

# Interim Report

## January–June 2022

Q2

## Statement by the CEO

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- > Rental revenue increased 6% (6) to a total of SEK 3,892 million (3,660). In comparable property holdings, the increase in rental revenue was 4% (2).
- > New lettings were contracted corresponding to 89,000 square metres (59,000) and an annual rent of SEK 519 million (260). Net lettings amounted to SEK 187 million (negative: 194) for the period.
- > The price change after renegotiations averaged 6%, compared with 10% last year. Renegotiations were completed in the period corresponding to an annual rent of SEK 603 million (632).
- > The occupancy rate was 91.6% (92.1) at the end of the period. Of total vacancies, 1.6 percentage points (1.5) were attributable to ongoing projects and development properties.
- > Operating surplus increased 7% (6) to a total of SEK 2,899 million (2,702). For comparable property holdings, the increase in operating surplus was 3% (2).
- > Profit before value changes and tax rose 2% to SEK 2,223 million (2,174). Excluding the result from participations in associates and joint ventures, earnings increased 12% (10).
- > The change in the property value amounted to SEK 13,168 million (5,526), corresponding to a 7.3% (3.4) increase in value. The change in value was primarily due to the downward adjustment of yield requirements and increased market rents.
- > At the end of the period, the property portfolio value had increased to SEK 195,809 million, compared with SEK 181,575 million at year-end 2021.
- > The value change in financial instruments amounted to SEK 1,763 million (525), which was due to the increase in long-term market interest rates.
- > Profit after tax amounted to SEK 13,618 million (6,528).

Rental revenue

+6%

Operating surplus

+7%

Net lettings,  
SEK m

+187

Occupancy rate

92%

Amounts in SEK million	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021–Jun 2022	Jan–Dec 2021
Rental revenue	3,892	3,660	1,990	1,842	7,657	7,425
Operating surplus	2,899	2,702	1,499	1,369	5,730	5,533
Profit before value changes and tax	2,223	2,174	1,139	1,163	4,439	4,391
Profit before value changes and tax excluding result from participations in associates and joint ventures	2,254	2,012	1,165	1,021	4,440	4,198
Change in value of investment properties	13,168	5,526	10,246	3,889	22,897	15,255
Profit after tax	13,618	6,528	9,723	4,215	23,449	16,359
Cash flow from operating activities	2,062	1,766	1,066	968	3,868	3,947
Market value of properties	195,809	169,863	195,809	169,863	195,809	181,575
Occupancy rate, %	91.6	92.1	91.6	92.1	91.6	91.4
Surplus ratio, %	74	74	75	74	75	75
Interest coverage ratio, multiple	5.4	5.1	5.4	5.5	5.3	5.2
Loan-to-value (LTV) ratio, %	39	41	39	41	39	39
Closing EPRA NRV, SEK m	120,777	99,604	120,777	99,604	120,777	110,515
Closing EPRA NTA, SEK m	111,228	92,165	111,228	92,165	111,228	102,179
Closing EPRA NDV, SEK m	96,714	73,065	96,714	73,065	96,714	83,118
Environmental certification of investment portfolio, share of total area, %	92	90	92	90	92	92
Environmental certification, of investment portfolio, share of market value, %	94	92	94	92	94	94
Energy intensity on closing date, kWh/sq. m., rolling 12 months	78	83	78	83	78	83

# Strong results in a turbulent operating environment

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Russia's invasion of Ukraine has created turbulence in our operating environment and a severe humanitarian crisis. In combination with lockdowns in Asia, the war has led to disruptions in production and supply chains with consequent price rises, including for energy and materials. Inflation has taken a grip and higher interest rates are widely expected. In the long run, we will all be impacted, including Vasakronan. The extent of that impact remains to be seen. At the same time, a resurgence has been noted in tourism, the labour market remains stable and demand is high for the right skills. These trends are clear from our dialogues with customers and are reflected in our half-year results.

### Good access to financing

The higher interest rates and capital market turbulence we noted during the quarter have led to borrowing costs rising across the board. For many companies, access to finance has deteriorated significantly. A market with small differences in credit margins between companies has rapidly switched to a market where ownership structure and credit ratings have become very important. It has also become apparent how critical it is to maintain close dialogues with investors and have access to multiple funding sources – much like Vasakronan already does. During the quarter, we raised borrowings of about SEK 7 billion with an average credit margin of 85 basis points and an average maturity of eight years. This included our issue of a corresponding SEK 552 million 20-year bond to one Japanese investor. This demonstrates investors' confidence in Vasakronan and our ability, even in turbulent conditions, to finance the company on advantageous terms.

### Strong lettings

Operationally, we focus strongly on what we are able to affect – our projects and our offering. Active management and close dialogues with our customers enable us to continue to increase result. We are maintaining a high rate for new lettings and our net lettings for the first half of the year were SEK 187 million. Demand is clearly greatest for the best products in the most central parts of Stockholm. The market remains heated and after the end of the period we let 6,300 square metres in our project development Hästskon 9 on Hamngatan in Stockholm City. This means that the property's office space is fully let.

Now with many events happening in the world, it is important to maintain focus on long-term issues. For us, this includes advancing the climate transition and working on the energy issue, where we have many opportunities. In terms of our energy consumption, since 2018 we have set our sights on going from 100 kWh/sq. m. to 50 kWh/sq. m. Our current average is 78 kWh/sq. m. per year. We are already essentially halfway to achieving that target. This is advantageous for Vasakronan, given high energy prices and increases in tariff-based costs.

### Successful project development

High activity levels in the property market in recent years have resulted in strong price growth. For this reason, we have consciously reduced our investments in the transaction market over the past few years in favour of investments and projects in our existing property portfolio. This has been highly profitable.



“The labour market remains robust and demand for centrally located, modern office space is healthy in all four of our areas.”

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*At Platinan, Scandic Göteborg Central opened its doors in early June. The hotel's roof terrace provides views over the river, harbour and Läppstiftet.*

*Photography:  
Scandic Hotels*

During the quarter, we inaugurated three properties with a total market value of SEK 8.6 billion: Platinan in Gothenburg; Magasin X in Uppsala; and Nattugglan in Södermalm, Stockholm. All three are of the highest quality, in prime locations and have high occupancy rates. At Platinan, Scandic Göteborg Central opened its doors in early June. With 450 rooms and large event spaces, the hotel is one of Gothenburg's largest. The timing is good as many people are eager to meet in larger groups and Gothenburg is among other things breaking records in the number of concerts booked.

Every full and half year, we have our property portfolio externally valued, and it now amounts to SEK 196 billion. The value increase is partly attributable to higher inflation. The lettings we have made and the projects we have completed also generated positive effects.

Over the past year, the high transaction market activity level has also impacted the change in value and it is worth noting that several transactions were completed at historic highs. To date, the concern in the capital and equity markets and expectations of higher interest rates have not been reflected in the transactions completed and my assessment is that these factors have not been taken into account in the valuations.

The exact duration or the effects of the operating environment turbulence on our business and the valuation of our property portfolio remains to be seen, but most likely a slightly more challenging market awaits us in the autumn. A turbulent market also entails advantages for a long-term investor like Vasakronan with a strong balance sheet and owners. For example, opportunities can arise when prices decline for assets that were previously overpriced in our view.

**Strong results**

To summarise: we posted a strong performance for the first six months. We have high net lettings and our operating surplus continues to increase. A large proportion of our project portfolio has now been completed and several new properties have been added to our property management over the past year. The labour market remains robust and demand for centrally located, modern office space is healthy in all four of our areas. While the long-term market trend remains to be seen, it is clear that Vasakronan has all the prerequisites to continue our long-term success. We have a robust capital structure and the best possible properties and locations. We work closely with our customers and have committed and knowledgeable employees. In other words, we are well positioned to meet an economic slowdown.

Stockholm, 8 July 2022

**Johanna Skogestig,**  
*Chief Executive Officer*

# Vasakronan second quarter

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## New lettings and renegotiations

During the quarter, new lettings corresponding to 45,000 square metres (41,000) and an annual rent of SEK 259 million (183) were signed. On Sergelgatan, a five-year lease for 1,400 square metres in the lower floors of Hötorgshus 3–4 was signed with Hemnet. An extensive project is ongoing in Sergelgatan to renovate and modernise at street level. This includes creating 4,000 square metres of office space through repurposing former retail space. The agreement with Hemnet means all the office space is now fully let.

During the quarter, a five-year lease for 2,300 square metres was signed with the IT consultancy Omegapoint Group at Klara C in Stockholm. At Spektern 13 on Regeringsgatan in Stockholm, the insurance company PRI signed a five-year lease for 1,600 square metres.

Notice to vacate was received during the quarter corresponding to annual rent of SEK 197 million (222), whereby net lettings amounted to a SEK 62 million (negative: 39).

Renegotiations were also completed in the quarter corresponding to 91,000 square metres (89,000) and an annual rent of SEK 318 million (288). The result of renegotiation for the quarter amounted to 5% (4). The result of renegotiations for the year for office leases amounted to 8% (5) and for retail the result was 0% (0).

Uppsala stadsteater has chosen to extend its 10,300 square metre lease at the Dragarbrunn 28:5 property on Kungsgatan in Uppsala for another 15 years. ELU konsult has extended its lease of 2,600 square metres at Svea Artilleri in Stockholm for a period of eight years and True Soft Software has signed a three-year extension to its lease of 1,700 square metres at Klara Zenit in central Stockholm.

## Continued investment in project development

In the Södra City area of Uppsala, a transformation is planned of the entire Hugin neighbourhood encompassing a total of 70,000 square metres. When completed, the neighbourhood will comprise office, hotels and housing. Construction started on the first phase, named Lumi, during the quarter. The project is scheduled for completion by the end of 2024 and encompasses 15,000 square metres of office space and a total investment of SEK 740 million. Leases were signed with two tenants for 10,000 square metres, which means the occupancy rate for the Lumi project had reached 70% when construction started.

In addition, the redevelopment of Hästskon 9 on Hamngatan in central Stockholm was also started during the quarter. The property, encompassing 9,100 square metres of space for premises, will be renovated and modernised to meet market demand for office and retail premises. The total investment amounts to SEK 570 million and the project is scheduled for completion by the end of 2024. After the end of the period, a lease was signed with a tenant for 6,300 square metres, which means the office space at the property is now fully let.

## Long-term climate goal aligned with the 1.5 degree goal

To ensure that efforts to reduce climate impact were sufficiently ambitious and aligned with the Paris Agreement, Vasakronan had its existing climate goals evaluated by the Science Based Targets initiative (SBTi) as early as 2018. The company has since then raised its ambitions and set a new goal of becoming climate neutral across the entire value chain by year 2030. During the quarter, Vasakronan's climate goal was assessed by SBTi, which confirmed its alignment to the 1.5 degree goal according to the Paris Agreement and is considered ambitious.

## Second quarter results

	Q2 2022	Q2 2021
Rental revenue, SEK m	1,990	1,842
Operating surplus, SEK m	1,499	1,369
Profit before value changes and tax, SEK m	1,139	1,163
Change in value of investment properties, SEK m	10,246	3,889
Change in value of investment properties, %	5.5	2.4
Change in value of financial instruments, SEK m	862	258
Profit after tax, SEK m	9,723	4,215
Cash flow from operating activities, SEK m	929	918

# The market during the second quarter

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## Diminishing growth

The year started with a slowdown in GDP growth, mainly due to substantial energy price increases and shortages of input goods as a result of the war in Ukraine. In its most recent report in June, the National Institute of Economic Research (NIER) made a downward revision of its GDP growth forecast for 2022 from 3.3% to 1.9%, compared with 5.1% growth in 2021. The downward revision was mainly attributable to lower expected household consumption due to high inflation as well as implemented and expected interest rate increases.

Despite the uncertain conditions, the labour market remains strong with several sectors experiencing labour shortages. In its most recent report from June, the NIER estimates that employment will increase 2.4% in 2022, compared with an increase of 1.1% in 2021. The assessment remains unchanged from the March 2022 forecast. According to Statistics Sweden and Evidens, office employment will rise 1.5% in 2022.

## Increase in physical retail

In the spring, people returned to the city centres and physical retail is growing. This is also confirmed by Vasakronan's own city retail index. However, demand for slow-moving consumer goods is projected to fall as a result of rising prices. In its most recent report from June 2022, HUI Research (HUI) projected slow-moving consumer goods to grow 3.0% in 2022, corresponding to a downward adjustment of 0.5 percentage points from the March projection. Price increases are expected to account for all of the growth with volumes unchanged compared with 2021.

## Lettings market remains positive

Office rents have remained unchanged in all of Stockholm's

sub-markets and in Uppsala compared with the end of the year, whereas rent levels rose slightly in the first quarter in Gothenburg and Malmö and remained unchanged through the second quarter. Demand is very good for modern office premises in central locations in all of Vasakronan's areas. Vacancy levels have fallen slightly in Central Stockholm and the CBD since the end of the year following slight increases during the pandemic. In retail, market rents and vacancy rates have remained stable since the beginning of the year in all of Vasakronan's regions.

## High transaction volumes

High transaction volumes marked the start of the year. The market has since turned somewhat more cautious, even though transaction volumes remain high from a historical perspective. According to data from Cushman & Wakefield, the total transaction volume for the first six months of the year amounted to SEK 114 billion (145). Residential and industrial properties were the largest segments in terms of transaction volume and 37% of the transaction volume was in Stockholm.

## Yield requirements keep falling

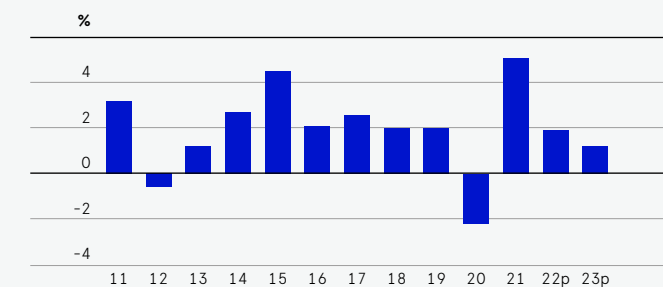
The transactions carried out in the real estate market during the first half of the year, indicates continued low yield requirements in all of Vasakronan's submarkets. The turbulence in the market contributes, however, to the fact that there is great uncertainty about the future price development.

## Rising market interest rates

In pace with the increasing spread of inflation to more parts of the economy, central banks around the world have begun a cycle of interest rate hikes and tapering of commercial paper and bond purchases. At the Riksbank's monetary policy meet-

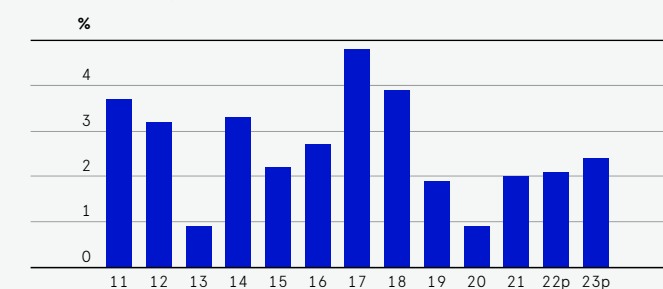
ing at the end of April, the Riksbank raised the key interest rate to 0.25%. This brought the key interest rate above zero for the first time since 2014. At the monetary policy meeting at the end of June, a further hike of 0.5 percentage points was decided, and more rate hikes are expected during the year. Short- and long-term market interest rates have risen significantly during the quarter.

## GDP growth



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

## Office employment



Office employment, annual change in %, change in metropolitan regions  
Source: Statistics Sweden and Evidens.

# Consolidated income statement

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Amounts in SEK million	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
Rental revenue	3,892	3,660	1,990	1,842	7,657	7,425
Operating expenses	-415	-386	-197	-178	-788	-760
Repairs and maintenance	-54	-52	-25	-26	-103	-100
Property administration	-190	-189	-103	-102	-365	-364
Property tax	-334	-331	-166	-167	-671	-668
<b>Total property expenses</b>	<b>-993</b>	<b>-958</b>	<b>-491</b>	<b>-473</b>	<b>-1,927</b>	<b>-1,892</b>
<b>Operating surplus</b>	<b>2,899</b>	<b>2,702</b>	<b>1,499</b>	<b>1,369</b>	<b>5,730</b>	<b>5,533</b>
Central administration	-57	-72	-29	-40	-109	-124
Result from participations in associates and joint ventures	-31	162	-26	142	-1	193
Financial income	2	2	1	1	4	4
Financial expenses	-510	-540	-266	-269	-1,025	-1,055
Interest expense lease liability; ground rents and land leases	-80	-80	-40	-40	-160	-160
<b>Profit before value changes and tax</b>	<b>2,223</b>	<b>2,174</b>	<b>1,139</b>	<b>1,163</b>	<b>4,439</b>	<b>4,391</b>
Change in value of investment properties	13,168	5,526	10,246	3,889	22,897	15,255
Depreciation of right-of-use assets	-3	-3	-1	-2	-7	-7
Change in value of financial instruments	1,763	525	862	258	2,177	938
Impairment of goodwill	0	0	0	0	-5	-5
<b>Profit before tax</b>	<b>17,151</b>	<b>8,222</b>	<b>12,246</b>	<b>5,308</b>	<b>29,501</b>	<b>20,572</b>
Current tax	-188	-211	-98	-114	-201	-223
Deferred tax	-3,345	-1,483	-2,425	-979	-5851	-3,990
<b>Profit for the period</b>	<b>13,618</b>	<b>6,528</b>	<b>9,723</b>	<b>4,215</b>	<b>23,449</b>	<b>16,359</b>
Of which, attributable to non-controlling interests	-2	-3	-1	-1	-5	-6
<b>Of which, attributable to the Parent Company shareholders</b>	<b>13,620</b>	<b>6,531</b>	<b>9,724</b>	<b>4,216</b>	<b>23,454</b>	<b>16,365</b>

Amounts in SEK million	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
<b>Other comprehensive income<sup>1)</sup></b>						
<i>Items that may not be reclassified<sup>2)</sup></i>						
Pensions, revaluation	-	-	-	-	73	73
Restriction for surplus in pension plan with asset cap	-	-	-	-	-2	-2
Income tax on pensions	-	-	-	-	-15	-15
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>56</b>
<b>Total comprehensive income for the period<sup>1)</sup></b>	<b>13,620</b>	<b>6,531</b>	<b>9,724</b>	<b>4,216</b>	<b>23,510</b>	<b>16,421</b>
<b>Key metrics</b>						
Surplus ratio, %	74	74	75	74	75	75
Interest coverage ratio, multiple	5.4	5.1	5.4	5.5	5.3	5.2

1) Other comprehensive income is attributable in its entirety to the Parent Company's shareholders.  
The absence of any potential shares means there is no dilutive effect.

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

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*Comments on the consolidated income statement*

**Rental revenue**

Rental revenue for the period increased 6% (6) to SEK 3,892 million (3,660). For comparable property holdings, the increase in rental revenue was 4% (2). The increase was primarily due to the positive effect from new lettings and contract renewals as well as from the indexation for the period.

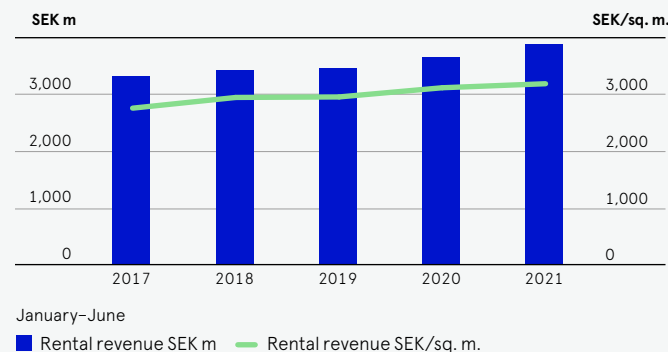
New lettings corresponding to 89,000 square metres (59,000) and an annual rent of SEK 519 million (260) were contracted in the first six months, of which 26% (27) of the annual rents impact on revenue in 2022. Of the new lettings for the period, SEK 164 million (57) pertained to project developments.

Notices to vacate were received during the period corresponding to annual rent of SEK 332 million (454) and net lettings amounted to SEK 187 million (negative: 194).

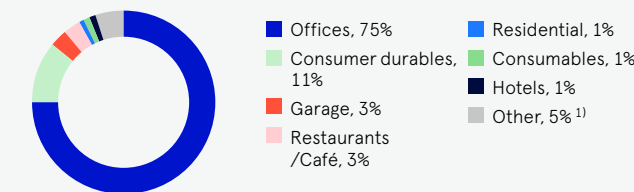
Lettings corresponding to 162,000 square metres (187,000) and an annual rent of SEK 603 million (632) were renegotiated during the period. These resulted in an increase on the previous rent payable of 6% (10). The result of renegotiations for the period for office leases amounted to 8% (12) and for retail the result was 0% (0).

Of all the contracts that have been subject of renegotiation in the past twelve months, including those that have moved within the portfolio, almost 70% (76) have chosen to remain tenants at Vasakronan.

**Rising rental revenue**



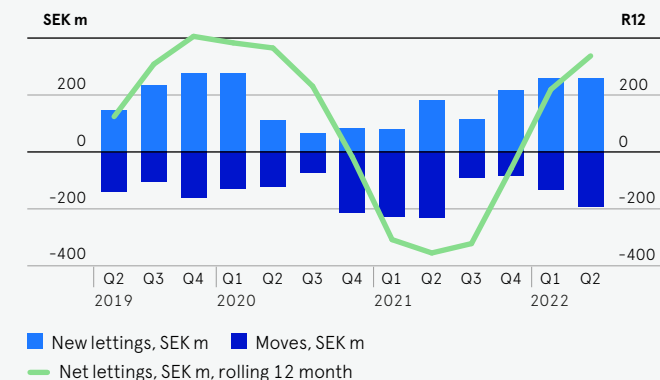
**Predominantly office tenants**



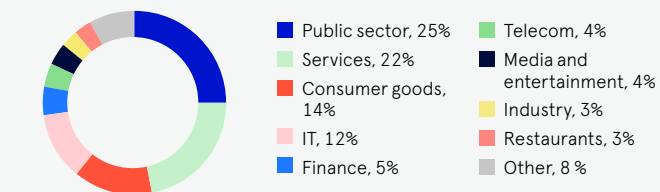
Breakdown by sector, share of contracted rent.

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

**Net lettings**



**Public sector comprises largest share of tenants**



Breakdown by sector, share of contracted rent

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Contracted rent at the end of the period amounted to SEK 8,169 million (7,586) and the average remaining maturity was 3.9 years (3.9).

The occupancy rate at the end of the period was 91.6% (92.1), compared with 91.4% at the end of the previous year. Of total vacancies, 1.6 percentage points (1.5) were attributable to vacancies in project developments and development properties.

**Property expenses**

Property expenses amounted to SEK 993 million (958) for the period. In comparable property holdings, the increase in property expenses was 4% (2). The increase was mainly due to higher electricity costs compared with the corresponding period last year.

**Operating surplus and yield**

Operating surplus for the period increased 7% (6) to SEK 2,899 million (2,702). For comparable property holdings, the increase in operating surplus was 3% (2). The surplus ratio was 74% (74).

The rolling 12-month yield amounted to 3.3% (3.4) for the total property portfolio and 3.6% (3.7) for investment properties. The yield has been calculated as the operating surplus with the add back of ground rents in relation to the market value of the properties.

**Administration**

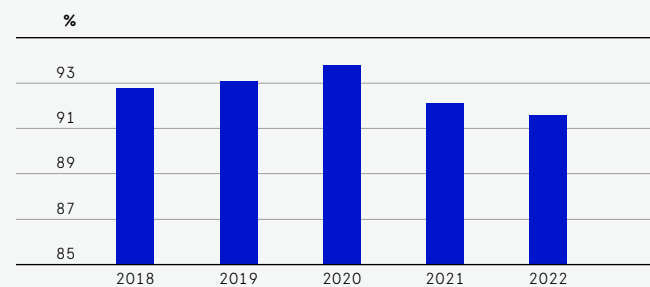
Property administration costs for the year were SEK 190 million (189). Central administration costs decreased to SEK 57 million (72), primarily due to lower development costs.

**Widely distributed over many tenants**

	Share in %
Ericsson	3
Swedish Police Authority	3
H&M	2
Swedish Prison and Probation Service	2
The Swedish Tax Agency	2
King	2
Försäkringskassan (Social Insurance Agency)	2
Tyréns	1
Scandic Hotels (EY)	1
Swedish National Courts Administration (Åhlens)	1
<b>Total</b>	<b>19</b>

Largest tenants, share of contracted rent.

**Lower occupancy rate**



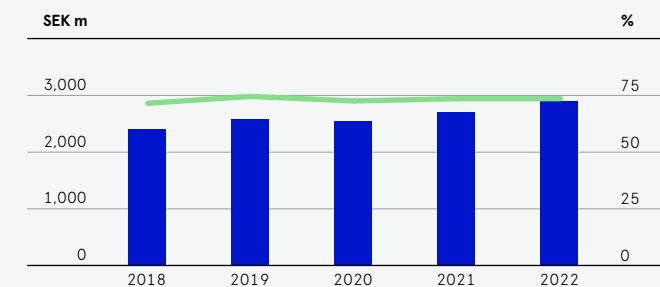
On 30 June.

**Even distribution of rents to maturity**

	No. of contracts	Annual rent, SEK m	% of total
2022	529	485	6
2023	1,056	1,190	15
2024	748	1,237	15
≥2025	1,738	4,911	60
<b>Total</b>	<b>4,071</b>	<b>7,823</b>	<b>96</b>
Residential	1,169	110	1
Garage	-	236	3
<b>Total</b>	<b>5,240</b>	<b>8,169</b>	<b>100</b>

Maturity structure for contracted rent.

**Improved operating surplus**



On 30 June.

■ Operating surplus, SEK m — Surplus ratio, %



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**Net financial items**

Net financial items for the period improved to an expense of SEK 508 million (expense: 538), primarily due to lower average interest expense during the period. The average interest rate for loans and derivatives amounted to 1.5% (1.5) at the end of the period. Vasakronan's relatively long-term fixed interest tenors and loan-to-maturity have mitigated the effect of rising market interest rates.

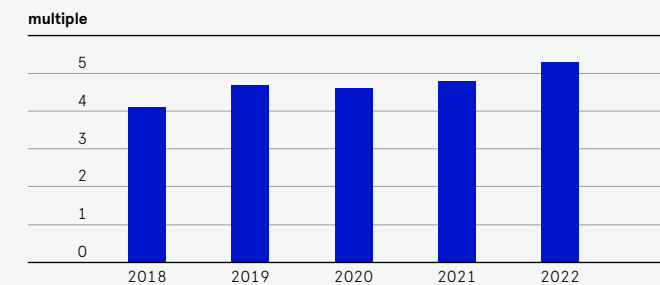
The LTM interest coverage ratio amounted to a multiple of 5.3 (4.8). The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

**Profit before value changes and tax**

Profit before value changes and tax rose to SEK 2,223 million (2,174), up 2% (41). Excluding the result from participations in associates and joint ventures, earnings amounted to SEK 2,254 million (2,012), up 12% (10). The change was attributable both to a higher operating surplus and to an improved net interest outcome.

**Financial risks**

	Financial policy in brief	Outcome, 30 Jun 2022
<b>Financing risk</b>		
Loan-to-maturity, excluding unutilised credit commitments	min. 2 years	5.2 years
Loan-to-maturity	–	5.5 years
Loans maturing, 12 months	max. 40%	19%
Credit commitments and cash/loans maturing 12 months	min. 100%	147%
<b>Interest-rate risk</b>		
Interest coverage ratio	min. 2.0x (LTM)	5.3x
Fixed-interest period	min. 2 years	4.0 years
Fixed-interest maturity within 12 months	max. 55%	47%
<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**

On 30 June, rolling 12-month period

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**Change in value of investment properties**

On 30 June 2022, the entire property portfolio had been valued externally. Altogether, the change in the property value amounted to an increase of SEK 13,168 million (5,526), which corresponded to a 7.3% (3.4) increase in value for the first six months.

The change in value for the investment portfolio amounted to SEK 10,526 million (4,370), corresponding to an increase in value of 6.7% (3.2). The percentage increase in value was greatest for office properties in Stockholm's CBD and Central Stockholm.

The change in value for the project developments and development properties amounted to SEK 2,673 million (1,214), up 10.9% (4.6). The value increase was due to reduced completion risk and improved occupancy rates.

The positive value growth was generally attributable to the downward adjustment of yield requirements as well as to rising market rents. The average yield requirement used for valuation of the property portfolio was 3.71%, compared with 3.87% for corresponding properties at the end of 2021.

**Change in value of financial instruments**

Derivatives increased in value to SEK 1,763 million (525), which was mainly due to the substantial increase in long-term market interest rates during the period.

Derivatives are used to adjust interest-rate risk in the loan portfolio and to hedge borrowings in foreign currencies. At the end of the period, the derivative portfolio amounted to SEK 78,414 million compared to SEK 75,474 million at year end, of which SEK 50,985 million (49,580) comprised interest-rate swaps and SEK 27,429 million (25,894) cross-currency basis swaps.

**Tax**

The Group reported a total tax expense of SEK 3,533 million (1,694). Of the tax expense, SEK 188 million (211) was current tax expense and SEK 3,345 million (1,483) was deferred tax expense resulting from temporary differences attributable to investment properties and financial instruments.

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

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

**Factors impacting value**

	Value impact, %
Yield requirement	4.26
Market rents	2.94
Vacancies and other valuation parameters, e.g., changed cost and investment assumptions	0.07
<b>Total</b>	<b>7.27</b>

**Change in value by region**

	Change in value, %	Contribution to change in value, percentage points
Stockholm	9.02	6.12
Gothenburg	4.40	0.81
Uppsala	2.99	0.19
Malmö	2.02	0.15
<b>Total</b>		<b>7.27</b>

**Change in value, by category**

	Change in value, %	Contribution to change in value, percentage points
Investment properties	6.70	5.80
Project developments and development properties	10.93	1.47
Transactions	-	-
<b>Total</b>		<b>7.27</b>

# Consolidated balance sheet

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Amounts in SEK million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2,018	2,047	2,044
<b>Property, plant and equipment (PPE)</b>			
Investment properties	195,809	169,863	181,575
Right-of-use assets, leaseholds and land leases	5,154	5,160	5,157
Equipment	104	108	102
	<b>201,067</b>	<b>175,131</b>	<b>186,834</b>
<b>Financial assets</b>			
Participations in associates and joint ventures	958	891	971
Receivables from joint ventures	20	–	20
Derivatives	5,427	820	1,062
Other non-current receivables	1,656	891	231
<b>Total financial assets</b>	<b>8,061</b>	<b>2,602</b>	<b>2,284</b>
<b>Total non-current assets</b>	<b>211,146</b>	<b>179,780</b>	<b>191,162</b>
<b>Current assets</b>			
Accounts receivable	42	69	45
Receivables from joint ventures	1	131	1
Current tax assets	10	–	79
Derivatives	267	17	78
Other current receivables, prepaid expenses and accrued income	1,286	1,444	1,308
Cash and cash equivalents	4,025	3,389	3,521
<b>Total current assets</b>	<b>5,631</b>	<b>5,050</b>	<b>5,032</b>
<b>TOTAL ASSETS</b>	<b>216,777</b>	<b>184,830</b>	<b>196,194</b>

Amounts in SEK million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>94,896</b>	<b>75,401</b>	<b>85,290</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	64,676	59,001	59,342
Lease liability, leaseholds and land leases	5,155	5,161	5,158
Deferred tax liability	29,618	23,752	26,273
Derivatives	3,835	3,083	1,957
Other non-current liabilities	89	58	69
Provision for pensions	45	122	45
<b>Total non-current liabilities</b>	<b>103,418</b>	<b>91,177</b>	<b>92,844</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	14,953	14,699	14,496
Accounts payable	47	17	57
Liabilities joint ventures	23	26	22
Current tax liabilities	–	89	–
Derivatives	25	113	38
Other current liabilities, accrued expenses and deferred income	3,415	3,308	3,447
<b>Total current liabilities</b>	<b>18,463</b>	<b>18,252</b>	<b>18,060</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>216,777</b>	<b>184,830</b>	<b>196,194</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. On 30 June 2022, goodwill was SEK 1,903 million, unchanged compared with year-end 2021.

The remaining portion of intangible assets comprised the value of the Vasakronan brand and in technical platforms in the subsidiary Idun, which amounted to SEK 100 million (100) and SEK 15 million (41), respectively. The decrease following the year end was due to the sale of the subsidiary Tmpl Work.

**Investment properties**

As of 30 June 2022, Vasakronan's entire property portfolio had been valued externally. The assessed market value of the property portfolio was SEK 195,809 million at the end of the period, compared with SEK 181,575 million at the end of 2021. The change in value during the first six months amounted to an increase of SEK 13,168 million (5,526), corresponding to an increase in value of 7.3% (3.4). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 12.2 billion/positive SEK 14.0 billion on the value of the current property portfolio.

The valuations were performed pursuant to the RICS Red Book and apply the same methodology as previous valuations. Market value is influenced by property-specific events during the period, such as new and renegotiated leases, properties being vacated and investments made. Consideration has also been taken for any assessed changes in market rents and yield requirements since the previous external valuation. A more comprehensive description of Vasakronan's property valuation methodology is available on pages 109–110 of Vasakronan's 2021 Annual Report.

**Change in property values**

SEK m	2022	2021
<b>Opening value, 1 January</b>	181,575	162,420
Investments	1,066	2,101
Acquisitions	0	178
Sales	0	-362
Change in value	13,168	5,526
<b>Closing value, 30 June</b>	<b>195,809</b>	<b>169,863</b>

**Environmental certification**

Vasakronan has set high goals for environmental certification of its property portfolio. Our ambition is for the share of properties certified in accordance with LEED Gold or higher to increase and to obtain environmental certification for the entire investment portfolio.

At the end of the period, some 94% (94) of our investment portfolio based on its market value was environmentally certified, of which 91 percentage points (82) were rated according to LEED Gold or higher. The increase in the number of properties certified in accordance with LEED Gold or higher was due to several properties receiving higher ratings following re-certification in the spring, due to energy saving measures in the properties.

**Right-of-use assets, leaseholds and land leases**

On 30 June 2022, right-of-use agreements totalled SEK 5,154 million, compared with SEK 5,157 million at the year end.

The right-of-use agreements primarily pertain to ground rent agreements. The company has a total of 13 ground rent agreements, of which 11 pertain to properties in Stockholm. 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%.

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**Property projects**

At the end of the period, the total investment volume of on-going property projects amounted to SEK 9,588 million (10,134), of which SEK 6,863 million (7,932) had been capitalised. The occupancy rate for major projects was 74 % at the end of the period compared with 83% at the end of last year. The changes in investment volume and occupancy rate were primarily attributable to the completion of the fully let Kronan property in Sundbyberg.

In the Södra City area of Uppsala, a transformation is planned of the entire Hugin neighbourhood encompassing a total of 70,000 square metres. When completed, the neighbourhood will comprise office, hotels and housing. Construction started on the first phase, named Lumi, during the quarter. The project is scheduled for completion by the end of 2024 and encompasses 15,000 square metres of office space and a total investment of SEK 740 million. During the quarter, leases were signed with tenants for 6,700 square metres. After the end of the period, additional leases were signed with tenants for 4,000 square metres, which means the occupancy rate for the Lumi project now exceeds 70%.

In addition, the redevelopment of Hästskon 9 on Hamngatan in central Stockholm was also started during the quarter. The property, encompassing 9,100 square metres of space for premises, will be renovated and modernised to meet market demand for office and retail premises. The total investment amounts to SEK 570 million and the project is scheduled for completion by the end of 2024. After the end of the period, a lease was signed with a tenant for 6,300 square metres, which means the office space at the property is now fully let.

**Large investments in property projects**

City	Property	Total investment, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Start Occupancy	Occupancy rate, % <sup>1)</sup>	Estimated completion date	LEED environmental certification <sup>3)</sup>
Gothenburg	Platinan	2,600	2,675	103%	53,700	Q4 2021	93	Apr 2022	Platinum
Stockholm	Sergelgatan	1,925	1,532	80%	15,500	N/A	N/A <sup>2)</sup>	Mar 2023	Gold
Stockholm	Nattugglan, block 2	800	722	90%	15,000	Q2 2022	97	Jun 2022	Platinum
Uppsala	Lumi	740	91	12%	15,000	Q4 2024	45 <sup>4)</sup>	Dec 2024	Platinum
Stockholm	Sperlingens Backe 47	610	89	15%	8,500	Q4 2023	91	Jan 2024	Platinum
Stockholm	Hästskon 9	570	20	4%	9,100	Q4 2024	0 <sup>5)</sup>	Dec 2024	Platinum
Uppsala	Magasin X	530	523	99%	11,500	Q4 2021	96	Mar 2022	Platinum
Stockholm	Hötorgshus 2	460	286	62%	8,000	Q3 2022	6	Apr 2023	Gold
Stockholm	Sperlingens Backe 45	370	304	82%	3,900	N/A	47	Dec 2022	Gold
<b>Total major property projects</b>		<b>8,605</b>	<b>6,242</b>	<b>73%</b>			<b>74</b>		
Other projects		983	621						
<b>Total</b>		<b>9,588</b>	<b>6,863</b>						

1) Calculated based on area.

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

3) Forecast at completion.

4) After the end of the period, leases were signed for 4,000 square metres, which means a total occupancy rate at the property of slightly more than 70%.

5) After the end of the period, leases were signed for 6,300 square metres, which means that the property is around 70% let.

In total, contracts have been signed for major ongoing projects equivalent to SEK 450 million in annual rent. The total contracted annual rent for these projects when fully let amounts to SEK 670 million.

**Shares and participations in associates and joint ventures**

The value of holdings in the form of shares and participations in joint ventures amounted to SEK 958 million (971) at the end of the year. The change in the holdings stemmed primarily from a decline in value due to slightly lower prices for development rights for residence.

**Deferred tax**

On 30 June 2022, the deferred tax liability was SEK 29,618 million, compared with SEK 26,273 million at year-end 2021. The deferred tax liability pertained primarily to investment properties. The change in tax liabilities was due to the period's unrealised value increases in the 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.

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**Financing**

Since 2018, Vasakronan has held a rating of A3 with a stable outlook from Moody's. The rating confirms the high quality of the company's properties and its diversified tenant portfolio over many sectors that contains a high percentage of public sector tenants. Moody's also highlighted Vasakronan's high proportion of environmentally certified properties and the indirect state ownership through the AP funds in its assessment of the company.

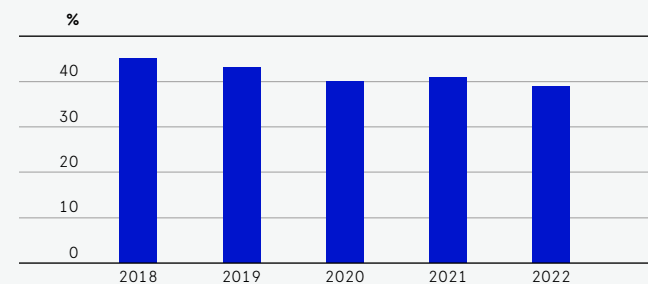
Vasakronan's strong credit rating not only provides Vasakronan with access to longer tenors – it also makes financing accessible in the majority of markets. In total, Vasakronan has borrowed SEK 9.5 billion (8.9) during the period with an average credit margin of 75 basis points and an average tenor of around eight years. Of new credits, SEK 5.2 billion (8.9) comprised bonds issued to investors in the Nordic region, Central Europe and Asia. Vasakronan has now issued bonds denominated in eight currencies and 34% (35) of the total liability at the end of the period consisted of borrowing in currencies other than SEK. Borrowing in foreign currencies is hedged through cross-currency basis swaps, which eliminates currency risk.

In the second quarter, Vasakronan chose to utilise a SEK 2 billion green loan commitment from the European Investment Bank. Unsecured bank loans outstanding thus increased to 8% (7) of the total loan portfolio. In the second quarter, green secured bank loans totalling SEK 2.3 billion (–) were also raised with longer maturities. Total secured bank loans amounted to 5% (4) of total assets at the end of the period.

Substantial demand was noted during the period for Vasakronan's commercial paper and the total volume of commercial paper outstanding amounted to SEK 8.5 billion at the end of the period compared with SEK 8.1 billion at year end.

At the end of the period, interest-bearing liabilities net of cash and cash equivalents amounted to SEK 75,604 million, compared with SEK 70,317 million at year end. The loan-to-value ratio was thus 39%, which was on a par with year-end 2021. The average fixed-interest tenor was 4.0 years (4.6) and the average interest rate for loans and derivatives amounted to 1.5% at the end of the period, compared with 1.3% at year end.

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, the credit facility was unutilised during the period. Cash and cash equivalents of SEK 4,025 million (3,521) and the unutilised credit facility from the owners together correspond to 147% (162) of loans maturing over the next 12 months. The average loan-to-maturity, including the above credit facilities, had increased to 5.5 years (5.5) at the end of the period.

**Stable loan-to-value ratio**

On 30 June.

**Fixed-interest tenors and loan-to-maturity**

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0–1 year	37,694	47	14,953	19
1–2 years	591	1	11,751	15
2–3 years	3,300	4	8,960	11
3–4 years	2,941	4	6,496	8
4–5 years	2,853	4	8,454	11
5–6 years	5,100	6	2,185	3
6–7 years	7,000	9	4,222	5
7–8 years	4,500	6	4,796	6
8–9 years	5,000	6	4,300	5
9–10 years	4,950	6	2,679	3
10 years or more	5,700	7	10,833	14
<b>Total</b>	<b>79,629</b>	<b>100</b>	<b>79,629</b>	<b>100</b>

**Breakdown of funding sources**

SEK m	Carrying amount, SEK m	Share, %
Commercial paper	8,468	11
Bonds, SEK	26,922	34
Bonds, NOK	13,038	16
Bonds, Other currencies	13,858	17
NSV, EUR	533	1
Secured bank loans	10,143	13
NIB and EIB	6,667	8
<b>Total</b>	<b>79,629</b>	<b>100</b>

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**Green financing**

Vasakronan issued the world's first green corporate bond in 2013. The company is the Nordic region's largest issuer of green corporate bonds and all bonds issued during the period were green. At the end of the period, the volume of green bonds increased to SEK 45,020 million (43,317).

In 2018, Vasakronan issued the world's first green commercial paper. At the end of the period, the volume outstanding of green commercial paper increased to SEK 7,885 million (4,280). The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 6,667 million (4,940) at the end of the period, and green secured bank loans amounted to SEK 4,037 million (1,760).

All new financing during the period was green and the share of green financing increased to 82% (74) of the total loan portfolio.

A more comprehensive description of the company's green financing and the investments made under Vasakronan's Green Finance Framework is available in the Impact Report – Green financing on pages 173–180 of Vasakronan's 2021 Annual Report.

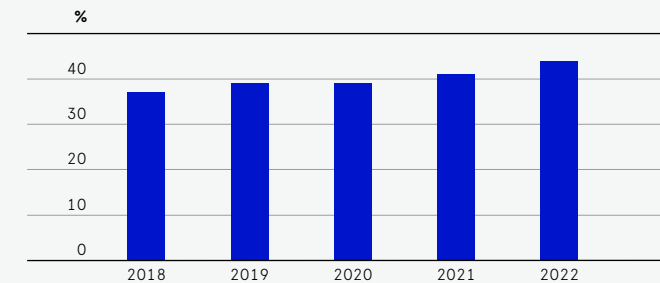
**Green financing under the framework**

	Amounts in SEK million
Green commercial paper	7,885
Green bonds, SEK	26,801
Green bonds, NOK	7,433
Green bonds, Other currencies	10,786
Green NSVs, EUR	514
<b>Total volume of Green Finance Instruments</b>	<b>53,419</b>
Total volume of Green Assets – Green Pool	60,596
<b>Remaining approved borrowing capacity</b>	<b>7,177</b>

**Equity**

Equity increased to SEK 94,896 million as of 30 June 2022, compared with SEK 85,290 million at year end. Comprehensive income for the period amounted to SEK 13,618 million, compared with SEK 6,528 million for the corresponding year-earlier period. The minority share of equity amounted to negative SEK 8 million, compared with SEK 6 million at year-end 2021. The change was due to the sale of the subsidiary Tmpl Work.

At the end of the period, the equity/assets ratio was 44% compared with 43% at year-end 2021.

**Improved equity/assets ratio**

On 30 June.

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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 on 1 Jan 2021</b>	<b>4,000</b>	<b>4,227</b>	<b>62,636</b>	<b>70,863</b>	<b>6</b>	<b>70,869</b>
Profit for the period	-	-	16,365	16,365	-6	16,359
Other comprehensive income	-	-	56	56	-	56
<i>Comprehensive income for the period</i>	-	-	<i>16,421</i>	<i>16,421</i>	-6	<i>16,415</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	6	6
Dividend	-	-	-2,000	-2,000	-	-2,000
<b>Equity, closing balance on 31 Dec 2021</b>	<b>4,000</b>	<b>4,227</b>	<b>77,057</b>	<b>85,284</b>	<b>6</b>	<b>85,290</b>
<b>Equity, opening balance on 1 Jan 2022</b>	<b>4,000</b>	<b>4,227</b>	<b>77,057</b>	<b>85,284</b>	<b>6</b>	<b>85,290</b>
Profit for the period	-	-	13,620	13,620	-2	13,618
Other comprehensive income	-	-	-	-	-	-
<i>Comprehensive income for the period</i>	-	-	<i>13,620</i>	<i>13,620</i>	-2	<i>13,618</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	-	-	-12	-12
Dividend	-	-	-4,000	-4,000	-	-4,000
<b>Equity, closing balance on 30 June 2022</b>	<b>4,000</b>	<b>4,227</b>	<b>86,677</b>	<b>94,904</b>	<b>-8</b>	<b>94,896</b>



# Consolidated cash-flow statement

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Amounts in SEK million	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
<b>Operating activities</b>						
Operating surplus	2,899	2,702	1,499	1,369	5,730	5,533
Central administration	-56	-73	-28	-40	-107	-124
Add back amortisation and depreciation	15	12	8	9	30	27
Adjustment for other non-cash items	6	2	0	1	-1	-5
<b>Cash flow from operating activities before interest and tax</b>	<b>2,864</b>	<b>2,643</b>	<b>1,479</b>	<b>1,339</b>	<b>5,652</b>	<b>5,431</b>
Interest paid <sup>1)</sup>	-684	-688	-354	-312	-1,539	-1,543
Interest received	2	2	1	1	4	4
Taxes paid	-120	-191	-60	-60	-249	-320
<b>Cash flow before changes in working capital</b>	<b>2,062</b>	<b>1,766</b>	<b>1,066</b>	<b>968</b>	<b>3,868</b>	<b>3,572</b>
Increase (-)/decrease (+) in operating receivables	-20	-118	284	423	217	119
Increase (+)/decrease (-) in operating liabilities	-309	-118	-421	-473	65	256
<b>Cash flow from operating activities</b>	<b>1,733</b>	<b>1,530</b>	<b>929</b>	<b>918</b>	<b>4,150</b>	<b>3,947</b>
<b>Investing activities</b>						
Investments in existing properties	-1,066	-2,101	-530	-1,156	-3,102	-4,137
Property acquisitions	0	-178	0	3	-36	-214
Property divestments	-1	362	-1	-2	86	449
Other PPE, net	-14	-72	-8	-55	-20	-78
Acquisition of intangible assets	-3	-4	-3	-4	-9	-10
Disposals of net assets in Group companies	18	-	0	-	18	-
Transactions with associates and joint ventures	-18	182	0	182	-18	182
Other financial assets, net	-2	-	0	-	-52	-50
<b>Cash flow from investing activities</b>	<b>-1,086</b>	<b>-1,811</b>	<b>-542</b>	<b>-1,032</b>	<b>-3,133</b>	<b>-3,858</b>
<b>Cash flow after investing activities</b>	<b>647</b>	<b>-281</b>	<b>387</b>	<b>-114</b>	<b>1,017</b>	<b>89</b>

Amounts in SEK million	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
<b>Financing activities</b>						
Dividend	-4,000	-2,000	-4,000	-2,000	-4,000	-2,000
Raised debt: interest-bearing liabilities	25,208	22,510	15,967	9,889	37,120	34,422
Repayment of debt: interest-bearing liabilities	-20,344	-18,673	-10,185	-8,785	-32,961	-31,290
Change in collateral	-1,004	-729	-1,615	-16	296	-21
Redemption of financial instruments	-3	-	0	-	-244	-241
Transactions with non-controlling interests	0	4	0	-	0	4
<b>Cash flow from financing activities</b>	<b>-143</b>	<b>1,112</b>	<b>167</b>	<b>-912</b>	<b>-381</b>	<b>874</b>
<b>Cash flow for the period</b>	<b>504</b>	<b>831</b>	<b>554</b>	<b>-1,026</b>	<b>636</b>	<b>963</b>
Opening balance, cash and cash equivalents	3,521	2,558	3,471	4,415	3,389	2,558
Cash flow for the period	504	831	554	-1,026	636	963
<b>Closing balance, cash and cash equivalents</b>	<b>4,025</b>	<b>3,389</b>	<b>4,025</b>	<b>3,389</b>	<b>4,025</b>	<b>3,521</b>

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

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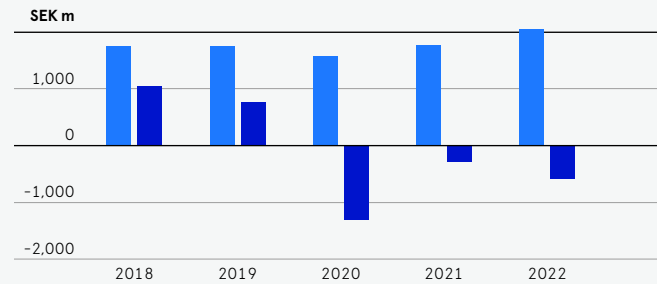
*Comments to the consolidated cash-flow statement*

Cash flow from operating activities before changes in working capital increased to SEK 2,062 million (1,766) as a result of a higher operating surplus and lower taxes paid.

Investments in existing properties decreased during the period to SEK 1,066 million (2,101) as a result of a lower project volume.

In total, net borrowing for the period amounted to SEK 4,864 million (3,873). Altogether, cash and cash equivalents increased SEK 504 million (831) and totalled SEK 4,025 million (3,389) at the end of the period.

**Stable cash flow from operating activities**



January–June.

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

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	Total Vasakronan		Stockholm		Gothenburg		Malmö		Uppsala	
January–June	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Market value of properties, SEK m	195,809	169,863	135,056	114,545	35,007	31,323	14,024	13,328	11,722	10,668
Rental revenue, SEK m	3,892	3,660	2,524	2,378	692	635	375	350	301	297
Operating surplus, SEK m	2,899	2,702	1,919	1,790	514	466	255	232	211	214
Surplus ratio, %	74	74	76	75	74	73	68	66	70	72
Occupancy rate, %	92	92	91	92	93	95	93	89	94	95
Number of properties	168	170	78	78	34	34	31	33	25	25
Area, thousand sq. m.	2,426	2,333	1,416	1,376	447	392	299	311	264	254
Environmental certification in the investment portfolio based on market value, %	94	92	94	91	96	96	100	100	83	81

	Total Vasakronan		Stockholm		Gothenburg		Malmö		Uppsala	
<b>Contracted rent by geographic market</b>										
Pertains to share of contracted rent										
<b>Contracted rent by property type</b>										
Pertains to share of contracted rent										

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## Income statement

Amounts in SEK million	Jan–Jun 2022	Jan–Jun 2021
Net sales	286	260
Operating expenses	-368	-358
<b>EBIT</b>	<b>-82</b>	<b>-98</b>
<b>Financial items</b>		
Profit from participations in subsidiaries	13,075	607
Net interest	-101	-196
Change in value of financial instruments	1,763	525
<b>Profit before tax</b>	<b>14,655</b>	<b>838</b>
Tax	37	-48
<b>Profit for the period</b>	<b>14,694</b>	<b>790</b>

## Statement of comprehensive income

Profit for the period recognised in profit or loss	14,694	790
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>14,694</b>	<b>790</b>

## Parent Company

The operations of the Parent Company, Vasakronan AB (publ), consist of Group-wide functions and providing an organisation for the management of properties owned by subsidiaries.

The Parent Company does not directly own any properties.

The Parent Company's revenue for the period was SEK 286 million (260), which primarily consisted of the Parent Company's invoices to the subsidiaries for services rendered.

Profit from participations in subsidiaries of SEK 13,075 million (607) pertained to tax free dividends received from subsidiaries.

The value change in financial instruments was SEK 1,763 million (525) as a result of the substantial increase in market interest rates during the period. Profit before tax thus amounted to SEK 14,657 million (838). Closing cash and cash equivalents amounted to SEK 4,001 million (3,373).

## Balance sheet

Amounts in SEK million	30 Jun 2022	30 Jun 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	67	71
Shares and participations in subsidiaries	37,579	37,636
Receivables from subsidiaries	49,469	38,972
Participations in joint ventures	0	0
Receivables from joint ventures	20	-
Deferred tax assets	-	260
Derivatives	5,427	820
Non-current receivables	1,650	885
<b>Total non-current assets</b>	<b>94,212</b>	<b>78,644</b>
<b>Current assets</b>		
Receivables from subsidiaries	11,835	8,387
Receivables from joint ventures	-	-
Derivatives	267	17
Current receivables	1,082	1,122
Cash and cash equivalents	4,001	3,373
<b>Total current assets</b>	<b>17,185</b>	<b>12,899</b>
<b>TOTAL ASSETS</b>	<b>111,397</b>	<b>91,543</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	23,770	11,613
Untaxed reserves	922	686
<b>Liabilities</b>		
Interest-bearing liabilities	79,629	73,700
Derivatives	3,860	3,196
Deferred tax liability	239	-
Non-interest-bearing liabilities	677	571
Liabilities to subsidiaries	2,300	1,777
<b>Total liabilities</b>	<b>86,705</b>	<b>79,244</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>111,397</b>	<b>91,543</b>

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### Personnel

The number of employees at the end of the period was 283, compared with 290 at the end of 2021.

### Risks and uncertainties

The Board of Directors and the CEO continuously strive to achieve the desired risk profile, based on the policy established by the Board. The policy contains uniform methods for identifying, valuing, taking responsibility for, managing and reporting risks. Vasakronan's risks are described in the 2021 Annual Report on pages 62–68.

### Estimates and assessments

The preparation of financial statements in accordance with generally accepted accounting principles requires that the management makes assessments and assumptions that affect the amounts recognised in the accounts for assets, liabilities, income and expenses, as well as other information disclosed. The actual results may deviate from these assessments. The financial statements are particularly sensitive to assessments that provide the basis for the valuation of the investment properties. Refer to page 110 of Vasakronan's 2021 Annual Report for the sensitivity analysis.

### Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7.4 on page 120 of Vasakronan's 2021 Annual Report.

At the end of the period, the Third Swedish National Pension Fund held bonds issued by Vasakronan to a total value of SEK 625 million, compared with SEK 715 million at year-end 2021.

### Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Comparative figures in parentheses pertain to the corresponding amounts for the same period last year. The same accounting policies, valuation principles and calculation methods as the ones used in the most recently issued annual report have been applied. Refer to Vasakronan's 2021 Annual Report, pages 99–122.

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

Derivatives are valued in accordance with level 2 in the fair value hierarchy. For all derivatives, ISDA agreements are in place that allow offsetting of payables and receivables from the same counterparty in the event of insolvency.

Investment properties are recognised at fair value in accordance with level 3 in the fair value hierarchy.

The Parent Company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Vasakronan's activities have been organised according to the geographic regions of Stockholm, Gothenburg, Malmö and Uppsala. These regions thus represent the four operating

segments used for reporting purposes. Refer to page 100 of Vasakronan's 2021 Annual Report.

### Alternative performance measures

Vasakronan applies the ESMA guidelines for Alternative Performance Measures (APMs). APMs are financial metrics that are not defined in IFRS or the Annual Accounts Act. All APMs must be explained, together with the underlying reason why they are used. A breakdown on how the performance measure is calculated must also be given when information (not provided in the balance sheet or income statement) is required for the calculation.

The APMs used in Vasakronan's interim report are defined and motivated on page 22. Page 23 also includes a breakdown of specific performance measures where this is required.

### Significant events after the end of the period

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

### Johanna Skogestig

*Chief Executive Officer*

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

### For more information about this interim report, please contact:

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

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	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
<b>Property-related information</b>						
Closing occupancy rate, %	91.6	92.1	91.6	92.1	91.6	91.4
Surplus ratio, %	74	74	75	74	75	75
Investments in existing projects, SEK m	1,066	2,101	530	1,156	3,102	4,137
Property acquisitions, SEK m	0	178	0	-3	36	214
Property divestments, SEK m	-1	-361	-1	2	-87	-447
Net investments, SEK m	1,065	1,918	529	1,155	3,051	3,904
Closing market value of property, SEK m	195,809	169,863	195,809	169,863	195,809	181,575
Closing area, thousand sq. m.	2,426	2,333	2,426	2,333	2,426	2,348
Closing number of properties	168	170	168	170	168	168
Environmental certification of investment portfolio, share of total area, %	92	90	92	90	92	92
Environmental certification, of investment portfolio, share of market value, %	94	92	94	92	94	94
Energy intensity on closing date, kWh/sq. m., rolling 12 months	78	83	78	83	78	83

	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
<b>Financial metrics</b>						
EBITDA margin, %	71	75	72	80	71	73
Interest coverage ratio, multiple	5.4	5.1	5.4	5.5	5.3	5.2
Closing equity/assets ratio, %	44	41	44	41	44	43
Closing loan-to-value ratio, %	39	41	39	41	39	39
Fixed-interest tenor <sup>1)</sup> , year	4.0	5.0	4.0	5.0	4.0	4.6
Loan-to-maturity <sup>1)</sup> , years	5.5	5.3	5.5	5.3	5.5	5.5
Closing EPRA NRV <sup>1)</sup> , SEK m	120,777	99,604	120,777	99,604	120,777	110,515
Closing EPRA NTA <sup>1)</sup> , SEK m	111,228	92,165	111,228	92,165	111,228	102,179
Closing EPRA NDV <sup>1)</sup> , SEK m	96,714	73,065	96,714	73,065	96,714	83,118
Closing average interest rate, %	1.5	1.5	1.5	1.5	1.5	1.3
Closing net interest-bearing liabilities, SEK m	75,604	70,311	75,604	70,311	75,604	70,317
Cash flow before changes in working capital, SEK m	2,062	1,766	1,066	968	3,868	3,572
Net interest-bearing liabilities/EBITDA <sup>2)</sup>	-	-	-	-	13.9	13.0
<b>Other</b>						
Closing number of employees	283	296	283	296	283	290

1) Last day in the period.

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

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	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
<b>1. EPRA NRV, SEK m</b>						
Equity	94,896	75,401	94,896	75,401	94,896	85,290
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,903	-1,908	-1,903	-1,903
Add back derivatives	-1,834	2,359	-1,834	2,359	-1,834	855
Add back recognised deferred tax	29,618	23,752	29,618	23,752	29,618	26,273
	<b>120,777</b>	<b>99,604</b>	<b>120,777</b>	<b>99,604</b>	<b>120,777</b>	<b>110,515</b>
<b>2. EPRA NTA, SEK m</b>						
Equity	94,896	75,401	94,896	75,401	94,896	85,290
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,903	-1,908	-1,903	-1,903
Add back other intangible assets	-115	-139	-115	-139	-115	-141
Add back derivatives	-1,834	2,359	-1,834	2,359	-1,834	855
Add back recognised deferred tax	29,618	23,752	29,618	23,752	29,618	26,273
Deferred tax at fair value <sup>1)</sup>	-9,434	-7,300	-9,434	-7,300	-9,434	-8,195
	<b>111,228</b>	<b>92,165</b>	<b>111,228</b>	<b>92,165</b>	<b>111,228</b>	<b>102,179</b>
<b>3. EPRA NDV, SEK m</b>						
Equity	94,896	75,401	94,896	75,401	94,896	85,290
Add back goodwill attributable to deferred tax	-1,903	-1,908	-1,903	-1,908	-1,903	-1,903
Assessed fair value of interest-bearing liabilities	3,721	-428	-3,721	-428	-3,721	269
	<b>96,714</b>	<b>73,065</b>	<b>96,714</b>	<b>73,065</b>	<b>96,714</b>	<b>83,118</b>
<b>4. EBITDA, SEK m</b>						
Operating surplus	2,899	2,702	1,499	1,369	5,730	5,533
Central administration	-57	-72	-29	-40	-109	-124
Cash flow from dividends from joint ventures	0	182	0	182	1	183
Ground rents and land leases	-83	-83	-41	-42	-166	-167
	<b>2,759</b>	<b>2,730</b>	<b>1,429</b>	<b>1,470</b>	<b>5,456</b>	<b>5,425</b>

	Jan–Jun 2022	Jan–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Jul 2021– Jun 2022	Jan–Dec 2021
<b>5. EBITDA margin, %</b>						
Rental revenue	3,892	3,660	1,990	1,842	7,657	7,425
EBITDA	2,759	2,730	1,429	1,470	5,456	5,425
	<b>71</b>	<b>75</b>	<b>72</b>	<b>80</b>	<b>71</b>	<b>73</b>
<b>6. Interest coverage ratio, multiple</b>						
EBITDA	2,759	2,730	1,429	1,470	5,456	5,425
Net financial items	-508	-538	-265	-268	-1,021	-1,051
	<b>5.4</b>	<b>5.1</b>	<b>5.4</b>	<b>5.5</b>	<b>5.3</b>	<b>5.2</b>
<b>7. Net interest-bearing liabilities, SEK m</b>						
Non-current interest-bearing liabilities	64,676	59,001	64,676	59,001	64,676	59,342
Current interest-bearing liabilities	14,953	14,699	14,953	14,699	14,953	14,496
Cash and cash equivalents	-4,025	-3,389	-4,025	-3,389	-4,025	-3,521
	<b>75,604</b>	<b>70,311</b>	<b>75,604</b>	<b>70,311</b>	<b>75,604</b>	<b>70,317</b>
<b>8. Loan-to-value ratio, %</b>						
Net interest-bearing liabilities	75,604	70,311	75,604	70,311	75,604	70,317
Fair value of investment properties	195,809	169,863	195,809	169,863	195,809	181,575
	<b>39</b>	<b>41</b>	<b>39</b>	<b>41</b>	<b>39</b>	<b>39</b>

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

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## Area, sq. m.

Lettable area, not including garages and parking spaces on the closing date.

## Average interest rate, %

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

## Average remaining term to maturity, years

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

## Cash and cash equivalents, SEK m

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

## Central administration, SEK m

Costs at the Group level that are not directly related to property management, such as costs associated with the Group management, property investments, financing and central marketing.

## Comparable property holdings

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

## Contracted rent by property type

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

## Contracted rent, SEK m

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

## EBITDA margin, %

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

## EBITDA, SEK m

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

## Energy intensity kWh/sq. m.

Energy consumption, adjusted to the level of a normal year, from heating, comfort cooling and property electricity, divided by the temperate area (indoor area for all floors of a building that are heated to more than 10°C) for the past 12 months. Reported energy intensity also includes some tenant electricity and process cooling which, for technical reasons, is not possible to remove from the calculation.

## Environmental certification of investment properties, %

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

## EPRA NDV (Net Disposal Value), SEK m

Equity adjusted for goodwill and the fair value of interest-bearing liabilities as well as the full extent of deferred tax, refer to the calculation on page 24.

## EPRA NRV (Net Reinstatement Value), SEK m

Recognised equity, adding back goodwill, derivatives and deferred tax. The metric shows the company's EPRA NAV, refer to the calculation on page 24.

## EPRA NTA (Net Tangible Assets), SEK m

Recognised equity adding back goodwill, derivatives and other intangible assets after adjustment for estimated actual deferred tax. Calculated on the basis of a 30% current tax rate, in other words 6.2%. The metric reflects the actual NAV. Refer to the calculation on page 24.

## Equity/assets ratio, %

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

## Fixed-interest, years

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

## Interest coverage ratio, multiple

EBITDA in relation to net financial items. Intended as an indication of the company's sensitivity to fluctuations in interest rates.

## Investments in existing projects, SEK m

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

## Loan-to-maturity, years

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

## Loan-to-value (LTV) ratio, %

Net interest-bearing liabilities divided by the fair value of investment properties on the closing date. Intended as an indication of the company's financial risk.

## Net financial items

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

## Net interest-bearing liabilities/EBITDA, multiple

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

## Net interest-bearing liabilities, SEK m

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

## Net investments, SEK m

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

## Net lettings, SEK m

Contracted rent for new lettings during the period less contracted rent for leases where notices to vacate were received during the period.

## Net operating income, SEK m

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

## Occupancy rate, %

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

## Operating surplus, SEK m

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

## Profit before value changes and tax, SEK m

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

## Property acquisitions, SEK m

Acquisition of investment properties. Intended as an indication of the company's acquisitions during the period.

## Property divestments, SEK m

Divestment of investment properties. Intended as an indication of the company's divestments during the period.

## Rental value, SEK m

Contracted rent plus the assessed market rent for vacant premises.

## Surplus ratio, %

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



## Financial Calendar

### REPORTS

Interim report Jan–Sep 2022	28 October 2022
Year-end report 2022	3 February 2023
Annual Report 2022	March 2023

### ANNUAL GENERAL MEETING

Annual General Meeting	28 April 2023
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### Vasakronan in brief

Vasakronan is Sweden's leading property company. The property portfolio comprises 168 properties with a total area of about 2.4 million square metres and a market value of SEK 195 billion. The properties encompass centrally located office and retail properties in Stockholm, Gothenburg, Malmö and Uppsala.

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

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

Further information about the company is available on Vasakronan's website [www.vasakronan.se](http://www.vasakronan.se)