

PRESS RELEASE

Stockholm, 12 July 2019

Vasakronan interim report January–June 2019

Successful lettings in ongoing projects

High demand for office premises has resulted in several new lettings at ongoing projects. At the Platinan property in Gothenburg, a seven-year lease has been signed with KPMG for 2,000 square metres and a ten-year lease has been signed with Wistrand Advokatbyrå for 2,200 square metres. At Magasin X in Uppsala, a six-year lease agreement was signed with the Swedish Tax Agency for 3,500 square metres and a five-year lease with White Arkitekter for 1,000 square metres. A seven-year lease has been signed with E.ON Wind Sweden AB for 900 square metres at the Priorn property in Malmö.

- **Rental revenue** increased to SEK 3,439 million (3,333). For comparable property holdings, the increase was 5% (6).
- **New lettings** corresponding to 129,000 square metres (73,000) and an annual rent of SEK 473 million (269) were contracted and net lettings amounted to SEK 171 million (60)
- **The occupancy rate** was 93.1% (92.9) at the end of the period. Of total vacancies, 2.6 percentage points (3.0) were attributable to ongoing projects and development properties.
- **Operating surplus** increased to a total of SEK 2,579 million (2,396). For comparable property holdings, the increase in net operating income was 6% (6).
- **Profit before value changes and tax** rose to SEK 2,781 million (1,809), where the result from participations in joint ventures accounted for SEK 891 million of the increase.
- **The change in the property value** amounted to SEK 4,626 million (5,792), corresponding to a 3.4% (4.6) increase in value
- **The value change in derivatives** amounted to negative SEK 1,268 million (positive: 8), which was due to lower long market interest rates.
- **The portfolio value** at the end of the period amounted to SEK 144,215 million (133,518)
- **Profit after tax** amounted to SEK 5,030 million (7,275).

New lettings corresponding to 129,000 square metres (73,000) and an annual rent of SEK 473 million (269) were contracted during the period. For comparable property holdings, the increase in rental revenue was 5% (6). Renegotiations and lease extensions corresponded to 171,000 square metres (147,000) and annual rent of SEK 542 million (431), resulting in an increase on the previous rent payable of 13.9% (10.9).

“Vasakronan’s project portfolio is extremely well-positioned in the market, both in terms of location and quality. There is considerable demand for offices in the areas where Vasakronan has a presence, and the designs of our projects fit well with the requirements that many tenants are now setting for their premises,” says Fredrik Wirdenius, CEO of Vasakronan.

In Uppsala, Vasakronan’s occupancy rate is 98% with a steadily rising rent trend. The company is now boosting its presence in the city with the construction start for Magasin X, Sweden’s first office property constructed in wood. Moreover, a contract has been signed with Skanska for the acquisition of the Juvelen property for SEK 563 million.

Vasakronan is continuing to expand its investor base by borrowing in new currencies and there is considerable interest in the company’s bonds, primarily from Central European and Asian investors. In May, Moody’s confirmed the rating the company received in spring 2018 with the score A3, stable outlook.

Vasakronan is Sweden’s largest property company with a portfolio valued at around SEK 144 billion. The portfolio is focused on centrally located office and retail properties in the growth regions of Stockholm, Uppsala, Gothenburg and Malmö. In terms of city retail, Vasakronan is the largest in all regions. The property portfolio comprises 173 properties with a total area of about 2.3 million square metres. The company is owned in equal shares by the First, Second, Third and Fourth Swedish national pension funds. Read more at www.vasakronan.se

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During the quarter, Vasakronan decided to construct a solar park in Fyrislund in Uppsala. The facility encompasses an area of around 30,000 square metres and the annual production is estimated at almost 5 GWh. This corresponds to the energy consumed by 1,600 electric vehicles driven 15,000 kilometres per year.

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