

# Interim Report

## January–March 2023

Q1

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- > Rental revenue increased 17% (5) to a total of SEK 2,221 million (1,902). In comparable property holdings, the increase in rental revenue was 14% (3). The increase was primarily due to indexing and completed projects.
- > New lettings were contracted corresponding to 23,000 square metres (44,000) and an annual rent of SEK 121 million (260). Net lettings amounted to a negative SEK 46 million (positive: 125) for the quarter and SEK 99 million (positive: 230) for the rolling 12-month period.
- > The price change after renegotiations averaged 5% above index (7). Renegotiations were completed in the quarter corresponding to an annual rent of SEK 354 million (285).
- > The occupancy rate was 91.7% at the end of the period, compared with 91.2% at the end of 2022. Of total vacancies, 1.0 percentage point (1.2) was attributable to ongoing project developments and development properties.
- > Operating surplus increased 16% (5) to a total of SEK 1,620 million (1,400). For comparable property holdings, the increase was 12% (3).
- > Net financial items deteriorated to an expense of SEK 409 million (expense: 243), due to increased interest-bearing liabilities and higher interest expenses during the period.
- > The LTM interest coverage ratio increased to a multiple of 4.4 (5.4), primarily due to the deterioration in net financial items.
- > Income from property management amounted to SEK 1,147 million (1,088), up 5% (3).
- > The change in the property value amounted to a decrease of SEK 5,048 million (increase: 2,922) for the quarter, corresponding to a decline in value of 2.7% (increase: 1.6). The change in value was primarily due to higher assessed yield requirements. The property portfolio value at the end of the period amounted to SEK 184 billion (185).
- > The value change in financial instruments amounted to a decrease of SEK 229 million (increase: 901).
- > Profit after tax amounted to a loss of SEK 3,309 million (profit: 3,895).

Rental revenue

+17%

Operating surplus

+16%

Price change

+5%

Occupancy rate

91.7%

Amounts in SEK million	Jan–Mar 2023	Jan–Mar 2022	Apr 2022–Mar 2023	Jan–Dec 2022
Rental revenue	2,221	1,902	8,486	8,167
Operating surplus	1,620	1,400	6,188	5,968
Net financial items	-409	-243	-1,374	-1,208
Profit after net financial items	1,118	1,084	4,367	4,333
Income from property management	1,147	1,088	4,540	4,481
Change in value of investment properties	-5,048	2,922	-3,053	4,917
Profit after tax	-3,309	3,895	1,260	8,465
Cash flow from operating activities	967	804	4,599	4,436
Cash flow after investing activities	417	260	2,801	2,644
Market value of properties	183,809	185,034	183,809	188,317
Occupancy rate, %	91.7	91.8	91.7	91.2
Surplus ratio, %	73	74	73	73
Closing average interest rate, %	2.4	1.3	2.4	2.1
Interest coverage ratio, multiple	3.8	5.5	4.4	4.8
Loan-to-value (LTV) ratio, %	40	38	40	40
Closing EPRA NRV, SEK m	110,456	113,580	110,456	113,543
Closing EPRA NTA, SEK m	101,630	104,864	101,630	104,407
Closing EPRA NDV, SEK m	88,851	88,267	88,851	93,122
Environmental certification of investment portfolio, share of market value, %	88	94	88	93
Energy intensity on closing date, kWh/sq. m., rolling 12 months	74	81	74	75

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The situation for the Swedish economy is concerning, and it is clear that Europe – and Sweden – are facing a economic downturn. Many businesses, and not least households, are being hit hard by continued high interest rates and inflation forcing them to adapt costs with a consequent reduction in consumption.

At the same time, companies are still suffering from a labour shortage and unemployment is declining, though the Swedish Public Employment Service predicts an increase until the summer. For Vasakronan, this means continued rising interest expenses and, moving forward, the need to be even more attentive to our customers' needs, whether in office or retail.

While bearing in mind that Vasakronan's operations are late-cyclical, I can nonetheless state that despite rising financial expenses, our income from property management continues to increase. This is due to the completion of several projects that have now entered property management as well as rent increases based on high inflation for leases that are index-linked.

### **Cautious lettings market but continued demand for high-quality offices**

Demand for high-quality offices in our markets remains strong, though we are noting some slowdown and greater caution among businesses when it comes to expanding. Choosing to exercise caution is a completely natural response among businesses in this market. At the same time, there is high activity in the office market, which is clear in the number of lease terminations as well as the volume of new lettings and re-negotiations. The greatest pressure remains on the best premises in the best locations. Out of the total new lettings volume of SEK 121 million, SEK 73 million pertains to lettings in Central Stock-

holm. Leases there continue to be signed with top levels of rent.

Despite a normal volume of new lettings, net lettings for the quarter were negative, corresponding to SEK 46 million. The majority of this was due to the announcement by JM that they will be vacating their headquarters in Frösunda at the end of 2024.

In the long term, the economic downturn will likely lead to increased cost focus among our customers, which means that we are facing a tougher market. At the same time, we are noting a growing trend where many companies are choosing to invest in their premises, often preferring more central, attractive locations. The difference in the willingness to pay for premises when it comes to a difference in quality has increased. This is to Vasakronan's benefit and is something I believe will become even more noticeable in the future.

The last few years' demand for flexibility and service continues to grow and our Smart & Klart customer offering, along with Vasakronan Arena, have proved to be excellent supplements to our core business. During the spring, we opened an Arena at Triangeln in Malmö, meaning that the concept is now available in all four of our areas. While demand for flexibility and service is increasing, it is still own offices with longer contracts that dominate. These types of objects and agreements accounted for the largest portion of new lettings.

### **Continued focus on area development**

Households are feeling pressure from several directions and we're noting a slowdown in consumption. This is affecting several tenants on our street levels, though there are significant differences between various enterprises and industries. The



“The difference in the willingness to pay for premises when it comes to a difference in quality has increased.”

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discount and luxury segments continue to perform well and location has become even more essential. That is why we are continuing to develop our areas and in Stockholm the upgrade of Sergelgatan is nearly complete. During the quarter we let the last remaining retail premises to Normal and to Urban Outfitters. In the spring, we look forward to opening the refurbished Sergelterrassen and the two public artworks that will adorn the indoor square between the Hötorgshus 1–2 and 3–4. Creating places where people want to be boosts the appeal of an area and is essential for our business, both at street level and higher up in the buildings.

**Stable capital structure**

The year began on a positive note in the capital market, but in March the sentiment turned following uncertainty regarding unstable banks. After several weeks of high volatility, the market is now more stable and there is once again interest in bond investments. During the quarter, the company issued bonds for a total of SEK 1.4 billion to investors in Sweden and Japan. The assessment is that future borrowing needs can also be met through the capital market.

After the end of the quarter, Moody's affirmed Vasakronan's rating of A3 with a stable outlook. This is of course very satisfying, not to mention important, in times when the capital market is generally cautious and investors are more selective in terms of the sectors and companies they invest in. As before, the strong rating is based on the high quality of our property portfolio, a high share of public sector tenants, healthy financial metrics and our strong ownership structure. It is also Moody's assessment that increased interest expenses are offset by

higher rental revenue in the investment portfolio, due to a number of projects entering property management and leases being adjusted up in pace with inflation.

**Property valuation and the transaction market**

There has been speculation for some time that higher interest rates will entail higher yield requirements. We are now beginning to see this in the market. After a long period of high activity in the transaction market, the year began with a historically low transaction volume. Based on the transactions that were still carried out, we believe that the willingness to invest in office properties in prime locations is good, even if it is clear that several transactions were paused due to a difference in price expectations between buyers and sellers. We are prepared for the current slowdown and we are well equipped for any opportunities that might arise.

Our property portfolio is externally valued every six months. In the first and third quarters we carry out internal valuations using the same methodology. At the end of the first quarter, the value of the property portfolio amounted to SEK 184 billion. The 2.7 percent decrease in value was largely attributable to an increase of approximately 15 points in yield requirements.

**In conclusion**

The macroeconomic signals right now are difficult to interpret, but it is clear that we are heading towards more uncertainty in the market. Nonetheless, I remain confident. Moody's confirmed what I already knew are our strengths. We are well positioned and our long-term strategy remains essentially fixed. In the short term, we are taking on challenges by using flexibility

and considerable sensitivity in our daily operations in parallel with focus on maintaining close relations with our customers. With this approach, a long-term ownership perspective, dedicated employees and a stable capital structure to build on, I believe we have excellent preconditions to make it through a period both with higher interest rates and an economic downturn. After all, we know from experience that after the storm comes a calm.

Stockholm 28 April 2023

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

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## New lettings, renegotiations and net lettings

During the quarter, new lettings corresponding to 23,000 square metres (44,000) and annual rent of SEK 121 million (260) were signed, where the comparative figures were affected by a few large individual lettings.

Netflix signed a seven-year lease for 1,400 square metres at the Jakob Större property in central Stockholm and Bambora signed a five-year lease for 2,400 square metres at the Seaside property in Hammarby sjöstad in Stockholm.

Of new lettings in the quarter, 3,500 square metres (6,800) comprised street level lettings. Normal signed a lease for just over 600 square metres on Sergelgatan in central Stockholm. Right before the new year, Urban Outfitters signed a lease for 800 square metres on the same street. With these lettings, the majority of the retail premises in the Sergelgatan project are now fully let.

Right before the end of the year, Stockholm Krogbolag (which owns restaurants such as Vassa Eggen, Tennstopet and Jacqueline's) signed a lease at the Grev Tureplan project development in central Stockholm. During the quarter, the company expanded its lease at the property. The clothing company Eton also signed a lease for street-level retail space during the quarter. These lettings mean that the retail space in Grev Tureplan is nearly fully let.

Notices to vacate corresponding to annual rent of SEK 167 million (135) were received during the quarter. The outcome was primarily affected by the negative impact of the termination of JM's lease in Frösunda. Net lettings for the quarter amounted to negative SEK 46 million (positive: 125). Net lettings for the rolling 12-month period amounted to SEK 99 million (230).

Renegotiations were also completed in the quarter corresponding to 84,000 square metres (71,000) and an annual rent of SEK 354 million (285). The result of renegotiation for the first quarter amounted to 5% (7) over index. Region Västra Götaland has chosen to extend its 5,100 square metre lease at the Hyrkusken property in Gothenburg for another 14 years. At the Tre Vapen property in Östermalm, Stockholm, Ellevio has extended its lease of 4,400 square metres for another five years.

## Rising yield requirements due to an uncertain market

As per 31 March 2023, the entire property portfolio had been valued internally. The change in value amounted to a decrease of SEK 5,048 million (increase: 2,922) for the quarter, equivalent to a decline in value of 2.7% (increase: 1.6). The property values decreased due to upward adjustments of yield requirements due to the uncertain market conditions and rising interest rates. Activity in the transaction market has been unusually low since the end of last year. Many transactions have not yet finalised, indicating that yield requirements might increase further.

## Financing during the quarter

During the quarter, bonds of SEK 1.4 billion were issued to investors from Sweden and Japan. After the end of the quarter, Vasakronan issued its second bond in Hong Kong dollars, equivalent to SEK 515 million with a maturity of ten years.

Net financial items deteriorated from an expense of SEK 243 million to an expense of SEK 409 million due to higher interest rates. The average interest rate at the end of the period was 2.4% compared with 1.3% for the same quarter last year. Despite rising interest expenses, the interest coverage ratio was a multiple of 3.8 for the quarter and 4.4 for the rolling 12-month period.

## Moody's affirmed Vasakronan's strong rating

After the end of the period, Moody's affirmed Vasakronan's rating of A3 with a stable outlook. The rating is a key prerequisite for reaching the financial objective of having as diversified a financing structure as possible, in terms of tenors and sources of funding. Moody's assessment of Vasakronan is based on its criteria for commercial property companies with the addition of one rating level due to its close links to state ownership. The rating is motivated by the strong ownership structure, the property portfolio's high quality and high percentage of environmentally certified properties as well as by the high proportion of public sector tenants.

## Solar energy prize

During the quarter, Vasakronan won the Solar Energy Prize (Sw: Solenergipriset) awarded by the industry organisation Svensk Solenergi, in the category Facility of the Year for the innovation on display in the Magasin X project in Uppsala in terms of climate responsibility as well as the integration of solar panels.

## First quarter results

	Q1 2023	Q1 2022
Rental revenue, SEK m	2,221	1,902
Operating surplus, SEK m	1,620	1,400
Income from property management	1,147	1,088
Profit after net financial items	1,118	1,084
Change in value of investment properties, SEK m	-5,048	2,922
Change in value of investment properties, %	-2.7	1.6
Change in value of financial instruments, SEK m	-229	901
Profit/loss after tax, SEK m	-3,309	3,895
Cash flow from operating activities, SEK m	967	804
Cash flow	-895	-50

# The market during the first quarter

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## Weaker economy

Despite drastically increasing prices and rising interest rates, the Swedish economy has demonstrated unexpected resilience. Above all, the service sector has remained strong and mitigated the downturn. GDP decreased during the last quarter of 2022, a trend that continued during the first months of the new year. Sweden is expected to enter into a recession, with falling GDP in 2023. Household consumption, housing investments and exports are expected to decline, contributing to declining growth.

## Banking uncertainty created turbulence during the quarter

Sentiment in the financial markets was positive in the beginning of the year. In early March, sentiment worsened after negative news about several banks in the US and Europe, and uncertainty eventually led to ripple effects. After several weeks of higher volatility, the quarter ended with somewhat calmer markets. The primary issuers of bonds in the bond market have been companies with higher credit ratings, including Vasakronan. Nordic banks have been assessed as stable and their access to financing remains good, both in the bank and in the capital markets.

Inflation is still at a high level, though energy prices have started to decline. Given this situation, Sweden's central bank is expected to raise the policy rate during the year.

## No clear signs yet of austerity in city retail

Physical retail performed well in relation to online shopping once restrictions were eased in the beginning of 2022. According to Vasakronan's city retail index, sales are back at pre-pandemic levels. In Malmö, a weak Swedish krona is benefiting cross-border retail. The anticipated restraints due to wors-

ened household sentiment and budgets have not yet had an impact, but differences between sectors and businesses remain significant. The retail index for consumer durables showed a weaker start to this year than the previous one. In particular, industries that performed well during the pandemic, such as sports and leisure or home decor, are posting clear declines.

## Good lettings market in urban locations

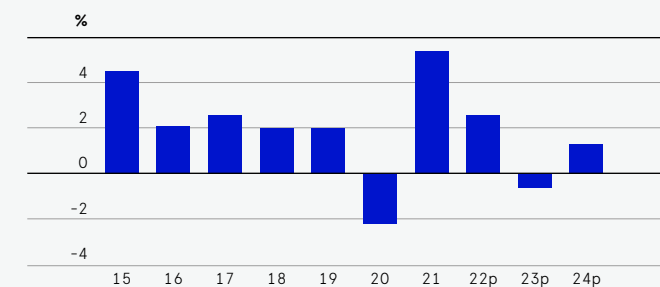
Despite the slowing economy, there is still healthy demand for offices in central locations. The trend favouring modern premises in prime locations grew stronger, driven by the aim of encouraging employees to return to the office. Market rents are rising in central locations, though at a somewhat lower rate than inflation.

Vacancies are stable in Vasakronan's areas, except for Stockholm's suburbs and Gothenburg, where the share of vacant premises started to increase. Second-hand vacancies, primarily in Stockholm, are expected to increase but without any significant impact on the rest of the lettings market.

## Clear slowdown in the transaction market

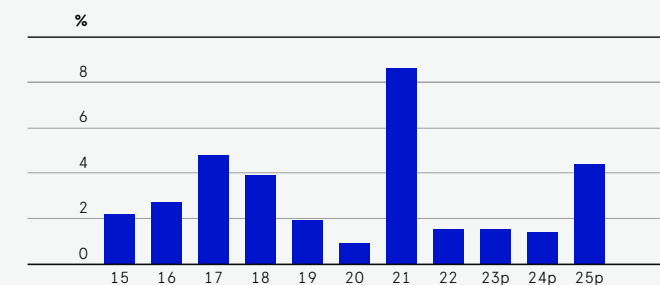
Activity in the transaction market has slowed since the end of last year. The transaction volume for the first quarter was low, SEK 14 billion compared with SEK 54 billion for the year-earlier period. It has been a long time since a year started so weakly. Most of the transactions were conducted in Stockholm. Based on these transactions, transactions are being completed at higher yields than previously, a direct consequence of rising interest rates. At the same time, many transactions have not yet been completed, indicating that yields could need to be adjusted further upwards.

## 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–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Rental revenue	2,221	1,902	8,486	8,167
Operating expenses	-249	-218	-895	-864
Repairs and maintenance	-36	-29	-124	-117
Property administration	-107	-87	-399	-379
Property tax	-209	-168	-880	-839
<b>Total property expenses</b>	<b>-601</b>	<b>-502</b>	<b>-2,298</b>	<b>-2,199</b>
<b>Operating surplus</b>	<b>1,620</b>	<b>1,400</b>	<b>6,188</b>	<b>5,968</b>
Central administration	-23	-28	-111	-116
Result from participations in associates and joint ventures	-30	-5	-176	-151
<b>Operating profit</b>	<b>1,567</b>	<b>1,367</b>	<b>5,901</b>	<b>5,701</b>
Financial income	26	1	55	30
Financial expenses	-435	-244	-1,429	-1,238
Interest expense lease liability; ground rents and land leases	-40	-40	-160	-160
<b>Profit after net financial items</b>	<b>1,118</b>	<b>1,084</b>	<b>4,367</b>	<b>4,333</b>
<i>– Of which, income from property management</i>	<i>1,147</i>	<i>1,088</i>	<i>4,540</i>	<i>4,481</i>
Change in value of investment properties	-5,048	2,922	-3,053	4,917
Depreciation of right-of-use assets	-2	-2	-7	-7
Change in value of financial instruments	-229	901	161	1,291
Impairment of goodwill	0	0	-2	-2
<b>Profit/loss before tax</b>	<b>-4,161</b>	<b>4,905</b>	<b>1,466</b>	<b>10,532</b>
Current tax	-97	-90	-142	-135
Deferred tax	948	-920	-64	-1,932
<b>Profit/loss for the period</b>	<b>-3,309</b>	<b>3,895</b>	<b>1,288</b>	<b>8,465</b>

Amounts in SEK million	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Of which, attributable to non-controlling interests	-1	-1	-3	-3
<b>Of which, attributable to the Parent Company shareholders</b>	<b>-3,309</b>	<b>3,896</b>	<b>1,263</b>	<b>8,468</b>
Other comprehensive income <sup>1)</sup>				
<i>Items that may not be reclassified<sup>2)</sup></i>				
Pensions, revaluation	0	0	81	81
Restriction for surplus in pension plan with asset cap	0	0	-49	-49
Income tax on pensions	0	0	-7	-7
<b>Other comprehensive income for the period, net of tax</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>25</b>
<b>Total comprehensive income for the period<sup>1)</sup></b>	<b>-3,309</b>	<b>3,896</b>	<b>1,288</b>	<b>8,493</b>
<b>Key metrics</b>				
Surplus ratio, %	73	74	73	73
Interest coverage ratio, multiple	3.8	5.5	4.4	4.8

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 period increased 17% (5) to SEK 2,221 million (1,902). For comparable property holdings, the increase in rental revenue was 14% (3). The increase was primarily due to indexation, income from completed projects and increased onward invoicing of property tax. Most of Vasakronan’s leases include indexation clauses that primarily follow the consumer price index. Approximately two thirds of the portfolio has quarterly indexation. The increase in revenue during the period was offset by increased loss of revenue due to slightly higher vacancies.

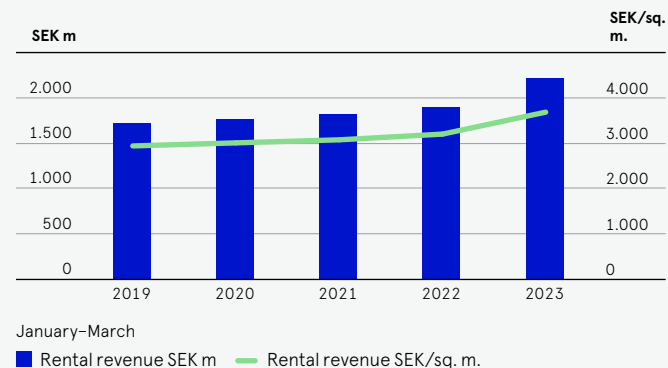
New lettings corresponding to 23,000 square metres (44,000) and annual rent of SEK 121 million (260) were contracted during the period, of which 41% (36) of the annual rents impacted revenue in 2023.

Notices to vacate corresponding to annual rent of SEK 167 million (135) were received during the period. The outcome was primarily affected by the negative impact of the termination of JM’s lease in Frösunda. Net lettings for the quarter amounted to negative SEK 46 million (positive: 125). Net lettings for the rolling 12-month period amounted to SEK 99 million (230).

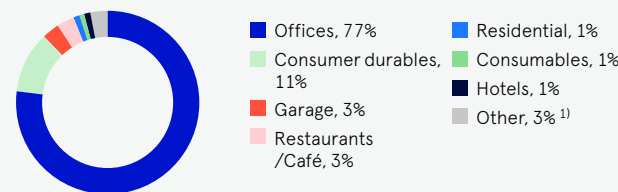
Lettings corresponding to 84,000 square metres (71,000) and annual rent of SEK 354 million (285) were renegotiated during the period. These renegotiations resulted in an increase on the previous rent payable of 5% (7) above index. The result of renegotiations for the quarter for office leases amounted to 7% (8) and for retail the result was down 1% (up: 0.5). The largest was the increase in Stockholm’s CBD.

Of all the contracts that have been the subject of renegotiation in the past twelve months, including those that have

**Rising rental revenue**

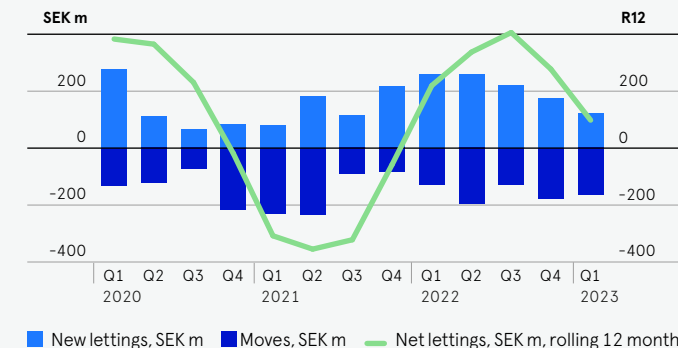


**Predominantly office tenants**

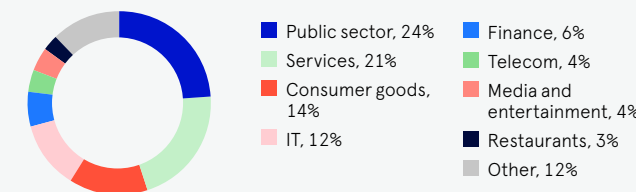


Breakdown by sector, share of contracted rent.  
1) Other encompasses sectors including health and social care, sports and recreation facilities, and warehouses.

**Net lettings**



**Public sector comprises largest share of tenants**



Breakdown by sector, share of contracted rent

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moved within the property portfolio, almost 70% (75) have chosen to remain a tenant of Vasakronan.

Contracted rent at the end of the period amounted to SEK 9,048 million (7,924), of which 24% pertained to the public sector. The average remaining maturity for the entire lease portfolio was 3.5 years (3.7). For leases to the public sector, the maturity is 5.4 years (6.2).

The occupancy rate at the end of the period was 91.7%, compared with 91.8 at the end of the year-earlier period and 91.2% at the end of 2022. At the end of the quarter, the occupancy rate was 91.3% for offices and 94.2% for retail, compared with 93.6% and 90.7%, respectively, at the end of the year. Of total vacancies at the end of the period, 1.0 percentage point (1.2) was attributable to vacancies in ongoing project developments and development properties.

### Property expenses

Property expenses increased 20% during the period to SEK 603 million (502). For comparable property holdings, the increase was 19% (3). Excluding property tax and property administration, costs rose 13% in comparable property holdings, largely due to higher electricity costs. Property tax amounted to SEK 209 million (168), where the increase was largely attributable to higher taxation values that were initially adjusted in the third quarter of 2022.

### Administration

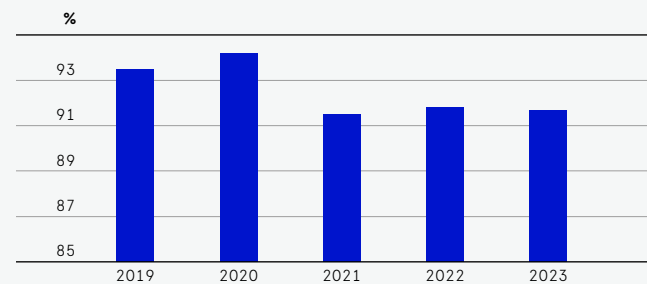
Administration costs totalled SEK 130 million (115) for the period, of which property administration costs were SEK 107 million (87) and central administration costs SEK 23 million (28). During the period, the principle for allocation of administration costs was revised, hence the decrease in central administration.

## Widely distributed over many tenants

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

Largest tenants, share of contracted rent.

## Stable occupancy rate



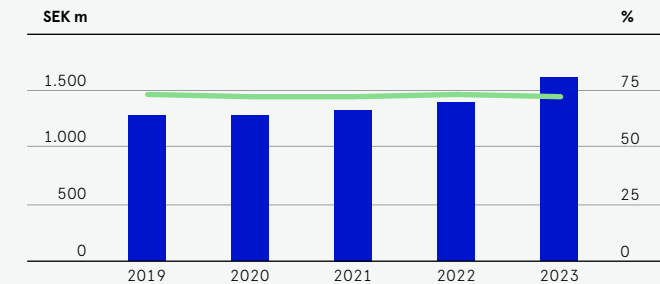
On 31 March

## Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2023	734	799	9
2024	1,040	1,515	17
2025	844	1,894	21
≥2026	1,444	4,472	49
<b>Total</b>	<b>4,062</b>	<b>8,680</b>	<b>96</b>
Residential	1,169	110	1
Garage	–	258	3
<b>Total</b>	<b>5,231</b>	<b>9,048</b>	<b>100</b>

Maturity structure for contracted rent.

## Improved operating surplus



On 31 March

■ Operating surplus, SEK m — Surplus ratio, %



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To some extent, the level of administration costs varies between quarters. This is part of the increase, though it was also due to somewhat higher development and personnel costs.

### Operating surplus and revised yield

Operating surplus for the period increased 16% (5) to SEK 1,620 million (1,400). For comparable property holdings, the increase in operating surplus was 12% (3). The surplus ratio was 73% (74). The decrease was due to increased costs.

The reported rolling 12-month yield amounted to 3.31% (3.17) for the total property portfolio and 3.45% (3.45) for the investment portfolio.

### Result from participations in associates and joint ventures

The result from associates and joint ventures pertains primarily to Vasakronan's holding in Stora Ursvik KB and Järvastaden AB that develop residential development rights. The loss for the period amounted to SEK 30 million (loss: 5), of which a negative SEK 1 million (negative: 1) pertained to income from property management and a negative SEK 29 million (negative: 4) to the decline in value of residential development rights, including tax.

SEK m	2023	2022
Income from property management	-1	-1
Change in value	-38	-5
Tax	9	1
Other	-	-
<b>Total result from participations in associates and joint ventures</b>	<b>-30</b>	<b>-5</b>

### Net financial items

Net financial items for the period deteriorated to an expense of SEK 409 million (expense: 243), primarily due to increased interest-bearing liabilities and higher interest rates during the period. The average interest rate for loans and derivatives increased to 2.4% (1.3) at the end of the period.

The LTM interest coverage ratio increased to a multiple of 4.4 (5.4), primarily due to lower net financial items. The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over the most recent 12-month period.

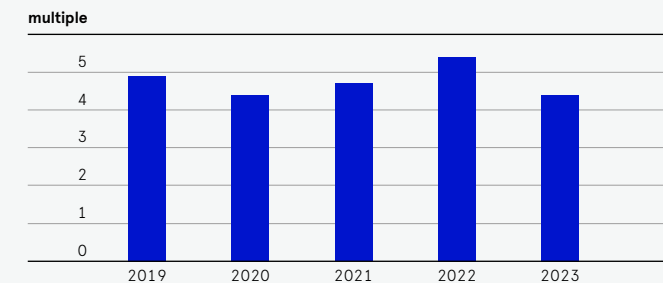
### Income from property management

Income from property management increased 5% (3) to SEK 1,147 million (1,088). The increase was explained by a higher operating surplus, which was concurrently offset by a deterioration in net financial items.

## Financial risks

	Financial policy in brief	Outcome, 31 Mar 2023
<b>Financing risk</b>		
Loan-to-maturity, excluding unutilised credit commitments	min. 2 years	5.2 years
Loan-to-maturity	-	5.6 years
Loans maturing, 12 months	max. 40%	17%
Credit commitments and cash/loans maturing 12 months	min. 100%	158%
<b>Interest-rate risk</b>		
Interest coverage ratio	min. 2.0x (LTM)	4.4x
Fixed-interest period	min. 2 years	3.9 years
Fixed-interest maturity within 12 months	max. 55%	28%
<b>Credit risk</b>		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
<b>Currency risk</b>		
Currency exposure	No exposure	met

## Declining interest coverage ratio



On 31 March, rolling 12-month period.

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### Change in value of investment properties

As per 31 March 2023, the entire property portfolio had been valued internally. The value change for the quarter amounted to a decrease of SEK 5,048 million (increase: 2,922) corresponding to a decline in value of 2.7% (increase: 1.6) as a result of raised assessed yield requirements due to the uncertain market.

The change in value for the investment portfolio during the quarter amounted to a decrease of SEK 4,850 million (2,403), corresponding to a decrease of 2.7% (+1.5). The percentage increase in value was greatest for office properties in Stockholm suburbs.

The change in value for the project developments and development properties amounted to a decrease of SEK 175 million (increase: 534), down 2.0% (up: 2.3).

The average yield requirement used for valuation of the property portfolio was 4.09%, compared with 3.95% for corresponding properties at the end of 2022.

### Change in value of financial instruments

The negative value change in derivatives amounted to SEK 229 million (positive: 901), of which half pertained to electricity derivatives and the remainder to interest-rate derivatives. Electricity derivatives decreased in value due to falling energy prices and interest-rate derivatives decreased in value primarily due to the downturn in long market interest rates during the period.

Derivatives are used to secure energy prices, adjust interest-rate risk in the loan portfolio and to hedge borrowings in foreign currencies. At the end of the period, the derivative portfolio related to the company's borrowings amounted to SEK 85,264 million compared with SEK 82,755 million at year-end 2022, of which SEK 57,250 million (54,200) comprised interest-rate swaps and SEK 28,014 million (28,555) cross-currency basis swaps.

### Tax

The Group reported a tax income of SEK 851 million (expense: 1,010). Of the tax, an expense of SEK 97 million (expense: 90) comprised current tax expense and SEK 948 million (expense: 920) comprised deferred tax income resulting from temporary differences attributable to a change in value for investment properties and financial instruments.

The effective tax rate for the period amounted to 20.5% (20.6).

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

## Factors impacting value

	Value impact, %
Yield requirement	-3.30
Market rents	0.72
Vacancies and other valuation parameters, e.g., changed cost and investment assumptions	-0.1
<b>Total</b>	<b>-2.67</b>

## Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	-2.56	-1.75
Gothenburg	-3.01	-0.54
Uppsala	-2.73	-0.17
Malmö	-2.83	-0.21
<b>Total</b>		<b>-2.67</b>

## Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	-2.70	-2.58
Project developments and development properties	-2.02	-0.09
Transactions	-	0.00
<b>Total</b>		<b>-2.67</b>

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Amounts in SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2,019	2,016	2,018
<b>Property, plant and equipment (PPE)</b>			
Investment properties	183,809	185,034	188,317
Right-of-use assets, leaseholds and land leases	5,148	5,155	5,150
Equipment	151	103	153
	<b>189,108</b>	<b>190,292</b>	<b>193,620</b>
<b>Financial assets</b>			
Participations in associates and joint ventures	681	985	711
Receivables from joint ventures	0	20	0
Derivatives	5,165	3,054	6,173
Other non-current receivables	2,050	790	1,436
<b>Total financial assets</b>	<b>7,896</b>	<b>4,849</b>	<b>8,320</b>
<b>Total non-current assets</b>	<b>199,023</b>	<b>197,157</b>	<b>203,958</b>
<b>Current assets</b>			
Accounts receivable	48	48	67
Receivables from joint ventures	41	1	41
Current tax assets	14	48	52
Derivatives	118	97	255
Other current receivables, prepaid expenses and accrued income	2,432	1,430	1,228
Cash and cash equivalents	2,089	3,471	2,984
<b>Total current assets</b>	<b>4,742</b>	<b>5,095</b>	<b>4,627</b>
<b>TOTAL ASSETS</b>	<b>203,765</b>	<b>202,252</b>	<b>208,585</b>

Amounts in SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>86,458</b>	<b>89,172</b>	<b>89,767</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	63,783	60,112	66,484
Lease liability, leaseholds and land leases	5,150	5,156	5,151
Deferred tax liability	27,264	27,194	28,212
Derivatives	3,840	2,261	3,874
Other non-current liabilities	81	63	78
Provision for pensions	8	45	10
<b>Total non-current liabilities</b>	<b>100,126</b>	<b>94,831</b>	<b>103,809</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	12,664	13,639	10,941
Accounts payable	28	23	71
Liabilities joint ventures	23	23	23
Current tax liabilities	0	0	0
Derivatives	78	7	18
Other current liabilities, accrued expenses and deferred income	4,388	4,557	3,956
<b>Total current liabilities</b>	<b>17,181</b>	<b>18,249</b>	<b>15,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>203,765</b>	<b>202,252</b>	<b>208,585</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. As of 31 March 2023, goodwill was SEK 1,901 million, unchanged compared with year-end 2022.

Of intangible assets, SEK 100 million (100) comprised the value of the Vasakronan brand. SEK 18 million (17) was recognised as an intangible asset pertaining to investments in technical platforms in the subsidiary Idun.

### Investment properties

As of 31 March 2023, Vasakronan's entire property portfolio had been valued internally. The assessed market value of the property portfolio was SEK 183,809 million at year end, compared with SEK 188,317 million at the end of 2022. The change in value during the period amounted to a decrease of SEK 5,048 million (increase: 2,922), corresponding to a decline in value of 2.7% (increase: 1.6). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 10.5 billion/positive SEK 11.9 billion on the value of the current property portfolio.

The internal valuation was conducted based on the most recent external valuation and applied the same principles as previous internal 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 external property valuation methodology is available on pages 114–115 of Vasakronan's 2022 Annual Report.

### Change in property values

SEK m	2023	2022
<b>Opening value, 1 January</b>	188,317	181,575
Investments	540	536
Acquisitions	0	0
Sales	0	0
Change in value	-5,048	2,922
<b>Closing value, 31 March</b>	<b>183,809</b>	<b>185,034</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 88% of our investment portfolio was environmentally certified, compared with 93% at the end of 2022. Based on market value, 83 percentage points (88) were certified according to LEED Gold or higher. The decrease in the share of certified properties is attributable in full to the ongoing re-certification of seven properties, corresponding to 6% of the investment portfolio.

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

On 31 March 2023, right-of-use assets totalled SEK 5,148 million, compared with SEK 5,150 million at the year-end 2022.

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 ongoing property projects amounted to SEK 6,151 million, of which SEK 3,703 million had been capitalised, compared with SEK 5,680 million and SEK 3,388 million, respectively, at the end of 2022. The occupancy rate for major projects was 72%, up 2 percentage points since the year end.

In total, leases have been signed in major ongoing projects equivalent to SEK 330 million in annual rent. The total contracted annual rent for these projects when fully let amounts to SEK 430 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 681 million compared with SEK 711 million at the end of 2022. The change was attributable to the value decrease in residential development rights.

### Deferred tax

On 31 March 2023, the deferred tax liability was SEK 27,264 million, compared with SEK 28,212 million at year-end 2022. 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.

### 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>2)</sup>
Stockholm	Sergelgatan	1,925	1,788	93	15,500	Q2 2021	87	May 2023	Gold
Uppsala	Lumi	740	243	33	15,000	Q4 2024	73	Dec 2024	Platinum
Stockholm	Sperlingens Backe 47	690	204	30	8,500	Q2 2024	96	Jan 2024	Platinum
Stockholm	Hästskon 9	570	56	10	9,100	Q4 2024	63	Dec 2024	Platinum
Stockholm	Hötorgshus 2	460	343	74	8,000	Q1 2023	13	Sep 2023	Platinum
Stockholm	Sperlingens Backe 45	430	394	92	3,700	Q1 2023	85	Apr 2023	Gold
Gothenburg	Kronhusgatan	90	6	7	2,540	Q3 2024	100	Jul 2024	Gold
<b>Total major property projects</b>		<b>4,905</b>	<b>3,035</b>	<b>62</b>	<b>62,340</b>		<b>72</b>		
	Other projects	1,246	668						
<b>Total</b>		<b>6,151</b>	<b>3,703</b>						

1) Calculated based on area.

2) Forecast at completion.

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### Financing

After the end of the period, Moody's affirmed Vasakronan's strong rating of A3 with a stable outlook. 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 its strong ownership structure in its assessment of the company.

Vasakronan's strong credit rating not only makes financing accessible to Vasakronan in the majority of markets, it also provides Vasakronan with access to longer tenors. During the period, Vasakronan issued debt for a total of SEK 1.4 billion (2.4) in the bond market to investors from Sweden and Japan.

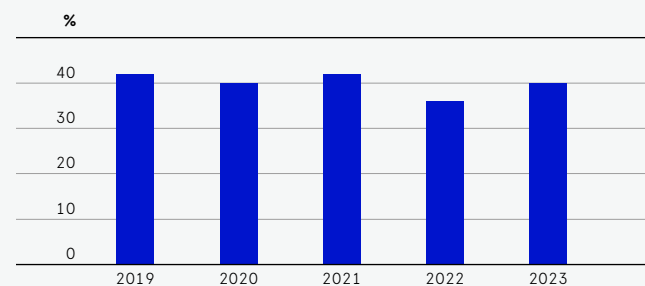
Vasakronan has bonds denominated in eight currencies and 37% of the total liability at the end of the period consisted of borrowing in currencies other than SEK, which is unchanged compared with year-end 2022. The change in value on foreign currency borrowings is recognised against interest-bearing liabilities in the balance sheet. At the end of the period, the negative value of foreign currency borrowings amounted to SEK 711 million (negative: 585). Borrowing in foreign currencies is fully hedged through cross-currency basis swaps, which eliminate currency risk during the tenor of the loans. A corresponding positive effect can thus also be found in the balance sheet in underlying derivatives. (we have a positive surplus value for derivatives)

No new bank borrowings were raised in the period (–) and, at the end of the period, secured bank loans amounted to 5% (5) of the company's total assets.

At the end of the period, interest-bearing liabilities net of cash and cash equivalents amounted to SEK 74,418 million, compared with SEK 74,441 million at year end. The loan-to-value ratio was thus unchanged at 40%. Fixed-interest maturity within 12 months amounted to 28% (29) of interest-bearing liabilities at period end, while the average fixed-interest tenor amounted to 3.9 years (4.0). The increase in variable market interest rates has resulted in the average interest rate for loans and derivatives increasing to 2.4% at the end of the period, compared with 2.1% at year-end 2022.

To minimise financing risk and secure its access to capital, the company has a credit facility with its owners, namely the First, Second, Third and Fourth Swedish national pension funds, that totals 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 2,029 million (2,984) and the unutilised credit facility from the owners together correspond to 158% (192) of loans maturing over the next 12 months. The average loan-to-maturity, including the above credit facilities, had amounted to 5.6 years (5.7) at the end of the period.

### Stable loan-to-value ratio



On 31 March.

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

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0–1 year	21,681	28	12,664	17
1–2 years	4,064	5	9,301	12
2–3 years	2,397	3	8,400	11
3–4 years	10,202	13	8,060	11
4–5 years	14,798	19	8,425	11
5–6 years	11,100	15	6,070	8
6–7 years	6,600	9	4,207	6
7–8 years	1,800	2	4,083	5
8–9 years	1,350	2	2,206	3
9–10 years	0	0	2,494	3
10 years or more	2,455	3	10,536	14
<b>Total</b>	<b>76,447</b>	<b>100</b>	<b>76,447</b>	<b>100</b>

### Breakdown of funding sources

SEK m	Carrying amount, SEK m	Share, %
Commercial paper	4,484	6
Bonds, SEK	26,557	34
Bonds, NOK	12,525	17
Bonds, EUR, AUD, USD, HKD, CHF, JPY	14,925	19
NSV (Namensschuldverschreibung), EUR	564	1
Secured bank loans	11,131	14
NIB and EIB	6,261	9
<b>Total</b>	<b>76,447</b>	<b>100</b>

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### Green financing

Vasakronan issued the world's first green corporate bond in 2013. The company is Sweden'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 amounted to SEK 44,819 million (44,835).

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 4,400 million (4,364). The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 6,261 million (6,396) at the end of the period, and green secured bank loans amounted to SEK 5,603 million (5,603).

The percentage of green financing, consisting of green bonds, green commercial paper, green NSVs and green bank loans, amounted to 83% (82) 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 180–188 of Vasakronan's 2022 Annual Report.

### Green financing under the framework

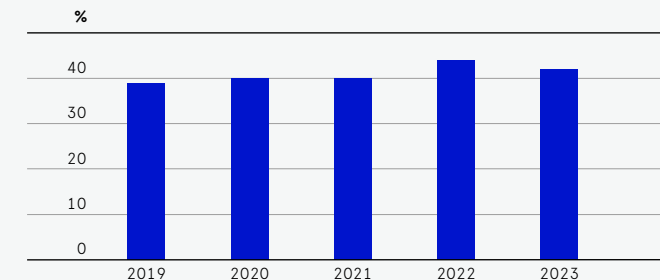
	Amounts in SEK million
Green commercial paper	4,400
Green bonds, SEK	26,556
Green bonds, NOK	7,433
Green bonds, EUR, AUD, USD, HKD, CHF, JPY	11,334
Green NSVs (Namensschuldverschreibung), EUR	514
<b>Total volume of Green Finance Instruments</b>	<b>50,337</b>
Total volume of Green Assets – Green Pool	57,580
<b>Remaining approved borrowing capacity</b>	<b>7,243</b>

### Equity

Equity decreased to SEK 86,458 million as of 31 March 2023, compared with SEK 89,767 million at year-end 2022. Comprehensive income for the year amounted to a loss of SEK 3,309 million, compared with income of SEK 3,895 million for the corresponding year-earlier period. The minority share of equity amounted to a negative SEK 10 million, compared with a negative SEK 9 million at year-end 2022.

At the end of the period, the equity/assets ratio was 42% compared with 43% at year-end 2022.

### Stable equity/assets ratio



On 31 March.

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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 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/loss for the period	-	-	8,468	8,468	-3	8,465
Other comprehensive income	-	-	25	25	0	25
<i>Comprehensive income for the period</i>	-	-	<i>8,493</i>	<i>8,493</i>	<i>-3</i>	<i>8,490</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	0	0	-12	-12
Dividend	-	-	-4,000	-4,000	0	-4,000
<b>Equity, closing balance on 31 Dec 2022</b>	<b>4,000</b>	<b>4,227</b>	<b>81,550</b>	<b>89,777</b>	<b>-9</b>	<b>89,767</b>
<b>Equity, opening balance on 1 Jan 2023</b>	<b>4,000</b>	<b>4,227</b>	<b>81,550</b>	<b>89,777</b>	<b>-9</b>	<b>89,767</b>
Profit/loss for the period	-	-	-3,309	-3,309	-1	-3,309
Other comprehensive income	-	-	0	0	0	0
<i>Comprehensive income for the period</i>	-	-	<i>-3,309</i>	<i>-3,309</i>	<i>-1</i>	<i>-3,309</i>
<i>Transactions with owners</i>						
Non-controlling interests	-	-	0	0	0	0
Dividend	-	-	0	0	0	0
<b>Equity, closing balance on 31 Mar 2023</b>	<b>4,000</b>	<b>4,227</b>	<b>78,241</b>	<b>86,468</b>	<b>-10</b>	<b>86,458</b>



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Amounts in SEK million	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
<b>Operating activities</b>				
Operating surplus	1,620	1,400	6,188	5,968
Central administration	-23	-28	-111	-116
Add back amortisation and depreciation	10	7	47	45
Adjustment for other non-cash items	0	6	0	6
<b>Cash flow from operating activities before interest and tax</b>	<b>1,607</b>	<b>1,385</b>	<b>6,126</b>	<b>5,903</b>
Interest paid <sup>1)</sup>	-485	-330	-1,573	-1,418
Interest received	21	1	47	27
Taxes paid	-60	-60	-240	-240
<b>Cash flow before changes in working capital</b>	<b>1,083</b>	<b>996</b>	<b>4,360</b>	<b>4,272</b>
Increase (-)/decrease (+) in operating receivables	-675	-304	-419	-48
Increase (+)/decrease (-) in operating liabilities	559	112	658	212
<b>Cash flow from operating activities</b>	<b>967</b>	<b>804</b>	<b>4,599</b>	<b>4,436</b>
<b>Investing activities</b>				
Investments in existing properties	-540	-536	-2,370	-2,366
Property acquisitions	0	0	0	0
Property divestments	0	0	543	543
Other PPE, net	-7	-6	-88	-87
Acquisition of intangible assets	-3	0	-6	-3
Disposals of net assets in Group companies	0	18	0	18
Transactions with associates and joint ventures	0	-18	125	107
Other financial assets, net	0	-2	-2	-4
<b>Cash flow from investing activities</b>	<b>-550</b>	<b>-544</b>	<b>-1,798</b>	<b>-1,792</b>
<b>Cash flow after investing activities</b>	<b>417</b>	<b>260</b>	<b>2,801</b>	<b>2,644</b>

Amounts in SEK million	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
<b>Financing activities</b>				
Dividend	0	0	-4,000	-4,000
Raised debt: interest-bearing liabilities	6,500	9,241	37,080	39,821
Repayment of debt: interest-bearing liabilities	-6,531	-10,159	-34,543	-38,171
Change in collateral	-1,281	611	-2,525	-633
Redemption of financial instruments	0	-3	-195	-198
Transactions with non-controlling interests	0	0	0	0
<b>Cash flow from financing activities</b>	<b>-1,312</b>	<b>-310</b>	<b>-4,183</b>	<b>-3,181</b>
<b>Cash flow for the period</b>	<b>-895</b>	<b>-50</b>	<b>-1,382</b>	<b>-537</b>
Opening balance, cash and cash equivalents	2,984	3,521	3,471	3,521
Cash flow for the period	-895	-50	-1,382	-537
<b>Closing balance, cash and cash equivalents</b>	<b>2,089</b>	<b>3,471</b>	<b>2,089</b>	<b>2,984</b>

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

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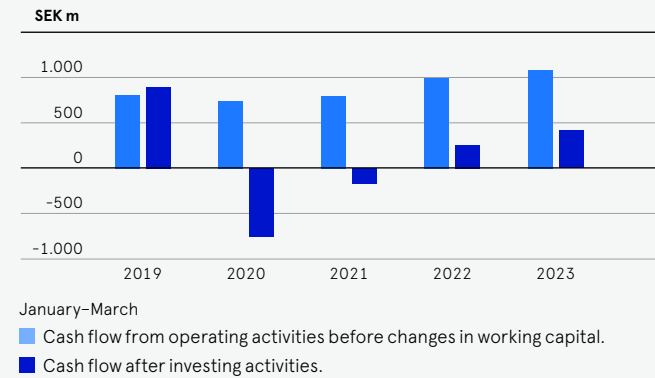
Financial Calendar

Cash flow from operating activities before changes in working capital increased to SEK 1,083 million (996) as a result of a higher operating surplus and lower taxes paid.

During the period, investments in existing properties amounted to SEK 540 million (536). Cash flow after investing activities increased to SEK 417 million (260).

In total, net borrowing for the period amounted to a negative SEK 31 million (negative: 918). Altogether, cash and cash equivalents decreased SEK 895 million (decrease: 50) and totalled SEK 2,089 million (3,471) at the end of the period.

### Strong cash flow from operating activities



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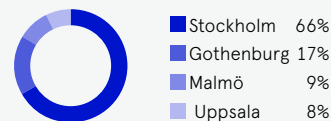
Financial Calendar

## Total Vasakronan

January–March	2023	2022
Market value of properties, SEK m	183,809	185,034
Rental revenue, SEK m	2,221	1,902
Operating surplus, SEK m	1,620	1,400
Surplus ratio, %	73	74
Occupancy rate, %	92	92
Number of properties	166	168
Area, thousand sq. m.	2,393	2,357
Environmental certification in the investment portfolio based on market value, %	88	94

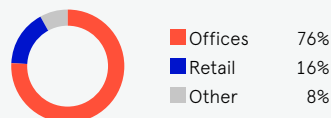
### Contracted rent by geographic market

Pertains to share of contracted rent



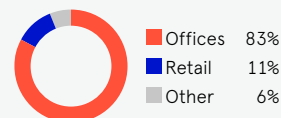
### Contracted rent by property type

Pertains to share of contracted rent



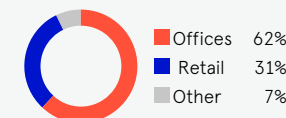
## Stockholm

2023	2022
126,257	125,889
1,455	1,232
1,073	922
74	75
91	91
76	78
1,403	1,401
89	94



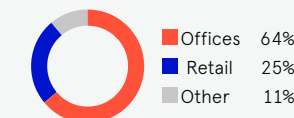
## Gothenburg

2023	2022
32,699	33,956
389	337
284	251
73	74
92	94
34	34
447	393
80	96



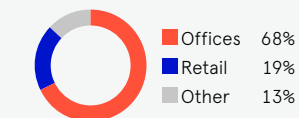
## Malmö

2023	2022
13,369	13,769
210	185
149	125
71	68
93	93
31	31
299	299
98	100



## Uppsala

2023	2022
11,484	11,419
167	148
114	102
68	69
94	94
25	25
244	264
90	83



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## Income statement

Amounts in SEK million	Jan–Mar 2023	Jan–Mar 2022
Net sales	162	135
Operating expenses	-193	-174
<b>EBIT</b>	<b>-31</b>	<b>-39</b>
<b>Financial items</b>		
Profit from participations in subsidiaries	0	0
Net interest	-41	-63
Change in value of financial instruments	-229	901
Appropriations	0	0
<b>Profit before tax</b>	<b>-301</b>	<b>799</b>
Tax	63	-165
<b>Profit/loss for the period</b>	<b>-238</b>	<b>634</b>

## Statement of comprehensive income

Profit for the period recognised in profit or loss	-238	634
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>-238</b>	<b>634</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 162 million (135), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered.

The value change in derivatives amounted to a negative SEK 229 million (positive: 901), which was due to the decline in long market interest rates and energy prices in the period. The loss before tax thus amounted to SEK 301 million (profit: 799). Closing cash and cash equivalents amounted to SEK 2,082 million (3,460).

## Balance sheet

Amounts in SEK million	31 Mar 2023	31 Mar 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	111	65
Shares and participations in subsidiaries	37,586	37,829
Receivables from subsidiaries	50,469	38,972
Shares and participations in joint ventures	0	1
Receivables from joint ventures	0	20
Deferred tax assets	0	0
Derivatives	5,165	3,054
Non-current receivables	2,040	783
<b>Total non-current assets</b>	<b>95,371</b>	<b>80,723</b>
<b>Current assets</b>		
Receivables from subsidiaries	9,798	9,314
Receivables from joint ventures	41	0
Derivatives	118	97
Current receivables	1,405	745
Cash and cash equivalents	2,082	3,460
<b>Total current assets</b>	<b>13,444</b>	<b>13,616</b>
<b>TOTAL ASSETS</b>	<b>108,815</b>	<b>94,339</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	23,537	13,711
Untaxed reserves	1,122	922
<b>Liabilities</b>		
Interest-bearing liabilities	76,447	73,751
Derivatives	3,918	3,538
Deferred tax liability	135	61
Non-interest-bearing liabilities	1,020	356
Liabilities to subsidiaries	2,636	2,000
<b>Total liabilities</b>	<b>84,156</b>	<b>79,706</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>108,815</b>	<b>94,339</b>

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## Personnel

The number of employees at the end of the period was 295, compared with 294 at the end of 2022.

## Risks and uncertainties

Geopolitical uncertainty, soaring inflation and rising interest rates are dominating the operating environment and have, in turn, led to higher credit spreads and reduced access to capital markets. Household purchasing power has declined and Sweden is now entering a recession. While Vasakronan is being impacted by rising electricity, material and interest expenses, at the same time as revenues are rising in line with indices and surcharges. Vasakronan's position is stable with long-term owners and good access to capital.

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. Aside from the above, no changes have been made to the company's risk assessment since the publication of the 2022 Annual Report. The company's risks are described in the 2022 Annual Report on pages 84–90.

## 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 prop-

erties. Refer to page 116 of Vasakronan's 2022 Annual Report for the sensitivity analysis.

## Climate disclosures for 2022

Vasakronan completed its 2022 climate report during the quarter. The outcome shows that the climate impact of our own operations, scope 1, is marginal. This is primarily due to the properties not having any own boilers and to all service vehicles now being electrically powered.

Indirect emissions from operations derived from purchased energy, scope 2, increased slightly for the year despite reduced energy consumption. This was mainly an effect of the energy crisis in Europe, which has led to district heating companies burning dirtier fuel – district heating that Vasakronan has procured.

In 2022, a number of major projects were completed, including Nattugglan in Södermalm in Stockholm, Platinan in Gothenburg and Magasin X in Uppsala. Given that the climate impact of ongoing projects is reported in conjunction with project completion, scope 3 emissions can vary considerably between years. This explains the increase in scope 3 emissions for 2022.

As part of initiatives to reduce emissions from project activities, Vasakronan actively makes conscious material choices that focus on reuse and circular material flows. Clear thresholds for climate impact were introduced in 2022 as part of efforts to reach the long-term goal of climate neutrality across the entire value chain by 2030. The thresholds will be gradually tightened until 2030. Vasakronan will continue to test, evaluate and invest in new technology with the aim of continuously reducing carbon emissions by 2030.

## Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7.4 on page 126 of Vasakronan's 2022 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, unchanged compared with year-end 2022.

## 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 the income and cash-flow statements pertain to the corresponding amounts for the same period last year. Comparative figures in the balance sheet pertain to the corresponding amounts at year-end 2022. 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 2022 Annual Report, pages 104–127.

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.

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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 105 of Vasakronan's 2022 Annual Report.

#### **New standards and interpretations**

The amendment to IAS 12, pertaining to deferred tax on leases, entered force on 1 January 2023 and means that companies that apply IFRS in their consolidated financial statements must recognise deferred tax on all temporary differences. The amendment has only a marginal impact on the financial statements. At present, other new and amended standards and interpretations as endorsed by the EU are not assessed as having any material impact on Vasakronan's earnings or financial position.

#### **Alternative performance measures**

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

The APMs used in Vasakronan's interim report are defined and motivated on page 23. Page 24 also includes a breakdown of specific performance measures where this is required.

#### **Significant events after the end of the period**

After the end of the period, Moody's affirmed Vasakronan's strong rating of A3 with a stable outlook. 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 in its assessment of the company.

#### **Johanna Skogestig**

*Chief Executive Officer*

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

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

Christer Nerlich, *Chief Financial Officer*

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	Jan–Mar 2023	Jan–Mar 2022	Apr 2022–Mar 2023	Jan–Dec 2022
<b>Property-related information</b>				
Closing occupancy rate, %	91.7	91.8	91.7	91.2
Surplus ratio, %	73	74	73	73
Investments in existing projects, SEK m	540	536	2,370	2,366
Property acquisitions, SEK m	0	0	0	0
Property divestments, SEK m	0	0	-543	-543
Net investments, SEK m	540	536	1,827	1,823
Closing market value of property, SEK m	183,809	185,034	183,809	188,317
Closing area, thousand sq. m.	2,393	2,357	2,393	2,398
Closing number of properties	166	168	166	166
Environmental certification of investment portfolio, share of market value, %	88	94	88	93
Energy intensity on closing date, kWh/sq. m., rolling 12 months	74	81	74	75

	Jan–Mar 2023	Jan–Mar 2022	Apr 2022–Mar 2023	Jan–Dec 2022
<b>Financial metrics</b>				
EBITDA margin, %	70	70	71	71
Interest coverage ratio, multiple	3.8	5.5	4.4	4.8
Closing equity/assets ratio, %	42	44	42	43
Closing loan-to-value ratio, %	40	38	40	40
Fixed-interest tenor <sup>1)</sup> , year	3.9	4.5	3.9	4.0
Loan-to-maturity <sup>1)</sup> , years	5.6	5.6	5.6	5.7
Closing EPRA NRV <sup>1)</sup> , SEK m	110,456	113,580	110,456	113,542
Closing EPRA NTA <sup>1)</sup> , SEK m	101,630	104,864	101,630	104,406
Closing EPRA NDV <sup>1)</sup> , SEK m	88,851	88,267	88,851	93,121
Closing average interest rate, %	2.4	1.3	2.4	2.1
Closing net interest-bearing liabilities, SEK m	74,358	70,280	74,358	74,441
Cash flow before changes in working capital, SEK m	1,083	996	4,360	4,272
Net interest-bearing liabilities/EBITDA <sup>2)</sup>	-	-	12.4	12.8
<b>Other</b>				
Closing number of employees	295	288	295	294

1) Last day in the period.

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

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	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
<b>1. EPRA NRV, SEK m</b>				
Equity	86,458	89,172	86,458	89,767
Add back goodwill attributable to deferred tax	-1,901	-1,903	-1,901	-1,901
Add back derivatives	-1,365	-883	-1,365	-2,536
Add back recognised deferred tax	27,264	27,194	27,264	28,212
	<b>110,456</b>	<b>113,580</b>	<b>110,456</b>	<b>113,542</b>
<b>2. EPRA NTA, SEK m</b>				
Equity	86,458	89,172	86,458	89,767
Add back goodwill attributable to deferred tax	-1,901	-1,903	-1,901	-1,901
Add back other intangible assets	-118	-113	-118	-117
Add back derivatives	-1,365	-883	-1,365	-2,536
Add back recognised deferred tax	27,264	27,194	27,264	28,212
Deferred tax at fair value <sup>1)</sup>	-8,708	-8,603	-8,708	-9,019
	<b>101,630</b>	<b>104,864</b>	<b>101,630</b>	<b>104,406</b>
<b>3. EPRA NDV, SEK m</b>				
Equity	86,458	89,172	86,458	89,767
Add back goodwill attributable to deferred tax	-1,901	-1,903	-1,901	-1,901
Adjustment of interest-bearing liabilities to fair value	4,294	998	4,294	5,255
	<b>88,851</b>	<b>88,267</b>	<b>88,851</b>	<b>93,121</b>
<b>4. EBITDA, SEK m</b>				
Operating surplus	1,620	1,400	6,188	5,968
Central administration	-23	-28	-111	-116
Transactions with associates and joint ventures	0	0	107	107
Ground rents and land leases	-42	-42	-167	-167
	<b>1,555</b>	<b>1,330</b>	<b>6,017</b>	<b>5,792</b>

	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
<b>5. EBITDA margin, %</b>				
Rental revenue	2,221	1,902	8,486	8,167
EBITDA	1,555	1,330	6,017	5,792
	<b>70</b>	<b>70</b>	<b>71</b>	<b>71</b>
<b>6. Interest coverage ratio, multiple</b>				
EBITDA	1,555	1,330	6,017	5,792
Net financial items	-409	-243	-1,374	-1,208
	<b>3.8</b>	<b>5.5</b>	<b>4.4</b>	<b>4.8</b>
<b>7. Net interest-bearing liabilities, SEK m</b>				
Non-current interest-bearing liabilities	63,783	60,112	63,783	66,484
Current interest-bearing liabilities	12,664	13,639	12,664	10,941
Cash and cash equivalents	-2,089	-3,471	-2,089	-2,984
	<b>74,358</b>	<b>70,280</b>	<b>74,358</b>	<b>74,441</b>
<b>8. Loan-to-value ratio, %</b>				
Net interest-bearing liabilities	74,358	70,280	74,358	74,441
Fair value of investment properties	183,809	185,034	183,809	188,317
	<b>40</b>	<b>38</b>	<b>40</b>	<b>40</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.

## Income from property management

Profit after net financial items excluding changes in value, tax and interest expenses from associated companies and joint ventures.

## 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

Mid-year report Jan–Jun 2023	7 July 2023
Interim report Jan–Sep 2023	27 October 2023
Year-end report 2023	5 February 2024
Annual Report 2023	March 2024

### 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 166 properties with a total area of about 2.4 million square metres and a market value of SEK 184 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)