplus.	GRI 302-1, pages 142–143
<b>Higher revenue from sustainable/certified properties</b>	Income	Rental revenue from environmentally certified properties. Assuming higher repurchase rates, higher occupancy rates and higher rent levels, altogether rental revenue would increase 1%. Expressed in SEK m and percentage of total rental revenue and operating surplus, respectively.	Rental revenue from environmentally certified properties amounted to SEK 6,294 million (6,350), representing 90% (90) of the total rental revenue. A 1% increase in rental revenue would entail an increase of SEK 63 million, equivalent of 1.2% of the operating surplus.	GRI CRE8, page 153
	Costs	The cost of certifying/recertifying properties, SEK m.	The new build Priorn in Malmö was certified in Malmö in 2020 and 15 existing properties were recertified at a total cost of approximately SEK 1 million.	GRI CRE8, page 153
<b>Higher valuations for environmentally certified properties</b>	Assets	Market value for environmentally certified properties in relation to market value for the entire property portfolio, at the balance-sheet date, per cent Expressed in SEK m and percentage of total market value on the closing date.	At the end of 2020, properties with a total market value of SEK 135,861 million (132,841) were environmentally certified, reflecting 84% (85%) of the total market value of the property portfolio.	GRI CRE8, page 153
<b>Lower material costs in construction projects due to increased share of reused material</b>	Costs	Estimated potential cost savings due to increased share of recycled material in construction projects, based on the assumption that material costs stand for 55% of the project expenses and that reused material costs 25–50% less than new material. Expressed in SEK m.	In 2020, the costs for material in finished projects were SEK 1,353 million. An increased reuse of materials in these construction projects would have an effect of approximately SEK 340–680 million on project expenses.	GRI 301, page 140
<b>Favourable financing for green assets</b>	Costs	Lower interest expense due to financing through the framework for green financing Expressed in SEK m.	It is currently difficult to estimate how much lower interest expenses are with financing through our green framework, but our assessment is that it leads to better access to financing and significantly lower interest expenses.	Impact Report for green financing, pages 162–169
	Assets	Assets that meet the criteria in the green framework. Expressed in SEK m.	At the end of 2020, assets in the green pool totalled SEK 53,776 million (33,318).	Impact Report for green financing, pages 162–169
	Liabilities	Total green bonds outstanding and other green debt instruments. Expressed in SEK m.	At the end of 2020, the volume outstanding of green bonds and other green debt instruments totalled SEK 34,905 million (25,763).	Impact Report for green financing, pages 162–169





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GENERAL GRI DISCLOSURES			
102-1	Name of the organisation	Cover	
102-2	Activities, brands, products, and services	3	
102-3	Location of headquarters	98	
102-4	Location of operations		Vasakronan only conducts operations in Sweden.
102-5	Ownership and legal form	3, 98	
102-6	Markets served	3, 38	
102-7	Scale of the organisation	36, 57–61, 81, 86, 102	
102-8	Information on employees and other workers	157–158	
102-9	Supply chain	154	
102-10	Significant changes to the organisation and its supply chain		No significant changes during the year.
102-11	Precautionary Principle or approach		The precautionary principle forms the basis of how environmental work is designed.
102-12	External initiatives	68	
102-13	Membership of associations	24	
102-14	Statement from senior decision-maker	5–8	
102-16	Values, principles, standards and norms of behaviour	10, 24	
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GRI Standard	Disclosure	Page	Comments
GENERAL GRI DISCLOSURES			
102-42	Identifying and selecting stakeholders	128	
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102-45	Entities included in the consolidated financial statements	72 116–117	
102-46	Defining report content and topic Boundaries	129	
102-47	List of material topics	129	
102-48	Restatements of information		No corrections have been made to previous reports.
102-49	Changes in reporting		No significant changes
102-50	Reporting period	179	
102-51	Date of most recent report		The report for 2019 was published in March 2020.
102-52	Reporting cycle		Published annually in connection with the release of the Annual Report.
102-53	Contact point for questions regarding the report		Anna Denell, Chief Sustainability Officer (CSO)
102-54	Claims of reporting in accordance with the GRI Standards	127	
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102-56	External assurance	127	
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Material topic	Disclosure	Page	Comments	UN SDGs
ECONOMIC TOPICS				
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Fiscal management <sup>1)</sup>	–		137	17
Economic performance	201-2	Financial implications and other risks and opportunities due to climate change	130–134 138	13
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	139	16
ENVIRONMENT				
Materials	301-1	Materials used by weight	20–21 25 140 173	3, 8, 12
Energy	302-1	Energy consumption within the organisation	20–21 142–143	7
	CRE1	Building energy intensity	173	
Water (2018)	303-1	Interactions with water as a shared resource	144, 173	6
	303-2	Management of water discharge-related impacts		
	303-3	Water withdrawal		
	303-5	Water consumption		
	CRE2	Building water intensity		
Emissions	305-1	Direct (scope 1) GHG emissions	16	11
	305-2	Energy indirect (scope 2) GHG emissions	21 145–149	12 13
	305-3	Other indirect (scope 3) GHG emissions	173	
	CRE3	Greenhouse gas emissions intensity from buildings		
Waste	306-2	Waste by type and disposal method	20 150–152 173	11 12
Product labelling, environment <sup>1)</sup>	CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	22 153	

Material topic	Disclosure	Page	Comments	UN SDGs
ENVIRONMENT				
Supplier environ-mental assessment	308-1	New suppliers that were screened using environmental criteria	24 154 173	3 7 8 11 12
SOCIAL				
Occupational health and safety (2018)	403-1	Occupational health and safety management system	23–24 155–156	3 8
	403-2	Hazard identification, risk assessment, and incident investigation	174	
	403-3	Occupational health services		
	403-4	Worker participation, consul-tation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9	Work-related injuries		
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	78–79 157–158 174	5 8 10
Supplier social assessment	414-1	New suppliers that were screened using social criteria	24 159 174	3 5 8
Customer health and safety	416-A	Measures taken to maintain a high level of safety and security in and around properties	23 160 174	5 10 11 16

1) Areas that have not been prioritised in the materiality review but are still deemed important to report based on stakeholder expectations



# Financial responsibility

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## 201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The task from our owners is to deliver a high and stable, long-term return. A return that will benefit Sweden’s current and future pensioners. That is why it is important for us to take financial responsibility for our operations and to have stable, sound finances. It is also important to be able to continue to provide work for our employees and suppliers, to meet the expectations of our financiers and to meet other financial expectations from our stakeholders.

### Boundaries

The reporting only covers the economic value created at Vasakronan. The value is impacted partly by factors that Vasakronan controls but also by external factors such as the state of the market and interest rates, as well as our owners’ decisions about the distribution of the dividend.

### Responsibility and monitoring

Vasakronan’s CEO and Management Team have overall responsibility for steering operations toward the financial targets. The outcome is monitored on a quarterly basis in connection with interim reports and through internal steering parameters established for the operations.

### Governance and objectives

The overall financial objective is a return that, in relation to risk, is greater than the return our owners could obtain from other comparable investment alternatives. The overall financial objective is a total yield of at least 6.5% per year. In addition, the total yield must be at least 0.5 percentage points higher than the outcome for the rest of the industry, measured as the average according to the MSCI Swedish Property Index (excluding Vasakronan). The average outcome is evaluated over rolling ten-year periods, together with monitoring and analysis of the outcome for each individual year. In addition, a number of key financial indicators are set for the coming year. These are monitored on a quarterly basis in connection with internal review and in

the quarterly reports to the Board of Directors. For more information, refer to page 172.

To succeed at the task of a high level of return and long-term revenue, close customer relationships are a must. That is why customer satisfaction is regularly monitored through meetings and questionnaires.

### Outcome

The economic value created during the year totalled SEK 13.4 billion (24.8) and comprised rental revenue, investments and changes in the values of properties. Detailed information can be found in the company’s financial reports on pages 80–96. The latest survey was conducted at the beginning of 2021, where the outcome was a score of 77 (77) for offices and 73 (76) for retail. The scale of the survey is from 1 to 100, where a score of at least 80 corresponds to a grade of Very good. The table to the right shows economic value distributed. The dividend to the owners is also to be regarded as a value to the public. The remaining value totalled SEK 1.6 billion (12.5).

### Taxes

Tax is a statutory expense in our operations that affects the return, and at the same time it is also a responsibility issue that can impact the company’s reputation and standing. The Board of Directors has overall responsibility for managing taxes. The Board of Directors has established a tax policy to ensure tax issues are managed in alignment with fulfilling the requirement of achieving a high return, and of the company meeting the requirements set for being a responsible social actor. For more information on the company’s tax policy, visit [www.vasakronan.se](http://www.vasakronan.se).

Vasakronan’s operations are conducted only in Sweden. Country-by-country reporting of taxes paid is therefore not applicable. Vasakronan is not currently the subject of any tax cases. More information about recorded taxes can be found on pages 106–107.

## Economic value distributed

SEK m	2020	2019
<b>Directly generated value</b>		
Income	7,006	7,040
Value changes	1,083	13,270
Investments	5,314	4,440
<b>Directly generated value, total</b>	<b>13,403</b>	<b>24,750</b>
<b>Economic value distributed</b>		
Employees	225	228
Lenders	1,271	1,238
Public sector <sup>1</sup>	1,358	1,635
– of which property tax	652	655
Suppliers	5,972	5,134
Owners	3,000	4,000
Contribution to society <sup>2</sup>	1	1
<b>Total value distributed</b>	<b>11,827</b>	<b>12,235</b>
<b>Economic value retained</b>	<b>1,576</b>	<b>12,515</b>

1) The “Public sector” item includes property tax, ground rent and VAT.  
2) The two largest contributions in 2020 were made to Löparakademin and Mitt Liv, totalling SEK 750,000 (650,000).

### Contribution to the UN SDGs

Through partnerships with different volunteer organisations and supporting their activities with donations, we are contributing to Goal 17 and its target 17.17, “Encourage and promote effective partnerships.”







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201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Climate change is the most pressing issue of our time and entails both risks and opportunities for operations. It is becoming increasingly clear that society needs a comprehensive transition to lower carbon emissions and this can impact on the company’s financial position.

Boundaries

The report covers the financial impact that climate change can have on Vasakronan’s financial performance and position.

Responsibility and monitoring

Efforts to identify, analyse, manage and follow up risks are prioritised at Vasakronan. Climate-related risks are also addressed. Risk efforts involve all units in the company and follow a structured process that starts with an inventory of existing and new risks. The Management Team thereafter assesses the inventoried risks and material risks are then presented to the Audit Committee and the Board. Risks are then broken down to unit level and business plans are coordinated across all levels. The financial impact of climate risks and opportunities is assessed when preparing the annual TCFD report and is presented in the table in the TCFD report on pages 133–134.

Governance

The Board of Directors establishes a strategic plan for the company every year. The strategic plan includes a description of the sustainability strategy that is expected to form the basis for the operations. This also includes long- and short-term environmental targets. A review of the company’s work to reduce the operational impact on the climate and to adapt operations to climate changes is also conducted at least once a year with the Board of Directors. The climate was a specially prioritised issue in operations during 2020. The aim is for the climate to be an integral part of every decision taken.

Targets

Climate issues are included as part of the business plans developed for the underlying units as well as for the company as an entirety and include the targets set for both the short and long term.

To ensure that efforts to reduce our climate impact are sufficient and in line with the requirements specified by the Paris Agreement’s goal to limit global warming to two degrees, we have engaged the SBTi to evaluate our climate targets. The goal is to ensure that the climate targets set by companies have a scientific basis. In December 2018, Vasakronan’s climate targets were approved by the SBTi, with the comment that they were well under those of the Paris Agreement. For more information about our climate targets, refer to page 173.

Reporting policies

The reporting policies applied when assessing the financial impact of climate risks and opportunities are included in the table on pages 133–134 in our TCFD report.

Outcome

Vasakronan identified climate change as an important operating environment factor over ten years ago and comprehensive efforts have already been made to reduce several transition risks. The company has already significantly reduced carbon emissions from property management. Efforts to reduce emissions from project operations, including using wood as a construction material, also began a few years ago.

The physical risks identified for Vasakronan’s portfolio are primarily flooding, rising sea levels and a damper climate with more heat waves. Properties are therefore continuously evaluated in terms of technical performance and improvements are planned in conjunction with regular maintenance and renovations. Development projects ensure that the design and planning of properties takes into account the needs of today and of the coming decades. In 2020 Vasakronan investigated the potential physical risks for the property portfolio, primarily in Malmö and Gothenburg, with a focus on rising sea levels. Flooding risks due to extreme precipitation and proximity to watercourses were also analysed.

The transition to a low carbon dioxide society can also entail opportunities for operations. By only using renewable energy, increasing the share of own-produced electricity and improving energy efficiency, greenhouse gas emissions and operating expenses are reduced.

An assessment of the financial impact of climate risks and opportunities has been compiled in the table on pages 133–134 in our TCFD report.

Contribution to the UN SDGs

By reducing the negative impact climate change has on our operations, we contribute to achieving Goal 13 and its target 13.1, “Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries” and target 13.3, “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.”





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205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

Corruption in the Swedish property and construction industries is regarded as being widespread and extensive. We must therefore have a process that eliminates the risk of corruption and other improprieties in all situations.

Boundaries

The anti-corruption work pertains firstly to our efforts to prevent corruption within the company, but we also set requirements on our suppliers having a systematic process to counteract corruption in their operations.

Responsibility and monitoring

The efforts toward counteracting corruption and bribery are being led by the company’s General Counsel in the capacity of Compliance Officer. Infringements are not acceptable and may result in disciplinary measures, termination or legal proceedings. Any suspicions of corruption or other improprieties are reported to the Board of Directors annually. Company employees, suppliers and customers also have the option of turning to an external whistle-blower function. Interaktiv Säkerhet is Vasakronan’s external whistle-blower function. The company acts as a representative for Vasakronan and guarantees the anonymity of the person notifying. Information about how to contact the whistle-blower function is available on Vasakronan’s website.

Governance

Operating activities in the company are governed by policies and guidelines for areas including anti-corruption and purchasing. Our policies, routines and training work together with our Code of Conduct for employees and suppliers to counteract all forms of corruption and improprieties. All of Vasakronan’s employees and suppliers are expected to comply with the internal regulations as well as with applicable laws. All employee-related policies are available on the intranet, and the organisation is monitored continually to ensure compliance.

Target

The goal is zero tolerance for all forms of corruption.

Reporting policies

The Compliance Officer in the company compiles submissions that come in to senior executives, the Compliance Officer or the external whistle-blower function.

Outcome

No suspicions of corruption were reported in any of the company’s channels in 2020.

Contribution to the UN SDGs

By striving to keep all of our business relationships free from corruption, we are contributing to Goal 16 and its target 16.5, “Substantially reduce corruption and bribery in all their forms.”





# Environmental responsibility

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## 301-1 MATERIALS USED BY WEIGHT

Large amounts of materials are used in new construction, redevelopment and leasehold improvements of properties. The materials used in projects give rise to major environmental impact when they are extracted and produced, and in addition they generate considerable transportation needs. That is why it is important to reduce the amount of material used and to use renewable raw materials, and recycled or reused material to much greater extents. Information about the quantity and type of material used needs to be reported to give a fair and accurate overview of the actual climate impact of the company and of individual projects. In addition, we need to ensure that the materials used do not contain hazardous substances that are spread into indoor environments in our buildings or into the environment outside our buildings.

**Boundaries**

The reporting covers the material used in new construction and redevelopment projects, as well as leasehold improvements. Material used in property operation and maintenance has been deemed less important in terms of volume. Moreover, the time invested in collecting material data has been assessed as relatively substantial compared to the quantity of material actually used in the above types of project. The materials Vasakronan purchases and uses, such as office and consumables, have been deemed to be without significance in relation to the impact of construction material.

The impact and responsibility for collecting information about the material used lies primarily with our suppliers, since they are the ones purchasing and using the materials when they perform construction and installation services for us. However, we have the opportunity to make a difference through the projects we carry out, how they are designed and the type of material specified.

**Responsibility and monitoring**

Project Development in Stockholm and the Regional SVPs in Gothenburg, Malmö and Uppsala are responsible for the materials used in project development. This responsibility covers which projects are carried out, the amount and type of material used and for using the Byggarubedömningen system in all projects.

The type and amount of materials used is monitored during each project and is reported when the project is completed. Weight of material used in total and per square metre, the proportion of renewable raw materials, and the proportion of recycled or reused material are then all compiled. The share of material that is environmentally certified is also followed up. Annual targets are monitored through quarterly reports to the Board of Directors and to The Management Team.

**Governance**

The materials used in development projects is governed by the “Miljöprogram för projekt” (Environmental Programme for Development Projects), an internal policy document. All architects, planners and contractors are to comply with the Environmental Programme, which states that we must use materials efficiently and prioritise materials that are possible to reuse or recycle. It should also be possible to reuse or recycle material when it is no longer needed. Buildings and premises are to be designed proactively and as flexibly as possible to reduce the need for future redevelopment. The chosen environmental certification of the project also steers towards reduced use of materials and a larger proportion of reused and recycled material as well as to larger shares of materials from local sources.

The Environmental Programme also prescribes using the Byggarubedömningen system for selecting and documenting construction materials. That is checked both through internal audits and supplier audits. Using the Byggarubedömningen system is also required in the majority of leases, which is important since tenants sometimes renovate under their own management.

**Target**

A goal was set for 2020 for reused material to be used in all projects. For information on objectives and target fulfilment, refer to page 173.

**Reporting policies**

All major new construction and redevelopment projects are required to report all of the material used by weight. There also needs to be information about whether the material is manufactured from recycled or renewable raw material and if it is environmentally certified. Information is submitted to a central monitoring unit at the end of the project.

There are currently no reporting requirements for other projects in terms of actual materials. Actual amounts from various reference projects are therefore used to estimate how much of these materials are used. The aim is for smaller projects to also report their material usage as their administration becomes increasingly digitalised.





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**Outcome**

Projects completed during the year include the Celsius and Priorn new construction projects in Uppsala and Malmö, respectively, as well as the redevelopment projects Styrpinnen and Nöten in Stockholm. Leasehold improvements with a total area of 171,000 square metres were also completed. Material used in all of these projects totalled nearly 50,000 tons.

The use of materials in Celsius, Styrpinnen and Nöten was based on actual measurements taken over the course of the entire project. The use, for example, of concrete, rebar, steel and wood is based on the actual amounts reported. New construction of Priorn in Malmö began after Vasakronan set requirements for material reporting, meaning that an estimate of the material used has been made using actual measurements from previous new construction projects.

The total material used for Celsius in Uppsala was 953 kg/sq. m., compared with 1,018 kg/sq. m. and 1,124 kg/sq. m. for the new builds Hubben and Hilton, which were completed in 2017 and 2019, respectively. The share of renewable material in Celsius was 1%, compared with 2% in Hubben and 3% in Hilton. The share of recycled material was 13%. This is somewhat higher than the level of 8% reported for Hubben. Hilton lacks information about the share of recycled material. No reused material was used in the project.

The amount of material used in the redevelopment project totalled approximately 14,700 tons, representing an average of 362 kg/sq. m. Of the material used, around 4% consisted of renewable raw material and 4% of reused or recyclable material.

Material use in leasehold improvements totalled approximately 3,300 tons for the year, equivalent to 19 kg/sq. m. There are no comparison figures because this is the first year an estimate of the amount of material used in leasehold improvements was made based on reference projects with actual measurements.

In 2020, the amount of reused materials in leasehold improvements was 117 tons (62).

The audits conducted during the year show that the Byggsvarubedömningen system was used in all major projects.

**Contribution to the UN SDGs**

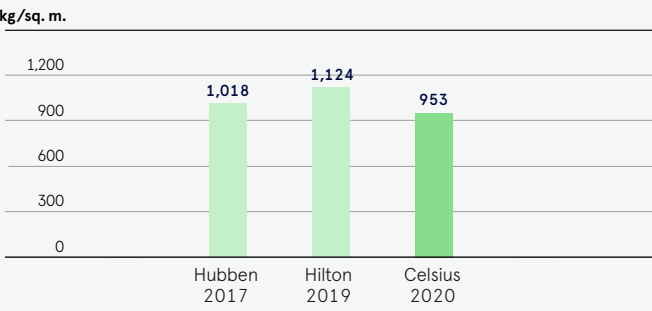
By reducing the risk of construction material containing substances that are hazardous to people’s health or to the ecosystem, we are contributing to Goal 3 and its target 3.9, “Substantially reduce the number of deaths and illnesses from hazardous chemicals and contamination.”

By reducing the amount of material, and using renewable, recycled or reused material to greater extents, we are contributing to reaching Goal 8 and its target 8.4, “Improve global resource efficiency in consumption and production.”

We are also contributing to reaching Goal 12 and its targets 12.1, “Implement the 10-year framework of programmes on sustainable consumption and production,” 12.2 “Sustainable management and efficient use of natural resources” and 12.4 “Environmentally sound management of chemicals and all wastes.”

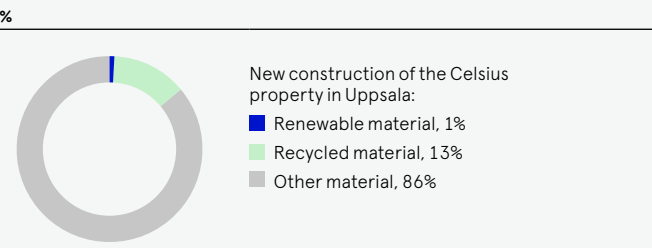


Material quantities in new construction projects



The amount of material used in Celsius was 953 kg/sq. m., which is somewhat lower than the amount used in previous new construction projects.

The share of renewable and recycled material



The above outcome pertains to the new build Celsius, which was finished during the year.



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302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION    CRE1 BUILDING ENERGY INTENSITY

The property sector accounts for just over 30% of society’s energy consumption. Therefore, Vasakronan’s efforts to decrease energy consumption and only use renewable energy is an important environmental issue. Low energy consumption is also a prerequisite for buildings attaining environmental certification with high ratings. This is something that many tenants ask for and a precondition for green financing. It also means less energy consumption and lowered operating expenses.

Boundaries

As a property owner, Vasakronan can impact the energy consumption in properties, for example through the investments made in HVAC-systems and in the building envelope of the properties. But tenants also ultimately affect how much energy is used. It depends on the type of operation they conduct and their preferences as regards indoor climate, for example.

The reporting covers energy consumption from the whole portfolio of properties, and fuel used in vehicles owned by Vasakronan. Only landlord-related energy consumption is reported (i.e. energy consumption related to heating, air conditioning and the building’s electrical needs). Tenants’ own energy consumption is also reported, but separately from the information given for the company’s energy intensity. scope 3 calculations require information about the tenants’ own energy consumption.

The amount of on-site produced energy from solar photovoltaics owned by Vasakronan is also reported.

Responsibility and monitoring

The technical organisation is responsible for the energy consumption of the existing buildings, choice of energy source and installing solar photovoltaics on existing properties. Project Development in Stockholm and the Regional SVPs in Gothenburg, Malmö and Uppsala are responsible for the future energy consumption in our development properties.

Energy consumption and the share of own-produced electricity is monitored on a monthly basis at the property, regional, and company level by an energy monitoring system in which all the values measured are recorded and processed. Energy consumption for new construction and major redevelopment projects is monitored against calculated values in connection with a project being finalised and being put into operation.

Governance

The energy efforts are governed by the company’s energy strategy and environmental policy. The energy strategy is aimed at reducing energy needs in buildings, shifting when needs arise if possible, increasing on-site produced electricity and storing energy in our buildings.

For major new construction projects, the internal requirement is to come in at least 25% under the BBR requirements (National Board of Housing, Building and Planning’s regulations for new construction). For major renovations not covered by the BBR requirements, the aim is to halve energy consumption compared with what it was prior to the renovation.

Reducing energy consumption in existing buildings also requires close collaboration with our tenants. Since 2017, there is a clause in all leases that entails collaboration with tenants around reduced energy consumption and mutual reporting of energy data. This also requires tenants to procure renewable energy if tenants have their own energy supply contracts.

Vasakronan only purchases electricity from renewable resources (hydro and wind power), and in all our agreements with suppliers of district heating and district cooling there are requirements for renewable and/or climate neutral energy.

Target

Ahead of 2020, a target was set to reduce purchased energy by 5%, which corresponds to a maximum energy intensity of 87 kWh/sq. m. by the end of the year. We also set a target to increase the number of solar photovoltaic systems to 75 and to conduct at least three projects to reduce energy needs. The outcome and comments on the targets are available under “outcome” on page 173.

Reporting policies

Reported amounts of energy are based on actually measured values, with exceptions for part of the tenant energy. In some properties, we deliver tenant energy. In these cases, reporting is based on actual measurements and the tenant is billed for the energy consumed. In the rest of the property portfolio, tenants have their own electricity contracts and so we often lack actual measured data. However, we have been able to access this data at the property level from grid operators for the past couple of years, though this data was not yet available at the time of publication. It was therefore calculated using an average from properties where energy consumption was actually measured.

Reported amounts of energy are not adjusted to the level of a normal year, except in energy intensity data that is based on adjusted values.



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Outcome

In 2020, energy intensity was 83 kWh/sq. m. (92), compared to the target of a maximum of 87 kWh/sq. m. The improvement is explained, inter alia, by measures taken to enhance energy efficiency, for example increased possibilities for optimisation due to improved control systems. Energy consumption has also decreased due to fewer people in buildings due to the pandemic.

Vehicle fuel used during the year amounted to 0 GWh (0.01), since all service vehicles are now electric vehicles. Fuel consumption for vehicles is not included in energy intensity data, but in the climate calculations (scope 1). Tenants’ own energy consumption is not included in energy intensity, but is included in the climate impact reporting (scope 3). For definitions of energy intensity and temperate area, refer to page 178.

In 2020, an additional 8 solar photovoltaic systems (9) were put into operation in the property portfolio; in total, 3,749 MWh (3,211) of electrical energy was produced from our solar photovoltaic systems, which means that 5% (4) of energy needs were covered by own

production. At the end of the year, 71 (63) solar photovoltaic systems were in operation. The installations are located throughout the entire property portfolio; Stockholm has the most with 29 installations followed by Uppsala with 23, Malmö with 11 and Gothenburg with 8. Last December, the first solar park was finished in Fyrislund in Uppsala. It will deliver an estimated 4,000 MWh of electricity every year to Uppsala’s grid, more than doubling Vasakronan’s on-site production of electricity.

Contribution to the UN SDGs

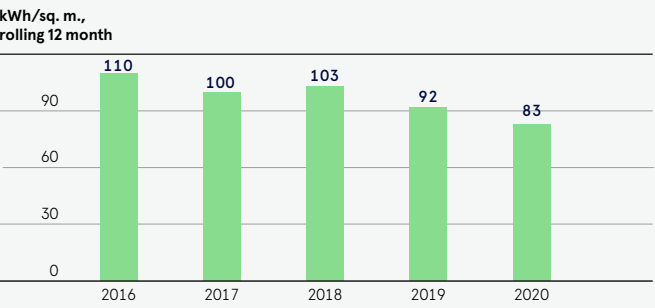
By reducing energy consumption and transitioning to renewable energy sources we are contributing to Goal 7 and its target 7.2, “By 2030, increase substantially the share of renewable energy in the global energy mix” and 7.3, “By 2030, double the global rate of improvement in energy efficiency.”



Energy consumption

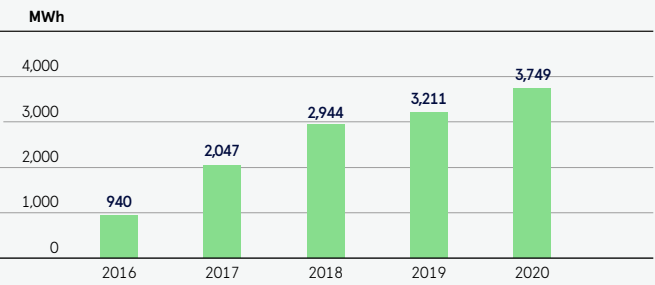
GWh	2020	2019
Cooling	29.2	34.1
Landlord electricity	73.4	78.9
Heating	111.3	135.6
Vehicle fuel consumption	–	0.0
<b>Total</b>	<b>213.9</b>	<b>248.6</b>

Energy intensity



In 2020, energy intensity averaged 83 kWh/sq. m.

On-site produced electricity



A total of 3,749 MWh of electricity was produced from solar photovoltaic systems during the year.





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303 WATER AND EFFLUENTS 303-5 WATER CONSUMPTION CRE2 BUILDING WATER INTENSITY

Water consumption is an important issue from a global perspective. Over the last few years, even in Sweden, access to drinking water has been restricted in certain locations, including Uppsala where Vasakronan owns properties. Even though a shortage has only arisen in one of the locations where we operate, we are working continually on monitoring and on cost-efficient measures to reduce water consumption. Low water use is a prerequisite for environmentally certifying buildings with high ratings and helping reduce operating expenses.

Boundaries

As a property owner, we have a great opportunity to impact the amount of water used in our buildings, since we are the ones who decide and make investments in technical systems. Our tenants also have a great deal of impact on water consumption through the type of operations they conduct and how they choose to use the premises.

The reporting covers water use in all properties. It does not cover any water use where tenants have their own water supply contracts or water use at our construction sites.

Responsibility and monitoring

The technical organisation has primary responsibility for the water use of the existing properties. Project Development in Stockholm and the regions are responsible for designing all new construction and redevelopment so that their water use is low. Water efficient equipment is selected during planning — low flush lavatories and low flow fixtures, for example. Any landscaping adjacent to the buildings is planned to reduce the need for irrigation. Water use is monitored on a monthly basis at the property, regional, and company level via an operations monitoring system in which all the values measured are recorded and processed.

Governance

Water use is governed by the company’s environmental policy, and is included as a requirement in environmental certification of buildings. Vasakronan uses municipal water from each municipality. Water suppliers and drinking water sources for each region are presented in the table to the right.

Target

Ahead of 2020, a target was set to reduce water intensity by at least 2% compared with 2019. For more information on objectives and target fulfilment, refer to page 173.

Reporting policies

Reported quantities for water are based on actually measured values without any normalising.

Outcome

The total amount of water consumed during 2020 amounted to 867,895 cubic metres (1,109,087), equivalent to a water intensity of 0.37 m3/sq. m. per year (0.48). The reduction is primarily explained by reduced consumption at premises due to the pandemic.

Contribution to the UN SDGs

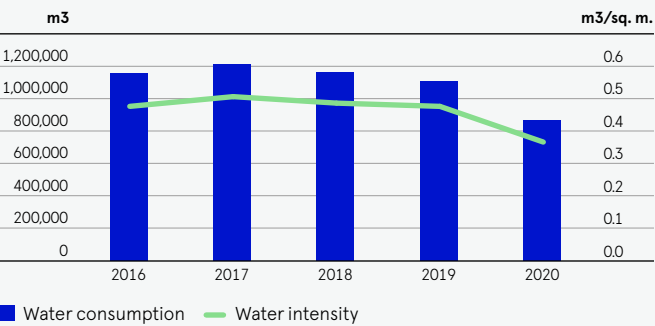
By reducing the water consumption we are contributing to Goal 6 and its target 6.4, “By 2030, substantially increase water-use efficiency across all sectors”



Water suppliers and sources

Region	Water suppliers	Water sources
Stockholm	Stockholm vatten och avfall/ Norrvatten/Sundbyberg avfall & vatten	Surface water
Gothenburg	Gothenburg water and sewage	Surface water
Malmö	VA Syd	Surface water and ground water
Uppsala	Uppsala vatten och avfall	Ground water

Water consumption across the entire property portfolio





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305-1 – 305-3 DIRECT, INDIRECT AND OTHER INDIRECT GHG EMISSIONS    CRE3 GREENHOUSE GAS EMISSIONS INTENSITY FROM BUILDINGS

The construction and property sector accounts for 20% of all greenhouse gas emissions in society, through both emissions connected to construction and those generated by energy consumption in buildings. Reducing our emissions is important for several reasons, including to reduce the risk of increased construction and energy costs due to the increased prices of carbon emissions.

**Boundaries**

Climate impact within our own organisation (scope 1) is marginal since we do not have central heating boilers in the buildings and since all of the service vehicles in operation are electric vehicles. Indirect emissions due to energy consumption (scope 2) can still be affected to a large extent by how high the energy consumption is in our properties and by the kind of energy we choose. The largest amount of emissions generated by our operations are scope 3, outside the organisation. Upstream emissions arise primarily from material use, waste and transportation in construction projects. Downstream emissions arise when tenants use our premises. Another source of emissions outside the organisation are different kinds of business trips by car, train or air.

The report includes all emissions from the organisation as well as those from outside the organisation that are the most significant in terms of size and potential impact.

**Responsibility and monitoring**

Responsibility for emissions is based on responsibility for the materials used, energy consumption and waste, information for which is given under each indicator in this Sustainability Report. In addition, the Management Team is responsible for creating the conditions and guidelines for reducing emissions from employees’ business travel and commutes.

Monitoring of greenhouse gas emissions is conducted every year under the GHG protocol, and in 2020 the greenhouse gas report was prepared by the consultants 2050 AB.

**Governance**

Efforts to reduce the company’s emissions are mainly governed through systematic work to reduce our material and energy consumption, waste from our tenants and our own construction waste. For more information about governance, refer to each indicator in this Sustainability Report.

**Target**

In 2019 Vasakronan developed a new long-term climate target summarised in the 2030 Road Map. The goal is for the company to be climate neutral throughout the entire value chain by 2030. Because our impact on the climate largely depends on how successful we are at reducing our energy consumption, material use and waste volume, targets were set in all of these areas. For information about the targets that were set in these areas, see each indicator.

In 2018, we analysed our climate targets at the time in accordance with Science Based Targets initiative. The analysis showed that our targets are well below the level we need to reach by 2030, if our operations are to be deemed in line with the requirements of the Paris Agreement.

**Reporting policies**

Vasakronan has been reporting its greenhouse gas emissions since 2006, which is the base-line year for our reporting. The information reported for 2006 is only scopes 1 and 2 and air travel, and only carbon emissions.

Over the past few years, a gradual improvement of data — as well as amended accounting principles — have led to an increase in the scope of which emissions are included in the reporting. Emissions from waste, material used and transportation in construction projects have been reported since 2014, and tenant energy use has been included in emissions reporting since 2015. Since 2012, the reports relate not only to emissions of carbon dioxide but to all greenhouse gases that impact the climate.

In scope 3, part of the report is based on actual data and part on estimated values. For more information, see the table on pages 148–149. The emissions from waste, transportation and material use in major new construction and redevelopment projects includes construction projects that were completed during the year.

When applicable, emissions are reported using both the market-based (MB) and location-based (LB) methods.



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**Outcome**

Total greenhouse gas emissions from 2006 and 2016–2020 are given in the table on page 147.

During the year, scope 1 and scope 2 emissions decreased 9% (13). The largest decreases took place in the categories of district heating and electricity. This is largely due to decreased heat and energy use, though the proportion of property electricity not purchased via Vasakronan has also decreased.

In 2020, scope 3 emissions totalled 41,957 tons (42,505). The largest portion of emissions comes from material use in construction projects and tenant energy use. Emissions from waste and transportation in construction projects increased during the year because more projects were completed in 2020 compared to the previous year. Emissions from business trips and commutes decreased in 2020 due to the Covid-19 pandemic.

In 2020, Vasakronan compensated for scope 1 and 2 emissions as well as parts of scope 3 emissions from 2019 (1,407 tons) by purchasing Gold Standard-certified Verified Emission Reductions in the form of shares in a biogas production project in India.

From 2021, Vasakronan will climate compensate for all of the emissions reported in the table on page 147, excluding those already compensated for by our energy suppliers. One third of the emissions are compensated for by purchasing shares in compensation projects, another third through planting trees on our own properties and one third in research and development to reduce emissions from the construction and property sector. At the time of publication, compensation had not yet been made. It will be reported in next year’s Sustainability Report.

We are aware that only the first method is generally accepted as climate compensation, but since most of the emissions we are compensating for are scope 3 emissions and because all compensation is voluntary, we feel we can take some liberties with our selections. To reach our goal of climate neutrality by 2030, all of our remaining emissions need to be fully compensated with some kind of “carbon removal” compensation. We intend to transition to this kind of compensation credit as it becomes more available in the market up until 2030.

**Contribution to the UN SDGs**

By reducing the climate impact of the entire value chain, we are contributing to Goal 11 and its target 11.6, “Reduce the adverse per capita environmental impact of cities.” We are also contributing to Goal 12 and its targets 12.2, “Sustainable management and efficient use of natural resources” and 12.4 “Environmentally sound management of chemicals and all wastes.” We also contribute to Goal 13, “Climate Action,” and its target 13.3, “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.”







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	Base year 2006	2016	2017	2018	2019	2020	Comments	All amounts in the table above refer to tons of GHG, if not otherwise stated.
SCOPE 1								
Oil	3,335	0	0	0	0	0		
Own vehicles	–	21	20	22	11	0	All fossil-dependent vehicles were phased out in 2019. From 2020 Vasakronan only owns electric vehicles.	
Refrigerants	–	280	256	215	170	317	Increased amounts of refrigerants were refilled in cooling equipment during 2020.	
Total scope 1	3,335	301	276	237	181	317		
SCOPE 2								
District heating (Market based)	25,740	4,369	7,175	4,868	4,272	3,838	Heating use decreased 18% between 2020 and 2019. Read more on page 143.	
District heating (Location based)	–	8,521	9,787	10,270	8,867	7,254		
District cooling (Market based)	606	121	4	6	7	10		
District cooling (Location based)	–	583	142	194	191	213		
Electricity (Market based)	30	415	314	164	127	0	Energy use decreased 7% between 2020 and 2019. Read more on page 143.	
Electricity (Location based)	–	7,695	5,742	5,181	4,838	4,392		
Total scope 2 (Market based)	26,376	4,905	7,493	5,038	4,406	3,848		
SCOPE 3, Upstream								
Materials in construction projects	–	30,175	37,602	28,055	26,312	19,254	The decrease is primarily explained by a larger share of reported emissions based on actual data and not estimated values.	
Production and distribution of fuels (in scopes 1 and 2)	–	1,460	868	927	877	973	The increase was primarily due to higher emissions factors for hydro power.	
Transportation in construction projects	–	1,013	596	393	547	1,235	The increase is primarily explained by several construction projects wrapping up in 2020.	
Waste from construction projects	–	1,157	1,795	1,329	1,104	6,342	The increase is primarily explained by several construction projects wrapping up in 2020.	
Business trips (train, taxi, flights, hotels, service vehicles and private vehicles used for business)	606	147	150	224	132	36	Reduced number of business trips due to the pandemic.	
– of which flights	303	118	130	206	121	23	Reduced number of business trips due to the pandemic.	
Commutes	–	157	159	118	90	25	Reduced commutes due to working from home during the pandemic.	
SCOPE 3, Downstream								
Tenant energy use	–	24,830	25,294	19,472	12,155	12,906	Increases due to higher emissions factors for electricity from 2019 to 2020. Tenants’ energy use decreased during 2020 and the number of tenants who chose to purchase green energy increased.	
Waste from our tenants’ operations	–	1,727	1,840	1,649	1,288	1,186	Reduction explained primarily by less waste sent to incineration.	
Total scope 3	606	60,666	68,304	52,167	42,505	41,957		
Sum total of emissions (scopes 1, 2 and 3)	30,318	65,872	76,073	57,442	47,092	46,122		
Climate compensation from energy suppliers	–	-4,179	-6,993	-4,799	-4,279	-3,848		
Total after climate compensation from energy suppliers	30,318	61,693	69,081	52,643	42,813	42,274		
Emissions intensity, scopes 1 and 2 (kg per lettable m²)	8.14	2.15	3.20	2.22	1.97	1.78		



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Scope	Activity/Category	Data sources	Emissions factor	Source
SCOPE 1	Oil consumption at properties	Oil consumption statistics. Only pertains to one property where oil consumption information comes from the property tenant.	<b>Bio oil:</b> 1 g CO <sub>2</sub> e/kWh	Energy companies 2018
	Vehicles	Information on purchased vehicle fuel. Emissions ceased in 2019. Only electric vehicles since then.	Only electric vehicles charged in our properties. Electricity consumption is included in scope 2. <b>Electric vehicles:</b> 0 g CO <sub>2</sub> e/kWh	–
	Refrigerants	Refrigerant emissions are taken from each property’s refrigerant reporting, which includes information about amounts refilled and type.	<b>R452A:</b> 2,141 tons CO <sub>2</sub> e/ton refrigerant <b>R404A:</b> 3,922 tons CO <sub>2</sub> e/ton refrigerant <b>R407C:</b> 1,525 tons CO <sub>2</sub> e/ton refrigerant	Statistics from Svensk Kyl & Värmepumpsföreningen
SCOPE 2	Energy use for all properties regardless of operational or financial control	Usage data from the energy monitoring system, without degree-day correction.	<b>Hydro power and wind power (MB):</b> 0 g CO <sub>2</sub> e/kWh <b>Electricity without agreements (LB):</b> 58 g CO <sub>2</sub> e/kWh	Vattenfall EPD  AIB, the Swedish Energy Markets Inspectorate
	Use of district heating in all properties connected to district heating, regardless of operational or financial control	Usage data from the energy monitoring system, without degree-day correction.	<b>District heating MB/LB:</b> 0.6/0.6 g CO <sub>2</sub> e/kWh 48.7/48.7 g CO <sub>2</sub> e/kWh 45.0/45.0 g CO <sub>2</sub> e/kWh 0/180.76 g CO <sub>2</sub> e/kWh 0/97.98 g CO <sub>2</sub> e/kWh	Stockholm Norrenergi Stockholm Exergi Göteborg Energi Vattenfall E.ON
	District cooling use for all properties connected to district cooling, regardless of operational or financial control	No degree-day-corrected consumption data from the energy monitoring system.	<b>District cooling MB/LB:</b> 3.0/3.0 g CO <sub>2</sub> e/kWh 0.0/0.0 g CO <sub>2</sub> e/kWh 0.0/0.0 g CO <sub>2</sub> e/kWh 0/189 g CO <sub>2</sub> e/kWh 0/0 g CO <sub>2</sub> e/kWh	Stockholm Norrenergi Stockholm Exergi Göteborg Energi Vattenfall E.ON
	Materials in construction projects (Category 2: Capital goods)	Data on construction material is collected for all Board-approved projects. The amount of material in leasehold improvements was estimated using key metrics for materials per square metre improved and total number of square metres improved during the year.	Primarily actual emissions factors. Generic data to a certain extent.	Each building’s EPD. IVL, One Click LCA, Plant.
SCOPE 3, Upstream	Production and distribution of energy fuels (in scopes 1 and 2) (Category 3: Fuel and energy-related activities not included in scope 1 or scope 2)	Energy consumption, district heating and cooling, scope 2. Service vehicles	<b>Electricity (hydro power/wind power):</b> 10.5/15.5 g CO <sub>2</sub> e/kWh <b>Diesel/Petrol and electricity/Electricity/Petrol:</b> 30/12.4/11.24/40 g CO <sub>2</sub> e/kWh	Vattenfall EPD  The Swedish Energy Agency, the Swedish Transport Administration
	Transportation in construction projects (Category 4: Upstream transportation and distribution)	Data is compiled from all Board-approved projects completed during the year. For leasehold improvements, the effect of transportation is estimated based on actual transportation reports and the number of improved square metres.	–	–

MB = Market-based and LB = Location-based



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Scope	Activity/Category	Data sources	Emissions factor	Source
SCOPE 3, Upstream, cont.	Waste from construction projects (Category 5: Waste generated in operations)	Data is compiled from all Board-approved projects completed during the year. For leasehold improvements, the amount of waste is estimated based on actual waste reports and the number of improved square metres.	<b>Energy recovery:</b> 0.28 <b>Material recycling:</b> 0.01 <b>Landfill and hazardous waste:</b> 0.51 <i>The above pertains to tons CO<sub>2</sub>e/ton waste</i>	Värmemarknadskommittén Ecoinvent 2.0 Ecoinvent 2.0 Ecoinvent 2.0
	Business trips, taxi (Category 6: Business travel)	Data from the salary system on payments for taxi trips.	12 g CO <sub>2</sub> e/kWh	Taxi industry, 2018
	Business trips, flights (Category 6: Business travel)	Data taken from travel agency/portal.	RFI 2.7 Calculated per route by 2050	ICAO, NTM, IPCC
	Business trips, train (Category 6: Business travel)	Data from SJ and travel agencies/portals.	0.00000022 tons CO <sub>2</sub> e/km	SJ
	Business trips, hotels (Category 6: Business travel)	Data from travel agencies/portals.	<b>Sweden:</b> 8.5 kg CO <sub>2</sub> e/night <b>Europe:</b> 17 kg CO <sub>2</sub> e/night	Larsson & Kamb (2019), Travel and climate Methodology Report. Version 2.0, Chalmers University of Technology
	Business trips with private vehicles or service vehicles (Category 6: Business travel)	Mileage allowance paid for journeys in an employee’s private car or with a service vehicle. Emissions based on fuel consumption for mixed driving for average figures from Swedish vehicle fleets/Vasakronan’s service vehicle car park (only chargeable hybrids/electric vehicles/biogas vehicles).	<b>Service vehicles:</b> <b>Diesel:</b> 110 g CO <sub>2</sub> e TTW/km <b>Petrol/Electricity:</b> 49.66 g CO <sub>2</sub> e TTW/km <b>Electricity:</b> 0 g CO <sub>2</sub> e TTW/km <b>Petrol:</b> 160 g CO <sub>2</sub> e TTW/km <b>Private vehicles:</b> 130 g CO <sub>2</sub> e/kWh	GHG Protocol, GWP 2014 IPCC Fifth Assessment Report  The Swedish Transport Adminis- tration, average car in Sweden
	Commutes (Category 7: Employee commuting)	Questionnaire to all employees about commute distance and transportation method, allocated into wintertime and summertime. Commuting patterns changed significantly in 2020 due to the pandemic, so no questionnaire was issued. Instead, commutes are estimated using values for four winter months taken from the previous year’s results.	<b>Bus:</b> 32 g CO <sub>2</sub> e/kWh  <b>Rail transit:</b> 0.0041 g CO <sub>2</sub> e/kWh <b>Commuter ferry:</b> 470 g CO <sub>2</sub> e/kWh	The Swedish Transport Administration, NTM, the Swedish Energy Agency NTM NTM
SCOPE 3, Downstream	Tenants’ commutes (Category 9: Downstream transportation and distribution)	Not reported for 2020 due to the pandemic. Data about travel habits per building taken from the environmental certification application.	–	–
	Tenant energy use (Category 13: Downstream leased assets)	Data taken from our own system and the grid operator. The share of agreements with or without clauses pertaining to green electricity are taken from our business system	<b>Hydro power and wind power:</b> 0 g CO <sub>2</sub> e/kWh <b>Residual mix, the Nordics:</b> 338.53 g CO <sub>2</sub> e/kWh	Vattenfall EPD AIB, Energimarknadsinsp.
	Waste from our tenants’ operations (Category 13: Downstream leased assets)	Data taken from municipal waste contractors and our own waste contractors who handle unsorted waste.	<b>Energy recovery:</b> 0.28 <b>Composting/biogas production:</b> 0.08 <b>Material recycling:</b> 0.01 <b>Landfill and hazardous waste:</b> 0.51 <b>Liquid fossil fuel for combustion:</b> 3.94 <i>The above pertains to tons CO<sub>2</sub>e/ton waste</i>	Värmemarknadskommittén Ecoinvent 2.0 Ecoinvent 2.0 Ecoinvent 2.0 Ecoinvent 2.0





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306-2 WASTE BY TYPE AND DISPOSAL METHOD

Large amounts of waste arise in new construction and redevelopment projects, and a large portion currently goes to incineration or landfill. Moreover, there is a national target that by 2020, 70% of all construction and demolition waste should be reused or recycled.

In addition to construction waste that arises from our operations, we also take care of large amounts of waste from our tenants’ operations. Most of the time, we are the ones who determine how well the waste is sorted since we are responsible for the waste recycling facilities in the buildings.

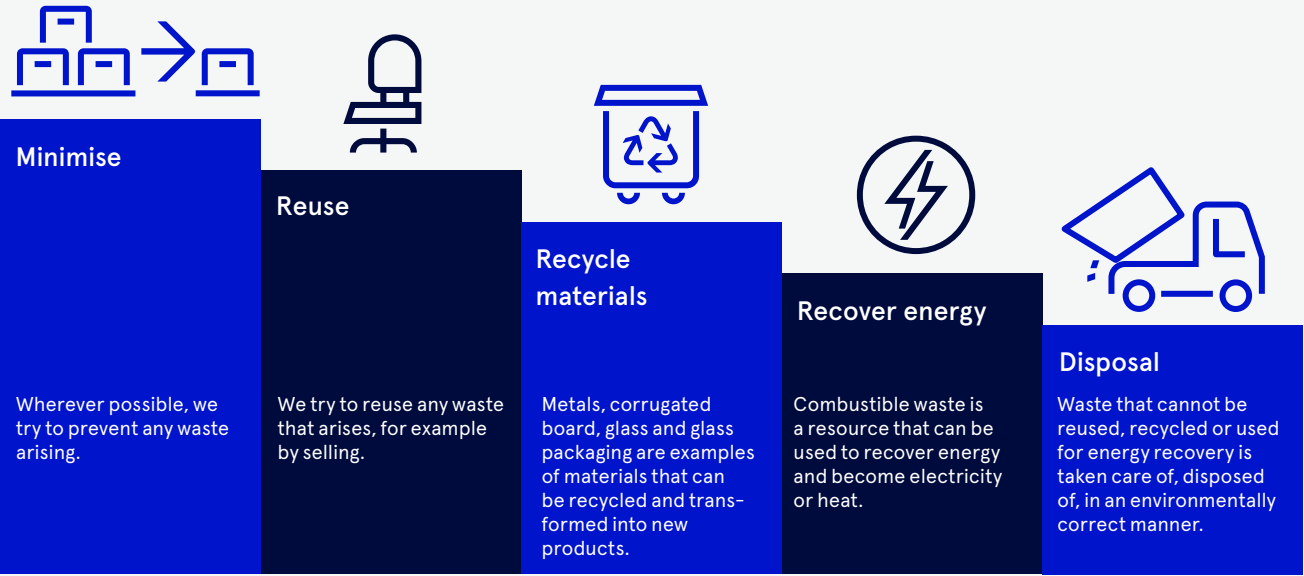
**Boundaries**

Our influence is mainly exercised outside the organisation at our construction contractors, who do the work in our construction projects, and at our tenants when they conduct operations at our properties. The waste that arises in our own organisation owing to our own property management is not deemed to be material in relation to the waste from construction projects and tenant waste. Since we are tenants at our own properties, our own waste from operations is included in the tenant’s waste reported under these indicators. Reporting only covers the waste that we help our tenants take care of, not any waste for which the tenant is responsible for removal. This could encompass hazardous waste and confidential papers, for example. Construction waste includes the waste that arises in direct connection with demolition and construction work at our construction sites.

**Responsibility and monitoring**

The technical organisation is responsible for ensuring good waste sorting at our properties. Regional SVPs are responsible for ensuring that there are clear waste management provisions in our leases. The SVP for Project Development in Stockholm and Regional SVPs are responsible for planning development properties so that waste sorting is possible and ensuring that waste issues are addressed in construction projects.

Waste hierarchy



Tenant waste and construction waste are monitored annually in connection with preparing the sustainability and impact reports.

**Governance**

The EU waste hierarchy governs our waste policy. Vasakronan strives to minimise waste, to increase the proportion that is recycled or reused, and minimise the share that goes to landfill or incineration. Vasakronan’s long-term goal is that neither our own nor our tenants’ operations should generate waste that cannot be recycled or reused.

All major new construction and redevelopment projects should conduct waste minimising workshops to decrease the amount of waste and setting tangible waste reduction targets for the project.

**Target**

Ahead of 2020, the target was set to decrease the amount of waste generated from project development. For tenant waste, the target was for all tenants to be offered food waste collection. The outcome and comments on the target are available on page 173.



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**Reporting policies**

Reporting amounts of tenant waste is based on actual weighed amounts that were delivered through data from waste contractors to our monitoring system. Part of the waste in the category of tenant waste (‘household’ waste or comparable thereto) may only be collected at the properties by a contractor appointed by the respective municipalities. It is often difficult, and sometimes even impossible, to get data from the municipalities on how much waste is collected in each building. Portions of the tenant waste have therefore been estimated, based on key metrics per square metre. The key metric is based on the actual data for amounts that we have received from some of our properties.

The construction waste monitored pertains to waste arising from new construction and redevelopment projects that were concluded during the current year as well as leasehold improvements. Waste from new construction and redevelopment projects is based on the actual measurements summarised in waste reports upon completion. Waste from leasehold improvements is estimated using a key metric based on various relevant reference projects completed in 2020. From 2021, waste amounts will be compiled in all leasehold improvements.

Waste’s origin and distribution in the value chain





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**Outcome**

In 2020, tenant waste totalled 8,803 tons (8,206), of which 70% (57) went to recycling or composting/biogas. Waste in every fraction except composting/biogas decreased in 2020 because of the pandemic. This fraction increased compared with 2019 because the table used has changed now that we have access to actual values. The breakdown into different fractions is set out in the following diagram “Tenant waste 2019–2020”.

Construction waste totalled 15,532 tons (3,320). This included waste from the new construction projects Celsius and Priorn, the renovations at Nöten and Styrpinnen and the leasehold improvements that were completed during the year. The increase between years was due to the completion of more new construction and redevelopment projects in 2020.

Of the total construction waste, 337 tons, equivalent to 26 kg/sq. m., was from new construction on Celsius in Uppsala and 721 tons, equivalent to 39 kg/sq. m., was from the Priorn in Malmö. Construction of the new build Hilton in Stockholm finished the previous year, with 524 tons of construction waste, or 32 kg/sq. m. The remaining portion of construction waste for the year pertained to waste from completed leasehold improvements.

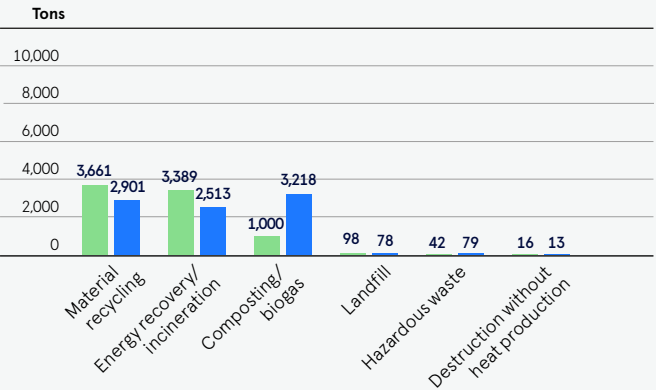
In 2020, the amount of reused materials in leasehold improvements was 117 tons (62).

**Contribution to the UN SDGs**

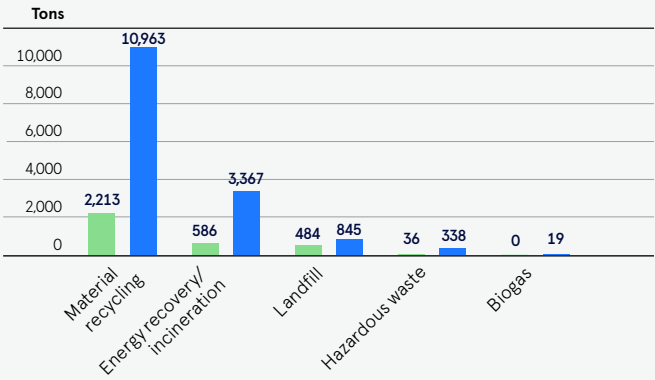
By reducing waste, we are contributing to Goal 11 and its target 11.6, “Reduce the adverse per capita environmental impact of cities.” We are also contributing to Goal 12 and its target 12.5, “Substantially reduce waste generation.”



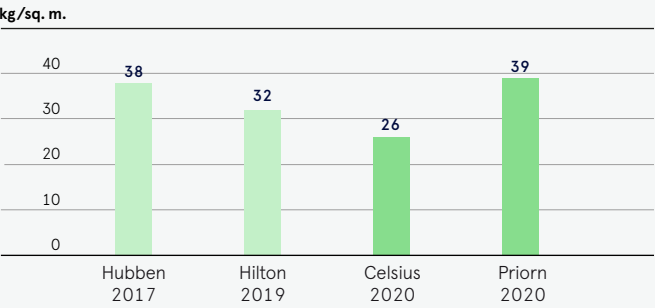
Tenant waste, 2019–2020



Construction waste, 2019–2020



Waste in new construction projects







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CRE8 TYPE AND NUMBER OF SUSTAINABILITY CERTIFICATION, RATING AND LABELLING SCHEMES FOR NEW CONSTRUCTION, MANAGEMENT, OCCUPATION AND REDEVELOPMENT

Environmental certification of both existing and new construction projects is important from several perspectives. They are third-party evidence of our properties’ low environmental impact. It means that we can fulfil our tenants’ growing environmental specifications. Environmental building certification is also a prerequisite for our green financing.

Boundaries

Many aspects are assessed when environmentally certifying buildings, and we cannot always have full control over some of them. In the organisation, however, decisions are always taken on which buildings will be certified, which certification will be chosen and which rating we will have as an objective.

Reporting covers all properties.

Responsibility and monitoring

Responsibility for environmentally certifying our new construction and redevelopment projects lies with Project Development in Stockholm and the regional SVPs. The technical organisation is responsible for certifying and recertifying existing buildings.

The number of certified buildings is reviewed quarterly and reported in the company’s interim reports.

Governance

The environmental intensity of the project is governed by the “Miljöprogram för projekt” (Environmental Programme for Development Projects), an internal policy document. The Environmental Programme for the project indicates that all projects are to be certified under LEED,

with the goal of reaching Platinum certification. Information on the choice of certification and the level set as a goal must also be indicated in the decision memoranda produced for the respective projects.

Almost all existing properties have been certified. In some cases we have chosen to wait with certification since the building was awaiting a major renovation or other extensive measures. Instead, the work now aims to recertify all existing buildings, since certification normally expires after five years.

Target

Our target is to environmentally certify all our properties.

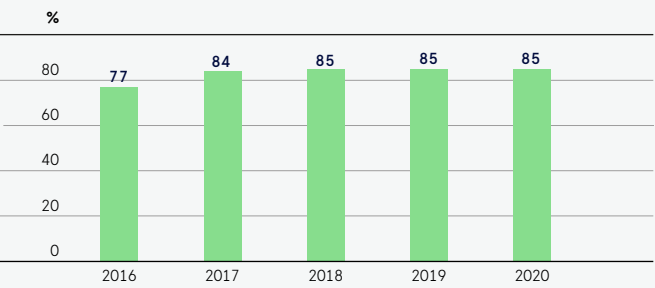
Reporting policies

The number of certified buildings is reported as certified area relative to the company’s total area. Vasakronan counts only BREEAM, LEED and Miljöbyggnad as satisfactory certifications; GreenBuilding is excluded as it only encompasses the environmental topic energy.

Outcome

At the end of 2020, 85% (85) of our total property portfolio was environmentally certified. 92% of the management portfolio was environmentally certified. During the year, one new property was certified and 15 were recertified. The share of properties certified in accordance with LEED Gold or higher was 73% (72).

Environmental certifications



Share of the property portfolio’s total area.

Environmental certifications

	Area, thousand sq. m.	Share, %
BREEAM Excellent	28	1
LEED Platinum	574	25
LEED Gold	1,106	47
LEED Silver	230	10
LEED Certified	54	2
	1,992	85

To the extent the property is environmentally certified under several systems, it has been counted as LEED certified in the table above.



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308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

102-9 SUPPLY CHAIN

In order to successfully conduct our operations, we need to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, competence and efforts toward quality and sustainability as well as risk function, performance, design and price. Since a large part of our environmental impact arises in the supply chain, assessing suppliers based on how they conduct their environmental work is of great importance.

**Boundaries**

We ourselves are the ones who determine which requirements we will set for our suppliers and which suppliers we choose to engage. In turn, the suppliers we engage often have subcontractors. The number of subcontractors is difficult to estimate, since the number per supplier varies drastically.

Reporting covers the supplier agreements signed by the Purchasing Department.

**Responsibility and monitoring**

The work on signing agreements with new suppliers is managed by a central Purchasing Department. The Purchasing Department is responsible for purchases meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every tender, an evaluation of potential suppliers is conducted based on several criteria. The Purchasing Department continually monitors the proportion of new suppliers who have signed the Code of Conduct for suppliers.

Vasakronan works continually to reduce the number of suppliers engaged and to have all supplier agreements managed directly by the Purchasing Department.

**Governance**

Environmental requirements for our suppliers — environmental programmes for development projects, for example — are placed in specific appendices to the agreement. General environmental requirements are summarised in our environmental policy and in our Code of Conduct for suppliers. The agreements with new suppliers always include the “Code of Conduct for Vasakronan’s suppliers.” As of 2017, all new framework and service agreement suppliers will be evaluated as regards the environment, working conditions and human rights. Audits are conducted to check that our suppliers are living up to their commitments in the Code and additional specifications, if any. Selection for audit takes into consideration how much we buy from the supplier, as well as particular risks and focus areas.

**Target**

Ahead of 2020, a target was set for the company to evaluate at least 100 of our suppliers with respect to compliance with our Code of Conduct. Refer below to the heading “Outcome” for more information on how the target was met.

**Reporting policies**

All suppliers are entered into a register that includes information about agreed-upon requirements and appendices as well as events such as supplier audits. This is the source for information about the number and share of suppliers evaluated in terms of environmental requirements.

**Outcome**

The total number of suppliers engaged directly by Vasakronan totals 2,376 (2,568). The suppliers that are primarily engaged are contractors (mainly construction contractors), consultants (technical consultants and architects, for example), utility suppliers (electricity, district heat-

ing and district cooling), and service suppliers. Since Vasakronan conducts operations exclusively in Sweden, our suppliers most often are also based in Sweden.

In 2020, a total of 58 (188) new supplier agreements were signed by the Purchasing Department. All of these suppliers, meaning 100% of the year’s supplier agreements, signed the Code of Conduct for Suppliers. In 2020, no (ten) major supplier audits were conducted and 11 (27) audits were conducted in conjunction with contract meetings with suppliers. Additionally, 91 (43) suppliers were evaluated via questionnaires taken by Vasakronan project managers regarding their assessment of suppliers’ efforts regarding the environment. The outcomes of these audits show that the audited suppliers met our environmental requirements in a satisfactory manner.

The reduction in the number of major audits and contract meetings compared to the previous year is primarily due to the difficulty of conducting on-site audits during the pandemic. In early 2021, we plan to send out some 40 questionnaires to some of the construction contractors we have framework agreements with to evaluate their compliance with our sustainability requirements.

**Contribution to the UN SDGs**

Through its Code of Conduct for suppliers, Vasakronan sets requirements for its suppliers regarding knowledge of and control over their environmental impact in several areas. This includes requirements regarding the material used, how the supplier manages waste, improving energy consumption and actively working to reduce emissions. By setting these requirements, Vasakronan is contributing to the goals based on indicators for material, waste, energy and emissions.



# Social responsibility

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## 403 OCCUPATIONAL HEALTH AND SAFETY 403-9 WORK-RELATED INJURIES

Sick leave leads both to unnecessary human suffering as well as direct and indirect costs for us and our suppliers in the form of sick pay and loss of output. We are a major purchaser for construction and installation work and we are fully aware that construction sites are some of the most accident-prone workplaces in Sweden. Our operations can never come at the expense of people’s health or well-being.

**Boundaries**

It is the employers’ responsibility to ensure a good physical and psychosocial work environment. The impact on our own employees comes from within the organisation. Our largest impact in terms of the risk of serious accidents is outside the organisation, among those who carry out work on our behalf to manage our properties and on construction sites in our project operations. However, we are aware that as a purchaser of these services, we have an opportunity to influence the working environment and therefore follow up on these accidents as well.

Reporting covers sick leave and accidents at our construction sites as well as concerning persons employed at Vasakronan or Coor who work in our properties. There will also be an initiative to report accidents that affect our other suppliers related to managing and servicing our properties.

**Responsibility and monitoring**

The SVP for Human Resources is responsible for overall wellness measures and providing access to measures that promote health and the opportunity for rehabilitation after illness. The respective directors are responsible for reviewing employees’ work situations.

The SVP for Project Development in Stockholm and Regional SVPs are responsible for monitoring the work environment at our construction sites. The equivalent responsibility for operation and maintenance contracts lies with the technical organisation.

Monitoring of sick leave and long-term illness absence is conducted monthly, over a rolling twelve months. The number of accidents in major projects is reviewed when the project is completed. Accidents that affected our employees, or those at Coor working in our properties, are followed up annually when preparing the Sustainability Report.

**Governance**

Vasakronan’s work environment agenda is based on the Swedish Work Environment Act and is described in a number of governing documents such as our Work Environment Policy, Equal Treatment Policy, Crisis Management Policy and the Employee Code of Conduct. These policies describe how the systematic work environment agenda is conducted and the allocation of responsibilities. We strive for an active work environment where collaboration between employees, safety officers, managers and company management are characterised by an open climate, an efficient exchange of information and clear communication. Employees provide their opinions through surveys, dialogues, associations, work environment meetings and safety officers. All Vasakronan employees are covered by the systematic work environment agenda.

All managers are trained to take personal responsibility for work environment issues, so that they can take an active responsibility for identifying risks and continuously improve the work environment. Other employees are also informed about work environment issues to make them aware of the importance of the work environment and so that they understand the risks and their own responsibility in the work environment agenda.

The work environment agenda is followed up during work environment reviews that are carried out once or twice annually in all Management Teams. Managers are responsible for scheduling reviews, and HR provides support as needed. This is also when risk assessments are carried out and updated according to a standardised questionnaire.

Managers and employees can access all governing documents and other work environment descriptions on the intranet for support. Vasakronan informs all employees about work environment issues to make them aware of the importance of the work environment and so that they understand the risks and their own responsibility in the work environment agenda. Work environment issues are also raised at company-wide meetings, theme lectures and in a dedicated group on Vasakronan’s internal communications channel, Yammer. Need-governed activities initiated by each manager are also carried out.

All employees are offered insurance covering private healthcare, medical, health and accident, and injury. All employees are also offered a medical assessment, which includes individual support in the form of need-based health initiatives. In addition to this, Vasakronan has an agreement with Ljung & Sjöberg, a company that provides support in alcohol and drug issues. Sometimes need-based health initiatives are taken based on results of employee surveys.

Because of the pandemic during 2020, employees worked from home to a great extent. Several measures were taken to ensure a good work environment while working from home. This includes work environment discussions between managers and employees, and managers were informed of the importance of close dialogues on the issues of physical, organisational and social work environments.





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Target

Ahead of 2020, we set a goal for all of our employees to feel that stress levels at work are reasonable and that they have an opportunity to recover between workdays. Additionally, a goal was set to reduce the number of worksite accidents on construction projects. For more information about the goal and outcome refer to “Outcome” below and to page 174.

Reporting policies

Incidents and accidents are reported in the “Kris och incidenter” (Crisis and incident) tool available on the website. This reporting currently only covers Vasakronan employees.

Reporting and accidents for Coor employees who work in our properties is collected from Coor at the end of the year.

Accident reporting in major construction projects is compiled regularly by the contractor responsible during the project and submitted to Vasakronan upon project completion.

Outcome

Total sick leave in 2020 amounted to 2.1% (2.5); the distribution by region and gender is shown in the diagram below. The decrease compared to the previous year can be a result of more people working from home during the pandemic.

In 2020, 2 accidents (4) were reported among Vasakronan employees. None of the reported injuries resulted in any absentee days.

There were 5 accidents among Coor employees carrying out work in our properties, one of which led to a day of absence. Comparison figures are lacking since 2020 was the first year that these accidents were monitored.

In the four new construction and redevelopment projects that were finished in the year, there was a total of 23 accidents (16) and 47 near misses (21), one of which was classified as serious. However, in relation to the square metres of new construction or redevelopment in the respective years (16,200 sq. m. in 2019 and 72,450 sq. m. in 2020), this comprised a decrease in accidents per square metre built. The frequency of accidents in completed new construction and redevelopment projects based on the number of hours worked averaged 17 per million hours worked. Comparison figures are lacking since 2020 was the first year that these accidents were monitored.

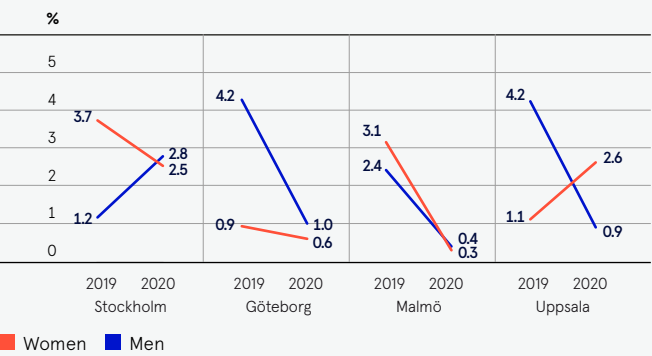
No information has been provided by the contractors regarding any absentee days the accidents may have led to.

Contribution to the UN SDGs

Through occupational health and safety efforts, we are contributing to Goal 3 and target 3.4, “Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being” and Goal 8 and its target 8.8, “Protect labour rights and promote safe and secure working environments for all workers.”



Sick leave 2019 and 2020





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405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

We want to be a company that reflects the society we operate in. We believe we will be more successful if we avoid entirely overly homogeneous groups, since groups with a more heterogeneous composition are often more innovative, solving problems more efficiently.

Boundaries

The impact within our own organisation occurs only in connection with recruitment of new employees. Reporting covers only individuals employed at Vasakronan, and not individuals who perform work under conditions similar to employment.

Responsibility and monitoring

The work on diversity and equal treatment is managed by the company’s SVP for Human Resources. Each manager is responsible for creating groups marked by diversity and for no employees being discriminated against. Any cases of discrimination are captured by one of the following channels: employee surveys, immediate supervisors, the HR division, union parties, the company’s Compliance Officer or our external whistle-blower function.

To ensure that no unreasonable differences in pay occur at Vasakronan, wage surveys are conducted every year. The survey is performed by a third party to ensure the highest possible level of objectivity.

Governance

Our equal treatment policy states that all operations will be free from discrimination and harassment and that all employees and job applicants will be treated equally. All employees, regardless of sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age must be given equal opportunities for development and advancement, as well as equal pay for equal work.

In addition, there is an internal Code of Conduct for employees and Board members that emphasises everyone’s right to a work environment free from harassment and discrimination.

Target

The overall goal of our equal treatment policy is that all employees, regardless of sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age must be given equal opportunities for development and advancement, as well as equal pay for equal work.

Prior to 2020, we set a target for the entire operation that all employees should know how to prevent discrimination and harassment. We also set targets for increasing the number of employees with foreign backgrounds. See more information on targets and fulfilment on page 174.

Reporting policies

Data about the number of employees and gender and age are taken from our HR system. Information about the percentage of employees with foreign backgrounds was obtained from Statistics Sweden. The share of employees who say that our workplaces are free from discrimination are taken from an employee questionnaire issued during the year.

Outcome

At 31 December 2020, the number of employees was 293 (304), of which 291 (300) were permanent employees and the remainder on time-limited contracts. One employee in the organisation had a part-time contract. All employees are covered by collective agreements. All employees were salaried employees and none were employed under a collective agreement at year end. Composition of the Board, management

and other employees based on gender and age is given on page 158 and in the presentation of the Board and management on pages 76–79.

At the end of the year, 238 (245) consultants were employed in operations. Of these, about half were hired in as external project leaders in new construction and redevelopment projects. Other consultants were hired primarily as replacements for existing personnel, for example in connection with parental leave or sick leave. In addition to the consultants hired in, contractors are engaged for project operations. As the extent of these contractors varies markedly over time, we have not made any estimates of their proportions.

From the 2020 salary survey, it emerged that women earned 95% (95) of what men earned. Moving forward, efforts will increasingly focus on identifying unwarranted pay differences and taking actions. 94% (94) of employees stated in the most recent employee survey that they had not been discriminated against.

Contribution to the UN SDGs

By engaging with diversity and equal treatment, we are contributing to Goal 5 and its target 5.5, “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.” We are also contributing to Goal 8 and its target 8.5, “By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value” as well as Goal 10 and its target 10.2, “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.”





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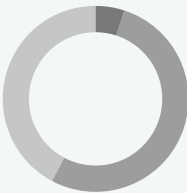
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Age distribution

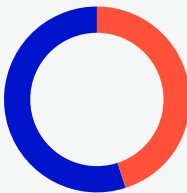
All employees



■ ≤29, 5% (6)  
■ 30–49, 53% (53)  
■ ≥50, 42% (41)

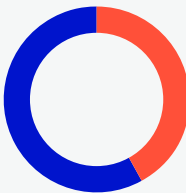
Distribution, women and men, at the balance-sheet date

All employees



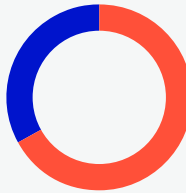
■ Women, 46% (45)  
■ Men, 54% (55)

Management Team



■ Women, 42% (46)  
■ Men, 58% (54)

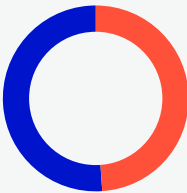
Board of Directors



■ Women, 67% (67)  
■ Men, 33% (33)

Distribution, women and men, by region, at the balance-sheet date

Stockholm



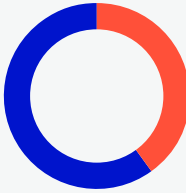
■ Women, 49% (47)  
■ Men, 51% (53)  
The number of employees in Stockholm was 191.

Gothenburg



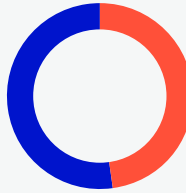
■ Women, 34% (33)  
■ Men, 66% (67)  
The number of employees in Gothenburg was 41.

Malmö



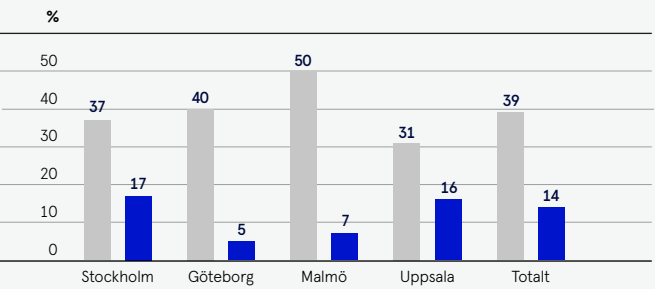
■ Women, 40% (40)  
■ Men, 60% (60)  
The number of employees in Malmö was 30.

Uppsala



■ Women, 48% (48)  
■ Men, 52% (52)  
The number of employees in Uppsala was 31.

Share of employees with a foreign background, 2020

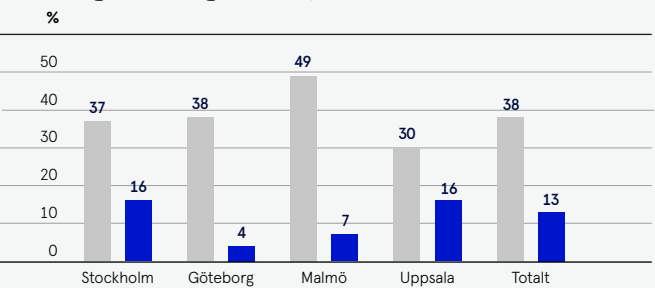


■ Population, aged 20–67   ■ Vasakronan 2020

Share of employees with a foreign background in Vasakronan 2020 compared with foreign background in the population (20–67) in the same locations.

Source: Statistics Sweden

Share of employees with a foreign background, 2019



■ Population, aged 20–67   ■ Vasakronan 2019

Share of employees with a foreign background in Vasakronan 2019 compared with foreign background in the population (20–67) in the same locations.

Source: Statistics Sweden





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414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

In order to successfully conduct our operations, we need to engage suppliers of various types. Each purchase must be conducted with professional correctness, objectivity and honesty while observing good business practice. Purchasing is also based on competitive procurements. Suppliers and tenders are assessed and prioritised based on how well they meet the requirements set, taking into consideration competence and efforts toward quality and sustainability as well as risk function, performance, design and price.

Boundaries

We ourselves are the ones who determine which requirements we will set for our suppliers and which suppliers we choose to engage. In turn, the suppliers we engage often have subcontractors. The number of subcontractors is difficult to estimate, since the number per supplier varies drastically.

Reporting covers the supplier agreements signed by the Purchasing Department.

Responsibility and monitoring

The work on signing agreements with new suppliers is managed by a central Purchasing Department. The Purchasing Department is responsible for purchases meeting strict requirements for quality and sustainability and that they take place at the lowest possible cost. Prior to every tender, an evaluation of potential suppliers is conducted based on several criteria. The Purchasing Department continually monitors the proportion of new suppliers who have signed the Code of Conduct for suppliers.

Vasakronan works continually to reduce the number of suppliers engaged and to have all supplier agreements managed directly by the Purchasing Department.

Governance

Through its Code of Conduct for suppliers, Vasakronan sets requirements for its suppliers regarding such aspects as working conditions and human rights. The agreements with new suppliers always include the “Code of Conduct for Vasakronan’s suppliers;” as of 2017, all new framework and service agreement suppliers will be evaluated as regards the environment, working conditions and human rights.

To reinforce the opportunity for employees or external parties to anonymously report suspicions of breeches of laws and regulations regarding working conditions or human rights, there is a whistle-blower function. Vasakronan’s Compliance Officer (who is also the General Counsel) receives and investigates the reports that come in. There has been an external whistle-blower function through Interaktiv Säkerhet since 2015.

Audits are conducted to check that our suppliers are living up to their commitments in the Code and additional specifications, if any. Selection for audit takes into consideration how much we buy from the supplier, as well as particular risks and focus areas.

Target

Ahead of 2020, a goal was set for the company to evaluate at least 100 of our suppliers with respect to compliance with our Code of Conduct. Refer below to the heading “Outcome” for more information the target and how it was met.

Reporting policies

All suppliers are entered into a register that includes information about agreed-upon requirements and appendices as well as events such as supplier audits. This is the source for information about the number and share of suppliers evaluated in terms of working conditions and human rights.

Outcome

In 2020, a total of 58 (188) new supplier agreements were signed by the Purchasing Department. All suppliers, meaning 100% of the year’s supplier agreements, signed the Code of Conduct.

In 2020, no (ten) major supplier audits were conducted and 11 (27) audits were conducted in conjunction with contract meetings with suppliers. Additionally, 91 (43) suppliers were evaluated via questionnaires taken by Vasakronan project managers regarding their assessment of suppliers’ efforts regarding working conditions and human rights. The outcomes of these audits show that the audited suppliers met our sustainability requirements in a satisfactory manner.

The reduction in the number of major audits and contract meetings compared to the previous year is primarily due to the difficulty of conducting on-site audits during the pandemic. In early 2021, we plan to send out some 40 questionnaires to some of the construction contractors we have framework agreements with to evaluate their compliance with our sustainability requirements.

Contribution to the UN SDGs

By setting requirements for suppliers regarding decent work and human rights, we are contributing to Goal number 3 and target 3.4, “Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being.” We are also contributing to Goal 5, primarily its target 5.5, “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making” and to Goal 8 and its target 8.8, “Protect labour rights and promote safe and secure working environments for all workers.”





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416-A MEASURES TAKEN TO MAINTAIN A HIGH LEVEL OF SAFETY AND SECURITY IN AND AROUND PROPERTIES

Feeling safe and secure in their local surroundings is important for most people. As employers, our tenants want to ensure that their employees have workplace and a commute that they feel is safe and secure. This is becoming an increasingly important issue when selecting premises and, in some cases, is the deciding factor in where a company moves.

Boundaries

Impact occurs within the organisation as a result of the fact that this indicator pertains to measures we ourselves have taken. Reporting covers only the measures Vasakronan takes. Some measures are taken together with other agents, for example neighbouring property owners or municipalities.

Responsibility and monitoring

An important part in the overall work to create safer areas is creating a mix of different operations, such as offices, retail and culture. This creates a more dynamic environment throughout the entire day. Responsibility for this lies with the SVP for Project Development in Stockholm and Regional SVPs. They are also responsible for collaborating with other parties. They also ensure that measures for increased security and safety are included in designs for new construction and redevelopment projects as well as maintenance and development for existing properties.

The technical organisation is responsible for making sure that safety features like security patrols, surveillance and entry systems are well-functioning.

Our tenants’ experience of security and safety is monitored through various questionnaires to our customers. The number of measures for increased security and safety are reviewed annually when preparing this report.

Governance

There are no governing documents or policies for this area. This is accomplished by analysing what tenants want and the possible measures that can be taken in each property and area, by ourselves or together with others. There are operating routines for the ongoing management work that govern how security issues are handled.

Target

Vasakronan’s long-term objective is for the design of our properties to contribute to the safety and security of our tenants. Ahead of 2020, the goal was to carry out at least another 50 measures to increase security in and around our properties and our development projects. See more information about the target and its fulfilment on page 174.

Reporting policies

At the end of the year, data is collected and compiled concerning measures taken by the technical organisation, the regions and project development.

Outcome

Over the year, 70 measures (52) were implemented to increase security in and around the properties. Examples in the existing property portfolio include improved lighting, increased security patrols, new entry systems for properties, increased safety inspections and graffiti removal.

Purple Flag certification continued during the year in collaboration with the Swedish Property Federation. The goal is to highlight places that have successfully worked to improve safety and access, and that also offer a diverse selection at night. In several places in Stockholm, we also work with the “Tryggare Sverige” (Safer Sweden) foundation. There are also partnerships with the City of Stockholm to make the city and Kista safer neighbourhoods.

In the Sergelhusen project, one of the overall targets was to make the neighbourhood around Sergels Torg a safer place where people choose to spend time, instead of trying to leave as soon as possible.

Contribution to the UN SDGs

By maintaining a safe and secure environment in and around our properties, we are contributing to Goal 5 and its target 5.2, “Eliminate all forms of violence against all women and girls,” Goal 10 and its target 10.2, “Empower and promote the social, economic and political inclusion of all,” Goal 11 and its target 11.7, “Provide universal access to safe, inclusive and accessible, green and public spaces,” and Goal 16 and its target 16.1, “Significantly reduce all forms of violence.”





# Auditor’s Limited Assurance Report on Vasakronan AB’s Sustainability Report and the Auditor’s Report on the Statutory Sustainability Report

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This is the translation of the auditor’s report in Swedish. To the general meeting of the shareholders of Vasakronan AB (publ), corporate, identity number 556061-4603.

**Introduction**

We have been engaged by the Board of Directors of Vasakronan AB to undertake a limited assurance engagement of Vasakronan ABs Sustainability Report for the year 2020. The company has defined the scope of the Sustainability Report to the areas referred to in the GRI Index on pages 127 in this document, which also includes the statutory sustainability report defined on page 127.

**Responsibilities of the Board of Directors and the Executive Management**

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Swedish Annual Accounts Act respectively. The applicable criteria are explained on page 127 and are the parts of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or mistake.

**Responsibilities of the Auditor**

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide an opinion on the statutory sustainability report. Our assignment is limited to the historical

information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. Our examination of the statutory sustainability report has been conducted in accordance with FAR’s auditing standard RevR 12. The auditor’s report on the statutory sustainability report. The procedures performed in a limited assurance engagement and in accordance with FAR’s auditing standard RevR 12 vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Vasakronan AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Consequently, the procedures performed and our examination in accordance with RevR12 do not enable us to obtain assurance that we would become aware of all significant mat-

ters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures performed in the limited assurance engagement are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

**Conclusions**

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A statutory sustainability report has been prepared.

Stockholm, March 24, 2021  
Ernst & Young AB

<b>Katrine Söderberg</b> <i>Authorized Public Accountant</i>	<b>Marianne Förander</b> <i>Expert Member of FAR</i>
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# Impact Report – green financing

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**Vasakronan issued the world’s first green corporate bond in November 2013, and remains the largest issuer of green corporate bonds in Sweden. Since 2018, Vasakronan’s framework has included all debt instruments, rather than just bonds, where funds raised are earmarked for green investments. The framework has been evaluated by the Center for International Climate Research (CICERO) with the highest rating, Dark Green. In 2018, Vasakronan issued the world’s first green commercial paper.**

Properties account for just over 30% of energy consumption in Sweden. Continuing the work on reducing energy consumption in our properties is therefore self-evident to us. Through investments and close collaboration with our tenants, we have managed to reduce energy consumption by 61% since 2009. We also work with producing renewable energy on site and at the end of the year 71 solar photovoltaic systems were in operation.

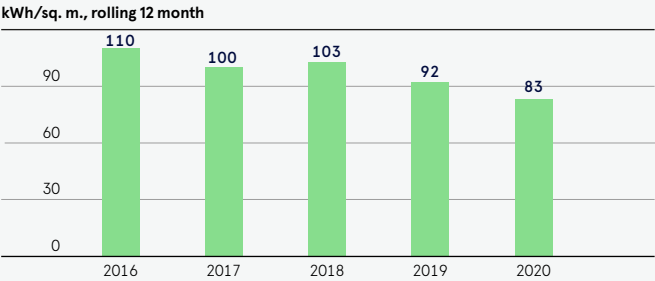
Large amounts of construction materials are used in new construction, redevelopment and leasehold improvements of properties. The materials used in our construction projects

cause environmental and climate impact when they are extracted and produced and when they are transported to our construction sites. Therefore, it is essential to reduce the amount of materials and to opt for reused materials or materials produced from renewable or recycled products to a larger extent. In addition, we need to ensure that the materials used do not contain hazardous substances that are spread into indoor environments or into the environment outside our buildings. That is why all the materials used in our buildings are always evaluated and documented. The Byggvarubedömnin-gen system is used in this work.

New construction and redevelopment projects also lead to considerable construction and demolition waste. A great deal of it is not recycled but goes straight to incineration or landfill. As property owners, we also take care of large amounts of waste from our tenants’ operations. Even if we have very little influence on the type and amount of waste that arises in our tenants’ operations, we are the ones who determine how well the waste is sorted since we are responsible for the waste recycling facilities in the buildings. We also have requirements for sorting in our leases. The EU’s waste hierarchy guides our work to reduce environmental impact both from construction waste and our tenants’ waste. The goal is to minimise landfill and incineration and to increase the proportion that is recycled or reused.

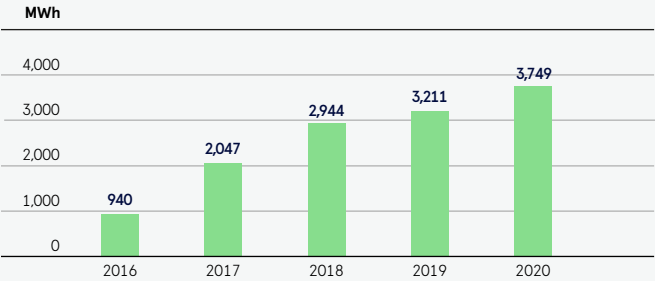
Reducing water consumption is an important issue from a global and a local perspective. Vasakronan uses municipal water in our regions. In Uppsala, one of our four operating areas, the municipality has indicated that there is a water

## Energy intensity



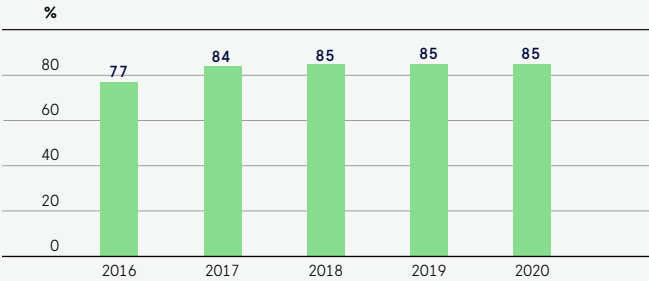
In 2020, energy intensity averaged 83 kWh/sq. m.

## On-site produced electricity



A total of 3,749 MWh of electricity was produced from solar photovoltaic systems during the year.

## Environmental certifications



At the end of the year, 85% of our property portfolio was environmentally certified.



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shortage. That is why we are working continuously, in Uppsala as well as in our other areas, with monitoring and implementing cost-effective measures to reduce consumption. Low water consumption is also a prerequisite for environmentally certifying buildings with high ratings.

Our efforts to reduce our energy consumption and phase out fossil fuel from the energy supply to our properties and vehicles have reduced carbon emissions in scopes 1 and 2 by close to 90% since 2006. For several years there has also been a long-term and systematic effort to reduce scope 3 emissions, primarily in construction and how our tenants use premises.

In 2018, Vasakronan had its climate targets evaluated by the Science Based Target initiative, who confirmed that they were far more ambitious than required to be in line with the science. In the end of 2019, the long-term climate target was raised to being climate-neutral across the entire value chain by 2030. A road map to reach this target has also been developed, with

a description of what is included in the target, how it will be achieved and how any remaining emissions will be compensated to achieve neutrality.

A company-wide business plan is developed every year, with annual financial, environmental and social targets. For more information on our environmental targets for 2020 and how well we achieved them, refer to page 173 in the 2020 Annual Report.

Green financing

Of bonds issued in 2020, 96% were green bonds. Green bonds totalling SEK 11.8 billion (13.4) have been issued, making Vasakronan the Nordic region’s largest issuer of green corporate bonds. The total volume of green bonds and commercial paper outstanding at year end was SEK 34.9 billion (25.8), equivalent to 50% (39) of the total interest-bearing liabilities. Green bonds are now issued in six currencies: SEK, NOK, EUR, JPY, AUD and

USD. At year end, green assets amounted to SEK 53.8 billion (33.3), providing SEK 18.9 billion (7.6) in remaining green borrowing capacity.

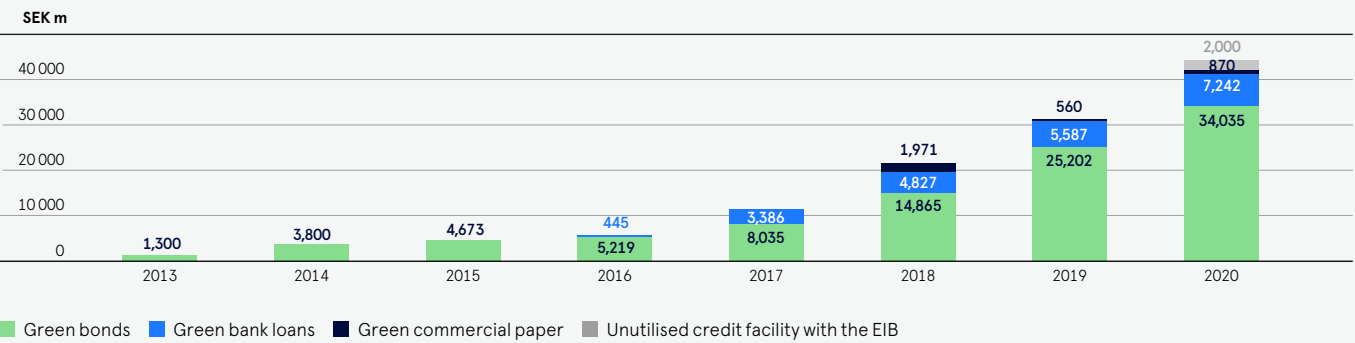
In addition to financing under the framework, Vasakronan had green unsecured loans outstanding with the Nordic Investment Bank and the European Investment Bank that totalled SEK 5.5 billion (4.8) at the end of the year, plus an unutilised credit facility with the European Investment Bank of SEK 2 billion. In 2020, green secured bank loans were signed for SEK 1 billion (0.8) and at the end of the year, the green secured bank loans outstanding totalled SEK 1.8 billion (0.8). Green financing, including green bank loans that are financed outside the framework, represents 61% (47) of Vasakronan’s total borrowings.

Criteria under the framework

What can be financed with the proceeds from Green Finance Instruments is described in a framework that has been evaluated by the Center for International Climate Research (CICERO), a Norwegian climate research institute. Since 2017, Vasakronan’s framework allows for investments in new construction and redevelopment projects, existing properties and investments in solar energy projects.

The financing of new construction and redevelopment projects requires that they be certified according to LEED for new construction or redevelopment at Platinum level, or BREEAM-SE at Outstanding level, and have an energy intensity 25% below the National Board of Housing, Building and Planning’s requirements (BBR requirements).

Green financing growth





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The criteria to be met for financing an existing property is that the building must be certified according to LEED on a Gold level or higher and have an energy intensity below 100 kWh/sq. m. per year. The framework and CICERO’s second opinion can be found at [www.vasakronan.se](http://www.vasakronan.se).

Vasakronan has a special account for transactions attributable to the issue of green debt instruments. If the approved investment amount is less than the volume of green debt instruments outstanding, Vasakronan has undertaken to place a corresponding amount in this special account. At year end, the approved investment amount exceeded the volume of green debt instruments outstanding, and the account balance was therefore zero.

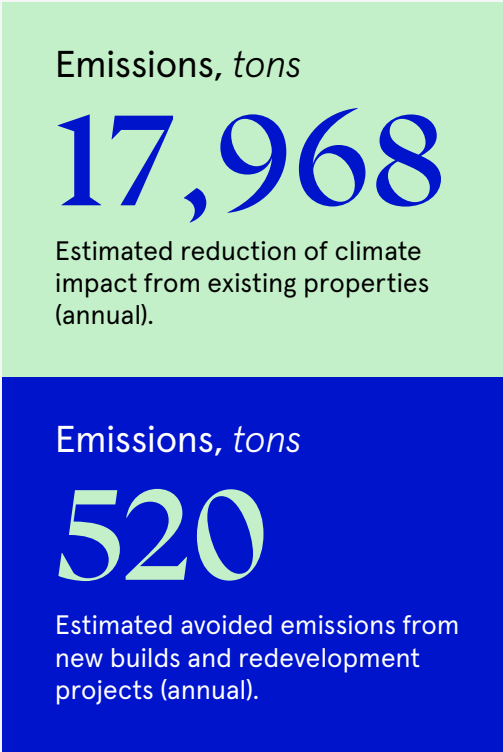
Approved investment amount, 31 Dec 2020	
	SEK m
Eligible investments in ongoing projects	988
Existing properties	52,760
– of which previously new construction and redevelopment projects	7,267
Solar parks	28
<b>Total approved investment amount</b>	<b>53,776</b>
Volume outstanding, green bonds	34,035
Volume outstanding, green commercial paper	870
<b>Total volume outstanding</b>	<b>34,905</b>
<b>Remaining approved investment amounts</b>	<b>18,871</b>

**Other information**

The environmental data reported was produced in accordance with the same principles and methods as the Sustainability Report and is shown on page 127 in the 2020 Annual Report.

Investments in new construction and redevelopment projects corresponded to the amount that as of the balance-sheet date had been invested in the actual property Existing properties are recognised at market value. The market value is updated mid-year and at the end of the year in connection with external evaluations being performed. Reporting of market value and amounts invested follows the accounting policies indicated on pages 108–109 in the 2020 Annual Report.

The Existing properties category also includes properties that previously underwent new construction or renovation, and were financed over the course of the project in accordance with the criteria for new construction and redevelopment projects. In connection with the completion of new construction or redevelopment, an evaluation was conducted against the criteria set for investment in existing properties. Reclassifying a property from new construction and redevelopment projects to the category for existing properties requires that the new build or redevelopment is reported to the Board of Directors and that final certification has been obtained.





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**Calculation approach**

The emissions reported for existing properties pertain scopes 1 and 2, which are attributable to energy consumption in buildings after taking into consideration the agreements contracted by Vasakronan with the respective energy utilities (the market-based method). However, any climate compensation made by energy suppliers has not been included.

When calculating reduced energy consumption in the existing properties between 2009 and 2020 (see the table on page 169), the property’s metered energy consumption at 31 December 2009 was compared with the metered energy consumption at 31 December 2020. For properties acquired or built after 31 December 2009, the registered energy value at the end of the first of December after the property was occupied/put into use was used as a comparison figure.

Climate impact reduction reported for the existing properties pertains to the difference between the annual GHG emissions that the property would have had without improvement to the energy intensity from 2009 until now and contracts for renewable energy, and the property’s actual emissions in 2020 based on measured energy consumption in 2020 and taking into account Vasakronan’s energy agreements.

When calculating the estimated reduction in energy consumption in ongoing new construction and redevelopment projects (see the table on page 168), the forecast energy intensity is compared with the highest permitted energy intensity under the BBR requirements. The assessed emissions avoided from new construction and redevelopment projects pertain to the difference between the annual GHG emissions that the

property would have had if it had been built in accordance with the BBR requirements and without renewable energy contracts, and emissions from the property’s forecast energy intensity and taking into account Vasakronan’s energy contracts.

Some of the new construction and redevelopment projects and existing properties that are financed under the framework are also financed with green bank loans. To make sure that the calculated avoided emissions and reduction in climate impact will only have an effect on green financing under Vasakronan’s framework, the portion pertaining to green bank loans has been deducted. To determine the size of that portion, the proportion of the green loan in relation to the forecast investment and the property’s market value was used. In cases where the existing property is pledged for green secured loans outside the framework, the proportion of the mortgage deeds in relation to the property’s market value is used. For more information about which properties are partially financed through green loans, see the tables on pages 168 and 169.





# Examples of assets in the green pool

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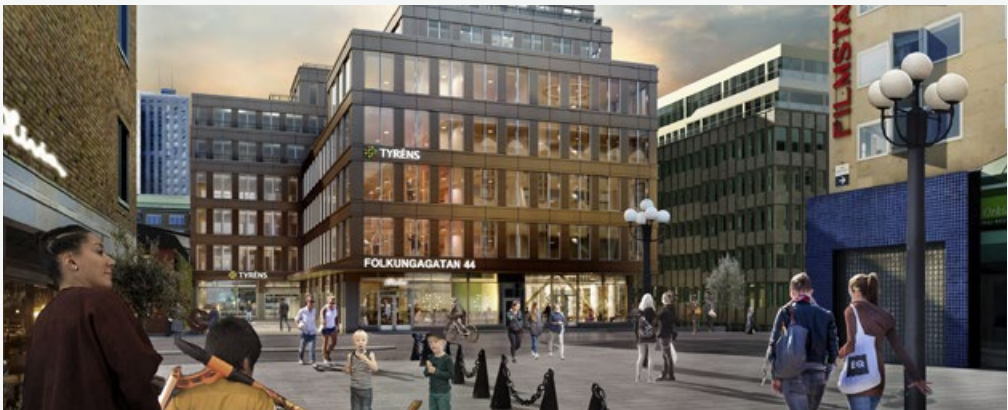


EXISTING PROPERTY

## Klara Zenit

Blåmannen 20 is in central Stockholm and includes offices, stores, and restaurants, as well as garage and gym facilities. During the year, the property has been expanded and now includes 48 apartments and 51 terraced houses on the roof. Vasakronan bought the property in the end of 2010 and in the last few years carried out several sustainability measures. Energy consumption has decreased approximately 50% since 2010 thanks to a systematic energy savings initiative, including installing baseload heat pumps and LED lighting and improving the ventilation system. The district is also home to the transportation solution “Älskade stad,” which makes last-mile deliveries with electric vehicles to tenants in the quarter. On the way back, the vehicles carry waste collected in the district before it is transported further out of town.

- Environmental certification LEED, Platinum
- Annual energy intensity 90 kWh/sq. m.
- Solar photovoltaics on the roofs that generate 154,000 kWh/year
- The “Cykel och Service” (“Bike and Service”) concept, with parking, service and changing rooms for cyclists.
- Electric vehicle charging stations
- Species-rich living walls that contribute to biodiversity



NEW CONSTRUCTION PROJECTS

## Nattugglan

A new building is being constructed in the Nattugglan district in Södermalm, Stockholm, that will primarily contain offices, as well as restaurants and conference facilities, across 23,000 square metres. The project is the first in Vasakronan that uses a climate calculator. This calculator estimates that the climate impact of the production stage will amount to approximately 398 kg of carbon equivalents per square metre of gross floor area, a savings of 15% compared to the initial calculation. The measures taken to reduce emissions include a slimmer construction that results in a reduced amount of concrete, purchasing climate-improved concrete and rebar manufactured from recycled raw materials. Installations and the interior material used was chosen with climate as the deciding factor.

- Environmental certification LEED, target Platinum
- Energy intensity of 45 kWh/sq. m., which is 35% lower than the regulatory requirement
- Estimated climate impact of 398 kg CO<sub>2</sub> e sq. m./GFA from the production stage (according to EN 15978, A1–A5), all construction material
- Abundant bicycle parking
- Electric vehicle charging stations
- Waste disposals in large kitchens and dishwashing stations
- Local management of surface water through own infiltration facilities
- Species-rich sedum roofs, 1,700 sq. m.
- Collaboration with Tryggare Sverige for a safer place for people to spend time in the district



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UPPSALA

## Solar park

On Rapskatan in Fyrislund, Uppsala, Vasakronan owns approximately 12 hectares of land. Land that might eventually be developed but up until now has gone unused. In spring 2020, Vasakronan started to build a seven-hectare solar park in the area. When the park goes into operation, it will double Vasakronan’s own solar electricity production and provide renewable electricity to the grid in Uppsala.

- 30,000 sq. m. of crystalline solar photo-voltaics, the equivalent of 11,000 panels
- Installed effect of 4.4 MWh
- Estimated electricity production: 4 GWh per year

“Energy consumption at Priorn is at 22 kWh per square metre and year. That’s incredible!”

Ulf Näslund  
Chief Technology Officer (CTO)



**Vasakronan’s properties are to become self-sufficient in terms of energy. How are you working to achieve this?**

“The first thing is to optimise and to ensure that the buildings are maintained as efficiently as possible. For example, that there is the right temperature in the right place and that there’s no overventilation. We also need to replace older technology with new equipment and add new functions to the control system. The goal is to better control our buildings based on needs. “Everyone who works with operations here is doing a fantastic job! Just over ten years ago, Vasakronan set a target of halving the amount of energy purchased, from 200 to 100 kWh per square metre and year. When we reached that

target, we set a new one: half again down to 50. We’re already at around 83 kWh per square metre and year. “But we also need to invest in our buildings. We need to make sure that buildings are climate smart by switching to energy-efficient windows and adding insulation as well as by working together with our customers.”

**What are some concrete examples of what you accomplished in 2020?**

“We built a solar park in Uppsala and are looking into building another. We’ve also invested in geothermal facilities and put several into operation, including at Priorn in Malmö. Energy consumption here is at 22 kWh per square metre and year. That’s incredible!

“Another facility will be included at Magasin X in Uppsala and under Hötorghuset in Stockholm. The latter will be one of the largest in the country for commercial buildings and means that the amount of purchased energy will be reduced significantly. “We’ve also continued our digital investments. They’re now bearing fruit in terms of good data and a foundation for measuring and reviewing. That’s the beginning and end of energy efficiency.”

**What challenges do you expect for the future?**

“Energy storage for a good energy balance for the entire year. But developments are moving quickly so I’m optimistic!”





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Our effect on the UN Sustainable Development Goals



In 2015, the UN’s member states committed to the 17 SDGs, which are to be achieved by 2030. The business world plays a key role in this and many companies are working to reach the goals, but there is also a risk that companies conduct operations that actively counteract the goals. Vasakronan’s operations contribute to several of the Sustainable Development Goals. We also analysed whether there is any risk that our operations would interfere with achieving the goals.

Operations have the largest positive impact on Goal 7 “Affordable and clean energy,” Goal 9 “Industry, innovation and infrastructure,” Goal 11 “Sustainable cities and communities” and Goal 12 “Responsible consumption and production.” Through our positive impact on these goals, our operations also contribute to Goal 13, “Climate Action.”

The challenges in operations connected to the 2030 Agenda goals include Goal 8 “Decent work and economic growth,” primarily related to work environment accidents and hazardous working conditions at our construction sites.

For more information about how we work with the Sustainable Development Goals, see pages 137–160 in the 2020 Annual Report.

Ongoing new construction and redevelopment projects forming basis for investment, with an eligible investment of SEK 988 million

Property	City	LEED Certification	Energy intensity primary energy figure (P), kWh/sq. m.	Energy intensity, primary energy figure BBR <sup>2</sup> , kWh/m <sup>2</sup>	Estimated reduction in energy consumption,%	Estimated emissions avoided (annual), tons	Waste, kg/sq. m.	Materials, kg/sq. m.
Abbedissan 2 (previously Priorn 5)	Malmö	Platinum	32	45	29	129	39	–
Nattugglan 14 <sup>1</sup>	Stockholm	Platinum (F)	45	80	44	111	–	–
Kungsängen 14:5 (Magasin X) <sup>1</sup>	Uppsala	Platinum (F)	27	80	66	136	–	–
Kronåsen 1:1 (Celsius) <sup>1</sup>	Uppsala	Platinum (F)	33	96	66	145	26	953
Total			–	–	–	520	–	–

1) The project is financed in part by green bank loans with the EIB.  
2) Maximum permitted energy intensity under National Board of Housing, Building and Planning guidelines.  
(F) = Forecast  
Waste and materials are not reported for the Kungsängen 14:5 (Magasin X) and Nattugglan 14 projects, as these were not completed as of 31 Dec 2020.

Solar park, eligible investment of SEK 28 million

Property	City	Energy produced during the current year <sup>1</sup>	Estimated annual energy production, MWh	Reduction in climate impact, annual, tons <sup>1</sup>
Solar park	Uppsala	–	4,000	–
Total		–	4,000	–

1) The solar park was finished in 2020 and will go into operation in 2021. Energy produced on-site and reduced climate impact in 2020 is therefore zero.



Existing properties forming basis for investment, with an approved investment amount of SEK 52,760 million

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Property	City	LEED certification	Energy intensity, kWh/sq. m. 31 Dec 2009	Energy intensity, kWh/sq. m. 31 Dec 2020	Reduction in energy consumption 2009–2020, %	Estimated reduction of climate impact (annual), tons	Water intensity, m3/sq. m., 31 Dec 2020
Gullbergsvass 1:16	Gothenburg	Platinum	81	50	38	503	0.28
Gullbergsvass 16:1	Gothenburg	Gold	113	83	27	310	0.33
Heden 22:19	Gothenburg	Gold	102	54	47	502	0.22
Heden 42:4	Gothenburg	Gold	125	75	40	152	0.93
Heden 46:1	Gothenburg	Gold	100	93	8	107	0.14
Inom Vallgraven 11:6	Gothenburg	Gold	114	83	27	314	0.53
Inom Vallgraven 20:14	Gothenburg	Gold	135	71	47	114	0.33
Inom Vallgraven 33:10	Gothenburg	Gold	102	66	35	47	0.32
Inom Vallgraven 59:14	Gothenburg	Gold	104	78	25	130	0.37
Inom Vallgraven 61:11	Gothenburg	Gold	108	82	24	129	0.38
Lorensberg 45:16	Gothenburg	Platinum	126	74	41	82	0.16
Nordstaden 10:23	Gothenburg	Gold	174	70	60	556	0.27
Nordstaden 8:27	Gothenburg	Platinum	156	84	46	869	0.51
Abbedissan 1 (previously Priorn 2) <sup>2</sup>	Malmö	Gold	124	58	53	84	0.59
Björnen 1	Malmö	Gold	122	81	33	108	0.18
Bylgia 1	Malmö	Platinum	125	61	51	217	0.10
Gasklockan 3	Malmö	Gold	98	81	17	553	0.59
Jungmannen 1	Malmö	Gold	133	50	63	83	0.06
Kaninen 32	Malmö	Gold	124	42	66	66	0.22
Magnus Stenbock 2	Malmö	Gold	159	76	52	209	0.17
Magnus Stenbock 4	Malmö	Platinum	119	78	35	222	0.13
Nereus 1	Malmö	Platinum	124	66	47	238	0.10
Relingen 1	Malmö	Platinum	224	68	70	258	0.17
Sankt Jörgen 7	Malmö	Gold	77	50	34	96	0.09
Sejen 3 <sup>4</sup>	Malmö	Platinum	–	83	–	110	0.26
Sirius 1	Malmö	Gold	69	50	28	148	0.18
Albydal 3	Stockholm	Gold	89	72	19	143	0.18
Blåmannen 20	Stockholm	Platinum	286	90	68	3,143	0.44
Getingen 11	Stockholm	Platinum	168	75	55	830	0.22
Hammarby Gård 12	Stockholm	Platinum	94	66	30	65	0.21

Property	City	LEED certification	Energy intensity, kWh/sq. m. 31 Dec 2009	Energy intensity, kWh/sq. m. 31 Dec 2020	Reduction in energy consumption 2009–2020, %	Estimated reduction of climate impact (annual), tons	Water intensity, m3/sq. m., 31 Dec 2020
Hekla 1	Stockholm	Gold	62	36	42	228	0.17
Hilton 7 <sup>1, 3</sup>	Stockholm	Platinum	–	60	–	80	0.18
Kurland 11	Stockholm	Gold	127	88	31	52	0.37
Modemet 1, Bldg. 8 <sup>1</sup>	Stockholm	Platinum	105	26	75	179	0.17
Riga 2	Stockholm	Gold	104	32	69	539	0.30
Rosenborg 1	Stockholm	Platinum	179	89	50	160	0.16
Modemet 3, Bldg. 3 <sup>1</sup>	Stockholm	Platinum	105	38	64	171	0.14
Modemet 3, Bldg. 4 <sup>1</sup>	Stockholm	Platinum	105	51	51	54	0.15
Rosteriet 6 & 8	Stockholm	Platinum	224	75	67	1,149	0.17
Skjutsgossen 8	Stockholm	Gold	111	54	51	132	0.25
Spektern 13	Stockholm	Gold	168	68	60	1,164	0.41
Tre Vapen 2 <sup>2</sup>	Stockholm	Platinum	115	77	33	320	0.21
Uggleborg 12 <sup>1, 2</sup>	Stockholm	Platinum	127	58	55	632	0.34
Uppfinnaren 2	Stockholm	Gold	95	44	54	259	0.39
Dragarbrunn 18:9	Uppsala	Gold	168	70	58	305	0.22
Dragarbrunn 24:5	Uppsala	Gold	145	77	47	583	0.42
Dragarbrunn 28:5	Uppsala	Platinum	80	48	40	457	0.23
Dragarbrunn 31:1 <sup>2</sup>	Uppsala	Gold	125	71	43	514	0.88
Fålhagen 1:39 <sup>4</sup>	Uppsala	Platinum	–	61	–	129	0.14
Kronåsen 1:1 (Hubben) <sup>1, 3</sup>	Uppsala	Platinum	115	46	60	187	0.54
Kvarngärdet 1:19	Uppsala	Gold	189	56	70	283	0.20
<b>Total</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>17,968</b>	<b>–</b>

1) Properties that underwent new construction or renovation, and were financed over the course of the project in accordance with the criteria for new construction and redevelopment projects. After the project was completed, the property was reclassified to the existing properties category. As of 31 December 2020, these properties comprised SEK 8.4 billion out of a total SEK 53.8 billion. For further information, see Other information and methods.

2) The property is financed in part by a secured green bank loan. For further information, see “Other information” and “Methods”.

3) The property is financed in part by a green bank loan with the NIB. For further information, see “Other information” and “Methods”.

4) The property was acquired or built after 31 Dec 2009. In these cases, the registered energy value at the end of the first of December after the property was occupied/put into use was used as a comparison figure.





# Auditor’s Limited Assurance Report on Vasakronan AB’s Impact Report – green financing

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This is the translation of the auditor’s report in Swedish. To the Board of Directors of Vasakronan AB, corporate identity number: 556061-4603

**Introduction**

We have been engaged by the Board of Directors of Vasakronan AB (publ) to undertake a limited assurance engagement of the information in the Company’s “Investor Report – Green financing” (the Investor Report), for the year 2020. The Investor Report consists of the pages 162-169 in the Annual Report.

**Responsibilities of the Board of Directors and Executive Management**

The Board of Directors and Executive Management are responsible for the preparation of the Investor Report in accordance with the applicable criteria, as explained on page 162 of the Annual Report and consists of the parts of Vasakronan AB (publ)s Green Finance Framework which are applicable for the Investor Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of an Investor Report that is free from material misstatements, whether due to fraud or error.

**Responsibilities of the Auditor**

Our responsibility is to express a conclusion on the stated reported information in the Board of Director’s and Executive Managements Investor Report and the use of the issued amount according to the framework’s categories, based on the limited assurance procedures we have performed. Our engagement is limited to the information in this document and the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Investor Report and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB’s Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Vasakronan in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Investor Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

**Conclusion**

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the selected information disclosed in the Investor Report has not been prepared, in all material respects, in accordance with the criteria defined above.

Stockholm, March 24, 2021  
Ernst & Young AB

<b>Katrine Söderberg</b> <i>Authorized Public Accountant</i>	<b>Marianne Förander</b> <i>Expert Member of FAR</i>
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# Other





# Targets and fulfilment

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## Financial targets

Targets 2020	Target fulfilment 2020	Targets 2021
A total yield of at least 6.5% per year and on average over a rolling ten-year period.	The total yield was 4.0% for 2020, and 10.7% on average over the latest ten-year period. <i>Read more on page 34.</i>	<ul style="list-style-type: none"><li>• A total yield of at least 6.5% per year and on average over a rolling ten-year period.</li></ul>
A total yield of at least 0.5 percentage points higher than the industry per year and on average over a rolling ten-year period.	The total yield for the industry was 6.0% for 2020, and 9.7% on average over the latest ten-year period. <i>Read more on page 34.</i>	<ul style="list-style-type: none"><li>• A total yield of at least 0.5 percentage points higher than the industry per year and on average over a rolling ten-year period.</li></ul>
An increase in net operating income for comparable property holdings of 4.5% compared with 2019.	Net operating income for comparable property holdings was negative 0.3%. <i>Read more on page 83.</i>	<ul style="list-style-type: none"><li>• An increase in net operating income for comparable property holdings of 1.0% compared with 2020.</li></ul>
An occupancy rate of at least 95.0% at the end of 2020.	The occupancy rate was 91.9% at the end of the year. <i>Read more on page 35.</i>	<ul style="list-style-type: none"><li>• An occupancy rate of at least 92.5% at the end of 2021.</li></ul>
A 10% decrease in the percentage of premises with long-term vacancies.	The percentage of premises with long-term vacancies was on par with last year.	<ul style="list-style-type: none"><li>• A 10% decrease in the percentage of premises with long-term vacancies.</li></ul>
The cost of leasehold improvements in conjunction with new office lettings should average less than SEK 2,900 per square metre.	The cost of leasehold improvements in conjunction with new office lettings declined to less than SEK 2,424 per square metre.	<ul style="list-style-type: none"><li>• The cost of leasehold improvements in conjunction with new office lettings should average less than SEK 2,500 per square metre.</li></ul>
Price changes in conjunction with renegotiations should exceed 9.5%.	Price changes in conjunction with renegotiations totalled 7.3% (11.8). <i>Read more on page 82.</i>	<ul style="list-style-type: none"><li>• Price changes in conjunction with renegotiations should exceed 7.3%.</li></ul>
We developed a new green debt instrument tied to climate neutrality by 2030.	The development of a new green debt instrument is ongoing.	<ul style="list-style-type: none"><li>• We have broadened our green financing with a new debt instrument</li></ul>



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Environmental targets

Targets 2020	Target fulfilment 2020	Targets 2021
Decrease purchased energy by 5%.	At the end of the year, average energy intensity improved almost 10% to an average of 83 kWh/sq. m. (92). <i>Read more on pages 142–143.</i>	<ul style="list-style-type: none"><li>• Decrease purchased energy by 5%</li></ul>
65% of the buildings should have an energy intensity of less than 100 kWh/sq. m. and year.	At the end of the year, 72% (63) of the buildings had an energy intensity below 100 kWh/sq. m.	<ul style="list-style-type: none"><li>• At least 80 solar photovoltaic systems in operation</li></ul>
At the end of the year, at least 75 solar photovoltaic systems should be in operation.	At the end of the year, 71 (63) solar photovoltaic systems were in operation. <i>Read more on pages 142–143.</i>	<ul style="list-style-type: none"><li>• Reduce water consumption at properties by 2%</li></ul>
We have completed at least three projects that have led to a reduction in power requirements.	Ten projects were completed during the year that led to reduced power requirements.	<ul style="list-style-type: none"><li>• Assess at least 150 of our suppliers with respect to compliance with our environmental requirements</li></ul>
We offer food waste collection to all of our tenants.	At the end of the year, food waste was sorted at 93% of the properties.	<ul style="list-style-type: none"><li>• Increase the share of sorted food waste in relation to total tenant waste.</li></ul>
Decrease the amount of project development waste generated.	Waste from new construction averaged 33 kg/sq. m. (32).	<ul style="list-style-type: none"><li>• Decrease the amount of waste generated from project development.</li></ul>
We used recycled material in all projects.	The quantity of recycled material increased to 117 tons (62) and most projects included some reused material.	<ul style="list-style-type: none"><li>• Increase the share of reused, renewable and recycled material in projects.</li></ul>
Better ranking in the global sustainability survey, GRESB.	Year-on-year lower ranking in GRESB.	





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Social targets

Targets 2020	Target fulfilment 2020	Targets 2021
All employees identify with our values and comply with our internal Code of Conduct	The year’s employee survey showed that 98% (97) of the employees can identify with the company’s values.	<ul style="list-style-type: none"><li>• Our employees feel that stress levels at work are reasonable and that they have an opportunity to recover between workdays</li><li>• Reduced number of worksite accidents on projects</li><li>• The percentage of employees with foreign backgrounds has increased</li><li>• Our employees know how to act in cases of discrimination</li><li>• Assess at least 150 of our suppliers with respect to work environment, working conditions and human rights</li><li>• Implement at least 100 measures to create security at our properties and our development projects.</li><li>• Our tenants are aware of our efforts to promote healthy and inclusive indoor environments.</li></ul>
Our employees feel that stress levels at work are reasonable and that they have an opportunity to recover between workdays.	The year’s employee survey showed that 78% (78) of the employees would say that they have a reasonable work load and 85% (79) would say that they have enough time to recover between workdays.	
All employees perceive that our workplaces are free from discrimination.	This year’s employee survey shows that 94% (94) of employees perceive that our workplaces are free from discrimination.	
We have completed another 50 security measures in our properties and projects.	Some 70 (52) security and safety measures were carried out at our properties and projects during the year. Measures implemented included improved lighting, more frequent security patrols, new entry systems for properties, increased safety inspections and graffiti removal. <i>Read more on page 160.</i>	
We have assessed at least 100 of our suppliers with respect to compliance with our Code of Conduct.	In 2020, no (ten) major supplier audits were conducted, 11 (27) audits were conducted in conjunction with contract meetings with suppliers and 91 (43) suppliers were evaluated via internal questionnaires. <i>Read more on pages 154 and 159.</i>	
Reduced number of worksite accidents on projects.	The number of accidents on projects increased to 23 (16), of which one was classified as serious. However, in relation to the scope of the projects in the respective years (16,200 sq. m. in 2019 and 72,450 sq. m. in 2020), this comprised a decrease in accidents per square metre built.	
Increase the percentage of employees with foreign backgrounds.	The percentage of employees with a foreign background was 14% (13) at the end of the year. <i>Read more on page 158.</i>	



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	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>INCOME STATEMENTS, SEK m</b>				
<b>Rental revenue</b>	<b>1,772</b>	<b>1,767</b>	<b>1,703</b>	<b>1,764</b>
Operating expenses and property administration	-275	-238	-255	-281
Maintenance costs	-28	-27	-29	-31
Property tax	-155	-170	-163	-165
<b>Operating surplus</b>	<b>1,314</b>	<b>1,332</b>	<b>1,256</b>	<b>1,287</b>
Central administration	-29	-28	-33	-28
Result from participations in joint ventures	75	-4	-284	-6
Financial income	1	3	2	3
Financial expenses	-264	-285	-298	-280
Interest expense lease liability; ground rents and land leases	-40	-39	-39	-40
<b>Profit before value changes and tax</b>	<b>1,057</b>	<b>979</b>	<b>604</b>	<b>936</b>
Change in value of investment properties	1,946	344	578	-1,786
Depreciation of right-of-use assets	-2	-1	-2	-2
Change in value of financial instruments	-125	75	-449	666
Divested/impaired goodwill	-	-	-	-
<b>Profit before tax</b>	<b>2,876</b>	<b>1,397</b>	<b>731</b>	<b>-186</b>
Tax	-611	-310	-220	35
<b>Profit for the period</b>	<b>2,265</b>	<b>1,087</b>	<b>511</b>	<b>-151</b>
Of which, attributable to non-controlling interests	-1	-1	0	-2
<b>Total profit attributable to the Parent Company shareholders</b>	<b>2,266</b>	<b>1,088</b>	<b>511</b>	<b>-149</b>

	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>BALANCE SHEETS, SEK m</b>				
Investment properties	162,420	158,641	157,455	155,454
Equity	70,869	71,610	70,518	70,007
Interest-bearing liabilities	69,317	67,292	67,753	68,852
Total assets	176,226	173,872	173,258	174,173

## KEY METRICS

### Property-related information

Closing area, thousand sq. m.	2,339	2,329	2,325	2,325
Closing number of properties	171	171	174	174

Closing market value of property, SEK m	162,420	158,641	157,455	155,454
Net investments, SEK m	1,833	841	1,423	1,169

Closing economic occupancy rate, %	91.9	92.6	93.8	94.2
Surplus ratio, %	74	75	74	73

### Financial metrics

Closing average interest rate, %	1.6	1.7	1.8	1.7
Average fixed-interest tenor, years	5.0	5.8	6.0	5.8
Interest coverage ratio for the period, multiple	4.7	4.5	4.1	4.4
Closing equity/assets ratio, %	40	41	41	40

### Other metrics

Closing number of employees	293	297	303	308
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# Five-year overview

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	2020	2019	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>
<b>INCOME STATEMENTS, SEK m</b>					
<b>Rental revenue</b>	<b>7,006</b>	<b>7,040</b>	<b>6,718</b>	<b>6,490</b>	<b>6,251</b>
Operating expenses and property administration	-1,049	-1,059	-1,068	-993	-981
Maintenance costs	-116	-119	-108	-110	-105
Property tax	-652	-655	-527	-544	-544
Ground rents and land leases	-	-	-146	-165	-162
<b>Net operating income</b>	<b>5,189</b>	<b>5,207</b>	<b>4,869</b>	<b>4,678</b>	<b>4,459</b>
Central administration	-118	-113	-101	-97	-87
Result from participations in joint ventures	-219	1,105	159	-3	-3
Net interest	-1,117	-1,131	-1,043	-1,165	-1,152
Interest expense, lease liability	-158	-147	-	-	-
<b>Profit before value changes and tax</b>	<b>3,577</b>	<b>4,921</b>	<b>3,884</b>	<b>3,413</b>	<b>3,217</b>
Change in value of investment properties	1,083	13,270	10,651	7,973	12,056
Depreciation of right-of-use assets	-7	-7	-	-	-
Change in value of financial instruments	167	-881	13	468	-764
Divested/impaired goodwill	-	-74	-62	-26	-18
<b>Profit before tax</b>	<b>4,820</b>	<b>17,229</b>	<b>14,486</b>	<b>11,828</b>	<b>14,491</b>
Tax	-1,106	-3,320	-1,584	-2,559	-3,019
<b>Profit for the year</b>	<b>3,714</b>	<b>13,909</b>	<b>12,902</b>	<b>9,269</b>	<b>11,472</b>
Of which, attributable to non-controlling interests	-4	-2	-	-	-
<b>Total profit attributable to the Parent Company shareholders</b>	<b>3,718</b>	<b>13,911</b>	<b>12,902</b>	<b>9,269</b>	<b>11,472</b>
<b>BALANCE SHEETS, SEK m</b>					
Investment properties	162,420	156,071	138,934	126,875	115,922
Equity	70,869	70,156	60,271	51,377	46,117
Interest-bearing liabilities	69,317	66,638	61,087	58,421	55,240
Total assets	176,226	170,179	145,201	132,283	122,056

	2020	2019	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>
<b>KEY METRICS</b>					
<b>Property-related information</b>					
Closing area, thousand sq. m.	2,339	2,322	2,372	2,430	2,426
Closing number of properties	171	174	174	179	179
Closing number of apartments	1,169	1,175	1,169	1,168	1,161
Closing market value of property, SEK m	162,420	156,071	138,934	126,875	115,922
Closing market value, SEK/sq. m	69,439	67,214	58,573	52,212	47,783
Net investments, SEK m	5,266	3,867	1,407	-2,980	-28
Property acquisitions, SEK m	181	977	594	1,049	58
Property divestments, SEK m	-228	-1,550	-2,521	-612	-2,121
Investments in existing projects, SEK m	4,920	4,440	3,335	2,543	2,035
Closing rental value, SEK m	8,187	7,785	7,403	7,190	6,949
Closing economic occupancy rate, %	91.9	94.1	93.1	93.1	94.2
Closing surplus ratio, %	74	74	73	72	71
Environmental certification at closing date	85	85	85	84	77
Energy intensity on closing date, kWh/sq. m.	83	92	103	100	110
Yield, total holdings, %	3.2	3.5	3.8	3.9	4.1
Value change in the total portfolio, % <sup>2)</sup>	0.8	9.6	8.5	6.9	11.7
Total yield, total holdings, %	4.0	13.4	12.5	11.0	16.3

<b>Financial metrics</b>					
Closing average interest rate, %	1.6	1.7	1.6	1.7	2.0
Average fixed-interest tenor, years	5.0	5.8	4.7	4.5	4.3
Interest coverage ratio, multiple	4.4	4.6	4.7	3.9	3.8
Closing equity/assets ratio, %	40	41	42	39	38
Closing EPRA NRV, SEK m	94,656	91,742	78,541	68,583	61,333
Closing EPRA NTA, SEK m	87,735	85,205	72,970	63,550	58,013
Closing EPRA NDV, SEK m	69,450	68,909	58,001	48,975	43,938
Return on equity, %	5.2	21.3	23.1	19.0	26.3

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

2) Outcome in accordance with MSCI Swedish Property Index.



### Five-year overview, Cont.

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	2020	2019	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>
<b>Cash flow metrics</b>					
Cash flow from operating activities before changes in working capital, SEK m	3,547	3,755	3,567	3,383	3,137
Cash flow from operating activities, SEK m	3,818	3,829	3,635	3,468	3,439
Cash flow from investing activities, SEK m	-5,269	-3,573	-1,297	-2,985	23
Cash flow from financing activities, SEK m	494	1,044	-1,546	-1,207	-3,616
Cash flow for the year, SEK m	-957	1,300	792	-724	-154
<b>Other metrics</b>					
Average number of employees	302	308	313	345	338
Closing number of employees	293	305	309	349	339
<b>Basis for key metrics</b>					
<b>1. EPRA NRV, SEK m</b>					
Equity	70,869	70,156	60,271	51,377	46,117
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,983	-2,045	-2,071
Add back derivatives	3,426	2,126	1,967	2,427	2,925
Add back recognised deferred tax	22,269	21,368	18,286	16,824	14,362
	<b>94,656</b>	<b>91,742</b>	<b>78,541</b>	<b>68,583</b>	<b>61,333</b>
<b>2. EPRA NTA, SEK m</b>					
Equity	70,869	70,156	60,271	51,377	46,117
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,983	-2,045	-2,071
Add back other intangible assets	-136	-116	-106	-100	-100
Add back derivatives	3,426	2,126	1,967	2,427	2,925
Add back recognised deferred tax	22,269	21,368	18,286	16,824	14,362
Deferred tax at fair value	-6,785	-6,421 <sup>4)</sup>	-5,465 <sup>3)</sup>	-4,933 <sup>3)</sup>	-3,220 <sup>2)</sup>
	<b>87,735</b>	<b>85,205</b>	<b>72,970</b>	<b>63,550</b>	<b>58,013</b>
<b>3. EPRA NDV, SEK m</b>					
Equity	70,869	70,156	60,271	51,377	46,117
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,983	-2,045	-2,071
Adjustment of interest-bearing liabilities to fair value	489	661	-287	-357	-108
	<b>69,450</b>	<b>68,909</b>	<b>58,001</b>	<b>48,975</b>	<b>43,938</b>

	2020	2019	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>
<b>4. EBITDA, SEK m</b>					
Operating surplus	5,189	5,207	4,869	4,678	4,459
Central administration	-118	-113	-101	-97	-87
Cash flow from dividends from joint ventures	34	309	162	-	-
Ground rents and land leases	-165	-154	-	-	-
	<b>4,940</b>	<b>5,249</b>	<b>4,930</b>	<b>4,581</b>	<b>4,372</b>
<b>5. EBITDA margin, %</b>					
Rental revenue	7,006	7,040	6,718	6,490	6,251
EBITDA	4,940	5,249	4,930	4,581	4,372
	<b>71</b>	<b>75</b>	<b>73</b>	<b>71</b>	<b>70</b>
<b>6. Interest coverage ratio, multiple</b>					
EBITDA	4,940	5,249	4,930	4,581	4,372
Net financial items	-1,117	-1,131	-1,043	-1,165	-1,152
	<b>4.4</b>	<b>4.6</b>	<b>4.7</b>	<b>3.9</b>	<b>3.8</b>
<b>7. Net interest-bearing liabilities, SEK m</b>					
Non-current interest-bearing liabilities	55,659	53,682	45,956	44,711	39,334
Current interest-bearing liabilities	13,658	12,956	15,131	16,824	15,906
Cash and cash equivalents	-2,558	-3,515	-2,215	-1,423	-2,147
	<b>66,759</b>	<b>63,123</b>	<b>58,872</b>	<b>60,112</b>	<b>53,093</b>
<b>8. Loan-to-value ratio, %</b>					
Net interest-bearing liabilities	66,759	63,123	58,872	56,998	53,093
Total assets excl. leaseholds and land leases	162,420	156,071	138,937	126,875	115,922
	<b>41</b>	<b>40</b>	<b>42</b>	<b>45</b>	<b>46</b>
<b>9. Debt/equity ratio, multiple</b>					
Non-current interest-bearing liabilities	55,659	53,682	45,956	44,711	39,334
Current interest-bearing liabilities	13,658	12,956	15,131	16,824	15,906
Equity	70,869	70,156	60,271	51,377	46,117
	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>

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

2) Calculated on the basis of 25% of the current tax rate, i.e. 5.5%.

3) Calculated on the basis of 30% of the current tax rate, i.e. 6.6%.

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





# Definitions

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<p><b>Annual rent, SEK m</b> Base annual rent plus indexation and supplements.</p> <p><b>Area, sq. m.</b> Lettable area, not including garages and parking spaces on the closing date.</p> <p><b>Average fixed-interest tenor, years</b> 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.</p> <p><b>Average interest rate, %</b> 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.</p> <p><b>Average loan-to-maturity, years</b> 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.</p> <p><b>Average remaining term to maturity, years</b> The total contract value of commercial facilities divided by contracted rent for commercial facilities.</p> <p><b>Capital employed, SEK m</b> Total assets less non-interest-bearing liabilities.</p> <p><b>Cash and cash equivalents, SEK m</b> Cash and bank balances, along with current investments with maturities of less than three months. Intended as an indication of the company's liquidity.</p> <p><b>Central administration, SEK m</b> Costs at the Group level that are not directly related to property management, such as costs associated with</p>	<p>the Group management, property investments, financing and central marketing.</p> <p><b>Comparable property holdings</b> 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.</p> <p><b>Contracted rent by property type</b> 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.</p> <p><b>Contracted rent, SEK m</b> Total annual rent from contracts in effect as of the closing date.</p> <p><b>Debt/equity ratio, multiple</b> Interest-bearing liabilities divided by equity. Intended as an indication of the company's financial risk.</p> <p><b>EBITDA margin, %</b> Rental revenue in relation to EBITDA. Intended as an indication of the current earnings in property management activities.</p> <p><b>EBITDA, SEK m</b> 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.</p> <p><b>Economic occupancy rate, %</b> Contracted rent divided by the rental value on the closing date.</p>	<p><b>Energy intensity kWh/sq. m.</b> The annual total for energy consumption, adjusted to the level of a normal year, from heating, comfort cooling and property electricity, divided by the temperate area (indoor area for all floors of a building that are heated to more than 10°C). Reported energy intensity also includes some tenant electricity and process cooling which, for technical reasons, is not possible to remove from the property electricity calculation.</p> <p><b>Environmental certification, %</b> 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.</p> <p><b>EPRA NDV (Net Disposal Value), SEK m</b> Equity adjusted for goodwill and the fair value of interest-bearing liabilities as well as the full extent of deferred tax.</p> <p><b>EPRA NRV (Net Reinstatement Value), SEK m</b> Recognised equity, adding back goodwill, derivatives and deferred tax. The metric shows the company's EPRA NAV.</p> <p><b>EPRA NTA (Net Tangible Assets), SEK m</b> 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.</p> <p><b>Equity/assets ratio, %</b> Equity divided by total assets on the closing date. Intended as an indication of the company's financial stability.</p>	<p><b>Interest coverage ratio, multiple</b> EBITDA in relation to net financial items. Intended as an indication of the company's sensitivity to fluctuations in interest rates.</p> <p><b>Investments in existing projects, SEK m</b> Investments in ongoing projects. Intended as an indication of the company's investment volume.</p> <p><b>Loan-to-value (LTV) ratio, %</b> 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.</p> <p><b>Net interest-bearing liabilities/EBITDA, multiple</b> Interest-bearing liabilities less cash and cash equivalents in relation to EBITDA. Intended as an indication of the company's financial risk.</p> <p><b>Net interest-bearing liabilities, SEK m</b> Interest-bearing liabilities less cash and cash equivalents. Intended as an indication of the company's financial risk, excluding IFRS 16.</p> <p><b>Net interest, SEK m</b> Interest income less interest expenses.</p> <p><b>Net investments, SEK m</b> 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.</p> <p><b>Net lettings, SEK m</b> 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.</p>	<p><b>Net operating income, SEK m</b> 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.</p> <p><b>Operating surplus, SEK m</b> 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.</p> <p><b>Profit before value changes and tax, SEK m</b> 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.</p> <p><b>Property acquisitions, SEK m</b> Acquisition of investment properties. Intended as an indication of the company's acquisitions during the period.</p> <p><b>Property category</b> The primary use of the property based on rental revenue.</p> <p><b>Property divestments, SEK m</b> Divestment of investment properties. Intended as an indication of the company's divestments during the period.</p> <p><b>Rental value, SEK m</b> Contracted rent plus the assessed market rent for vacant premises.</p> <p><b>Return on equity, %</b> Earnings after tax divided by the average of opening and closing equity. Intended as an indication of the return on equity.</p>	<p><b>Surplus ratio, %</b> Operating surplus divided by rental revenue. Intended as an indication of the current earnings in property management activities.</p> <p><b>Temperate area, sq. m.</b> Indoor area for all floors of a building that are heated to more than 10°C.</p> <p><b>Total contract value, SEK m</b> Contracted rent multiplied by the period of maturity of the leases.</p> <p><b>Total yield, total holdings, %</b> Sum total of yield and change in value, including projects and transactions. Calculated according to the same method as the IPD Swedish Property Index. Intended as an indication of the return on total assets.</p> <p><b>Value change in the total portfolio, %</b> Value change in SEK, divided by market value for the entire property portfolio, that is including projects and transactions at the start of the period. In the five-year overview, the value change is reported according to the same method as the IPD Swedish Property Index. Intended as an indication of the value change in the property portfolio.</p> <p><b>Yield, total holdings, %</b> Net operating income as a percentage of the sum of the properties' opening market value, plus half of the year's investments and less half of net operating income during the year. Calculated according to the same method as the IPD Swedish Property Index and pertains to the entire property portfolio including projects and transactions. Intended as an indication of the return on current earnings from the properties.</p>
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## Financial calendar

### REPORTS

Interim Report Jan–Mar 2021	28 April 2021
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	4 May 2021
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CORP. REG. NO. 556061-4603

### PRODUCTION

Vasakronan and Springtime-Intellecta (2021)

**Photography:** Aksel Alvarez, Sandra Birgersdotter, Alen Cordic, Christoffer Edling, Anders Fredriksen, Jenny Brandt Grönberg, Gonzalo Irigoyen, Gustav Kaiser, Christoffer Lomfors, Cecilia Magnusson, Choke Nygren, Fredrik Reuterhäll, Anton Stegarås, Joakim Ström, Martin Sörbo, Karin Taawo Bektasevic, baraBild, Johnér, Unsplash and Shutterstock. **Vision images:** Elite Studio, Equator, Reflex Arkitekter, Tomorrow and White/CF Möller.