

Interim Report January–June 2019

- 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.
- At the end of the period, the portfolio value amounted to SEK 144,215 million (133,518).
- Profit after tax amounted to SEK 5,030 million (7,275).

Amounts in SEK million	Jan–Jun 2019	Jan–Jun 2018 ¹⁾	Apr–Jun 2019 ²⁾	Apr–Jun 2018 ²⁾	Jul 2018–Jun 2019 ²⁾	Jan–Dec 2018 ²⁾
Rental revenue	3,429	3,333	1,715	1,690	6,824	6,718
Operating surplus	2,579	2,396	1,300	1,240	5,052	4,869
Profit before value changes and tax	2,781	1,809	1,813	948	4,856	3,884
Profit after tax	5,030	7,275	4,214	5,248	10,657	12,902
Cash flow from operating activities before changes in working capital	1,753	1,759	945	989	3,561	3,567
Market value of properties, SEK m	144,215	133,518	144,215	133,518	144,215	138,934
Occupancy rate, %	93.1	92.9	93.1	92.9	93.1	93.1
Surplus ratio, %	75	72	76	73	74	73
Interest coverage ratio ²⁾ , multiple	4.4	4.4	3.9	4.6	4.7	4.7
Loan-to-value (LTV) ratio ²⁾ , %	41	43	41	43	41	41
Closing NAV, SEK m	81,391	71,341	81,391	71,341	81,391	78,542
Closing NNNNAV ²⁾ , SEK m	72,278	64,151	72,278	64,151	72,278	70,823
Environmental certification, share of total area, %	85	85	85	85	85	85
Energy intensity on closing date, kWh/m ²	99	101	99	101	99	103

1) Comparison figures have not been restated according to IFRS 16.

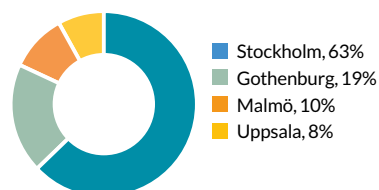
2) Calculations for this period have been made according to previous years' accounting policies, without the application of IFRS 16.

Vasakronan in brief

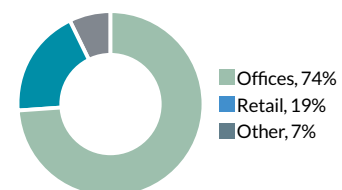
Vasakronan is Sweden's largest property company. The portfolio comprises 173 properties with a total area of about 2.3 million square metres and a market value of SEK 144 billion. The properties encompass centrally located office and retail properties in Stockholm, Gothenburg, Malmö and Uppsala.

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."

Contracted rent by geographic market



Contracted rent by property type



Successful lettings in ongoing projects

Vasakronan second quarter

New lettings during the quarter

The lettings market remains strong with continued high demand for office space. Renegotiations and lease extensions during the quarter corresponded to 113,000 sq. m. (57,000) and annual rent of SEK 360 million (256), resulting in an increase on the previous rent payable of 15.8% (11.0). Moreover, new lettings corresponding to 36,000 square metres (46,000) and an annual rent of SEK 146 million (163) were signed.

Wistrand Advokatbyrå in Gothenburg signed a ten-year lease for 2,200 square metres in the ongoing property project Platinan. In the same property, KPMG also signed a seven-year lease for 2,200 square metres. Platinan is being constructed at the new Hisingsbron in Lilla Bommen in Gothenburg and is expected to be completed by spring 2022. With the leases to Wistrand and KPMG, the occupancy rate at Platinan is now 55%.

A six-year lease was signed with Extenda Retail for 2,000 square metres at the Hilton property in Frösundavik, outside of Stockholm. Following the agreement with Extenda Retail, the property, which will be completed in September 2019, is 83% let.

In the autumn, Vasakronan will begin building Sweden's first office property constructed in wood, Magasin X, next to Uppsala central station. The building will comprise around 11,500 square metres over seven floors and will in addition to a frame made entirely of wood include a number of innovative and climate-smart technological solutions. The total investment in the property amounts to SEK 530 million and it is expected to be completed in spring 2021. During the quarter, a six-year lease agreement was signed with the Swedish Tax Agency for 3,500 square metres at Magasin X and White Arkitekter signed a five-year lease agreement for 1,000 square metres. It has also already been decided that Vasakronan's own co-working concept, Vasakronan Arena, and Uppsala's regional office are to be set up in the property. Following these leases, the occupancy rate for the property is 65% before the start of construction.

A seven-year lease has been signed with E.ON Wind Sweden for 900 square metres at the Priorn property in Malmö. Priorn is being constructed in central Malmö and encompasses 13,000 square metres with completion scheduled for April 2020. With the lease to E.ON Wind Sweden, the occupancy rate for the property is 65% before the start of construction.

Growth in Uppsala

Uppsala county is an innovative region experiencing rapid growth. Vasakronan's portfolio in Uppsala has an occupancy rate of 98% and substantial demand for sustainable and innovative office solutions. Vasakronan is now strengthening its presence in the city through the acquisition of the Juvelen property from Skanska for SEK 563 million. The property, which is located just a stone's throw from Magasin X, comprises just over 8,600 square metres of lettable area and will be completed in autumn 2019. Vasakronan will take possession in December 2019.

Solar park in Uppsala

Vasakronan strives for sustainability in all parts of its operations. Major investments are being made in, for example, the energy field and one of Vasakronan's long-term goals is to make operations completely self-sufficient in terms of energy.

During the quarter, Vasakronan resolved to increase the production of renewable electricity by building a solar park with a total area of around 30,000 square metres in Fyrislund in Uppsala. The facility will be built on land that currently does not have a detailed development plan or is not suitable for development.

The construction of the solar park will double Vasakronan's total solar electricity production. The facility is expected to produce almost 5 GWh of renewable electricity annually, which corresponds to slightly more than 50% of the property electricity used every year by Vasakronan's portfolio in Uppsala.

A seven-year lease has been signed with KPMG at the Platinan property.

Diversified investor base

Vasakronan is continuing to expand its investor base by borrowing in new currencies. There is considerable interest in the company's bonds, primarily from Central European and Asian investors.

During the quarter, the company has for the first time issued a green bond denominated in Australian dollars and after the end of the period also issued its first green bond in US dollars. Bonds issued during the period have tenors up to 25 years. Increased access to long-term financing on favourable terms reduces both financing risk and cost over time.

In May, Moody's confirmed the rating the company received in spring 2018 with the score A3, stable outlook. In its explanatory for the strong rating, Moody's highlights the high quality of Vasakronan's property portfolio and the strong links to its owners. Moody's also emphasised that the company's financing risk has decreased due to the diversification of borrowing to several currencies.

Second quarter results

Profit before value changes and tax rose to SEK 1,813 million (948) and was mainly due to a higher result from participations in joint ventures of SEK 892 million. The change in the value of property during the quarter was 2.8% (3.2), corresponding to SEK 3,906 million (4,084) and value changes in derivatives amounted to a negative SEK 641 million (positive: 32). Profit after tax was SEK 4,214 million (5,248) for the quarter. Cash flow after investing activities decreased to a negative SEK 119 million (positive: 60) during the quarter.

Rental market remains strong

Our macro environment

There is global concern over uncertainties regarding higher import tariffs, the effects of Brexit and the risk of a slowdown in the global economy. The US economy remains strong with high private consumption, healthy willingness to invest and a strong labour market, whereas growth in Europe is weaker. The growth in Europe is to a large extent supported by an expansionary monetary and fiscal policy.

Sweden has performed somewhat better than the European average, even if the latest report from the National Institute of Economic Research states that Sweden has entered a slowdown phase. In its latest forecast, GDP growth was estimated at 1.8% for 2019 and 1.4% for 2020, compared with 2018 when GDP increased 2.4%. The low rate of growth was negatively affected by lower investments in housing.

At its July meeting, the Riksbank (Sweden's central bank) decided to keep the repo rate unchanged at negative 0.25% and concurrently indicated that the repo rate will be raised at the end of the year or at the start of next year.

The labour market in Sweden remains strong even if employment is expected to increase more slowly moving forward. Employment increased 1.8% in 2018. For 2019, employment is forecast to grow 1.1% and in 2020 it is expected to grow 0.5%, with all growth expected from the service sector. According to Statistics Sweden and Evidens, office employment in metropolitan regions will rise 2.1% in 2019 and 2.0% in 2020.

The latest report from HUI Research projects retail sector growth of 2.5% in 2019 and 2.0% in 2020. The structural overhaul within retail is ongoing, and physical retail stores continue to lose ground to e-commerce. E-commerce is forecast to grow 14% in 2019, corresponding to almost SEK 90 billion. Growth is primarily concentrated to the grocery retail market and consumer electronics. The report is in line with Vasakronan's city retail index, which also shows a decline, mainly for sport and leisure retail as well as footwear. The city retail index is based on the sales turnover from stores in Vasakronan's portfolio, and is a tool that the company uses to measure and meet city retail trends.

Property market

The property market in Sweden has performed well over the last few years due to the economic boom, low interest rates and good access to capital. Interest in properties in the Swedish market remains strong, and interest from foreign investors is rising.

According to data provided by Cushman & Wakefield, transactions were completed in the Swedish property market for almost SEK 80 billion (63) in the first half of the year. Office property was the largest segment in terms of transaction volume, followed by residential property. Most of the transaction volume was attributable to turnover in Stockholm.

Stockholm

The rental market in Stockholm remains strong. In the CBD, market rents rose compared with the year end and vacancy levels for office and retail premises amounted to 3% and 2%, respectively. Rents are primarily being driven up, and vacancy levels kept low, by high demand in combination with historically low supply. In central Stockholm, outside the CBD, and in the Stockholm suburbs, rents increased in the first half of the year. The vacancy rates in central Stockholm and the suburbs are 8% and 13%, respectively, which is in line with the end of the year. Rent and vacancy levels vary between different areas and objects. In the CBD as well as central Stockholm and the inner suburbs, the market's yield requirements stabilised at around 3.5%, 3.9% and 4.3%, respectively.

Gothenburg

The dominant aspect in the office rental market in Gothenburg was still the lack of newly produced office premises, which resulted in rent levels that continued to rise during the first half of the year. Vacancy rates are at historic lows and amounted to just over 4% for office premises in Gothenburg's CBD and around 2% for retail premises. The yield requirement for prime office and retail objects in Gothenburg's CBD remains at 3.7%.

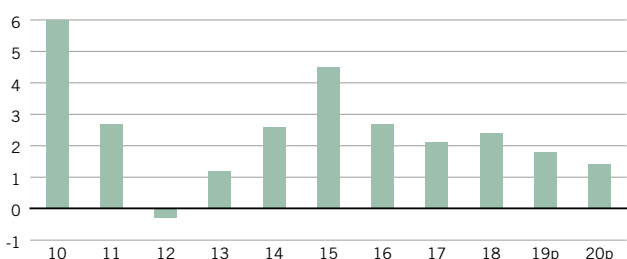
Malmö

In Malmö, the demand for office premises remains stable and rent levels are unchanged since the year end. Vacancy levels were at 9% for office premises and 4% for retail premises while the yield requirement for the best objects in Malmö's CBD stabilised at 4.2%.

Uppsala

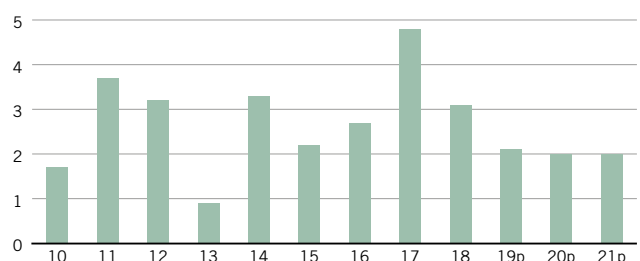
Rent levels for office premises in central Uppsala have risen slightly in the past quarter. Vacancies remained at the same level and amounted to 5% for offices and 3% for retail premises. The yield requirement for centrally located office and retail properties was 4.6% and 5.0%, respectively.

Stable growth



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

Positive office employment



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

Consolidated income statement

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018 ¹⁾	Apr-Jun 2019 ¹⁾	Apr-Jun 2018 ¹⁾	Jul 2018- Jun 2019 ¹⁾	Jan-Dec 2018 ¹⁾
Rental revenue	3,439	3,333	1,715	1,690	6,824	6,718
Operating expenses	-349	-359	-152	-162	-701	-711
Repairs and maintenance	-64	-57	-31	-28	-115	-108
Property administration	-186	-176	-102	-93	-367	-357
Property tax	-261	-274	-130	-137	-514	-527
Ground rents and land leases	-	-71	-	-30	-75	-146
Total property expenses	-860	-937	-415	-450	-1,772	-1,849
Operating surplus	2,579	2,396	1,300	1,240	5,052	4,869
Central administration	-55	-51	-29	-28	-105	-101
Result from participations in joint ventures	891	0	892	1	1,050	159
Financial income	2	1	1	0	4	3
Financial expenses	-565	-537	-316	-265	-1,074	-1,046
Ground rents and land leases	-71	-	-35	-	-71	-
Profit before value changes and tax	2,781	1,809	1,813	948	4,856	3,884
Change in value of investment properties	4,626	5,792	3,908	4,084	9,485	10,651
Depreciation of land lease agreements	-4	-	-2	-	-4	-
Change in value of financial instruments	-1,268	8	-641	32	-1,263	13
Divested/impaired goodwill	-74	-36	0	0	-100	-62
Profit before tax	6,061	7,573	5,078	5,064	12,974	14,486
Current tax	-161	-74	34	63	-207	-120
Deferred tax	-870	-224	-898	121	-2,110	-1,464
Profit for the period	5,030	7,275	4,214	5,248	10,657	12,902
Other comprehensive income						
<i>Items that may not be reclassified²⁾</i>						
Pensions, revaluation	-	-	-	-	-18	-18
Restriction for surplus in pension plan with asset cap	0	-	0	-	8	8
Income tax on pensions	0	-	0	-	2	2
Other comprehensive income for the period, net of tax	0	-	0	-	-8	-8
Total comprehensive income for the period³⁾	5,030	7,275	4,214	5,248	10,649	12,894
Key metrics						
Surplus ratio, %	75	72	76	73	74	73
Interest coverage ratio ⁴⁾ , multiple	4.4	4.4	3.9	4.6	4.7	4.7

1) Comparison figures have not been restated according to IFRS 16.

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

3) Since there are no material minority interests, the entire profit is attributable to the Parent Company's shareholders. The absence of any potential shares means there is no dilutive effect.

4) Calculations for the current period have been made according to previous accounting policies.

Comments on the consolidated income statement

Rental revenue

Rental revenue increased during the period to SEK 3,439 million (3,333). In comparable property holdings, the increase was 5% (6) and was mainly attributable to higher gross rents from new lettings contracted and from renegotiated leases as well as from rent adjustment for inflation. New lettings corresponding to 129,000 square metres (73,000) and annual rent of SEK 473 million (269) were contracted, of which 21% (33) impacted on revenue in 2019. Changes in new lettings between the years was primarily attributable to the major new lettings to the Swedish Tax Agency in Nya Kronan and to Handelsbanken in Tre Vapen, which were completed during the first quarter. Notice of termination was received during the period (tenant will be vacating) corresponding to annual rent of SEK 302 million (209), whereby net lettings amounted to SEK 171 million (60).

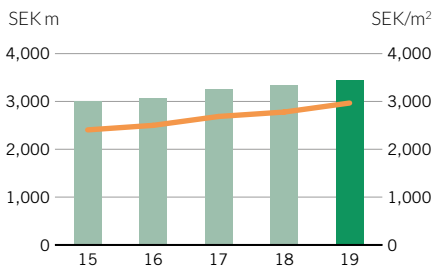
Renegotiations and lease extensions of 171,000 square metres (147,000) during the period corresponded to annual rent of SEK 542 million (431), resulting in an increase on the previous rent payable of 13.9% (10.9). Of all the contracts up for renegotiation over the last 12 months, 73% (61) of the tenants decided to extend their contracts. The result of renegotiations for the period for leases related to retail amounted to 5.0% (4.4).

Contracted rent at end of the year amounted to SEK 6,871 million (6,741) and the average remaining maturity was 4.0 years (4.2). The closing occupancy rate was 93.1% (92.9). Of total vacancies, 2.2 percentage points (2.4) were attributable to ongoing projects and 0.4 percentage points (0.6) to vacant development properties.

Property expenses

Property expenses amounted to SEK 860 million (expense: 937) for the period. For comparable property holdings, excluding IFRS 16, the increase in property expenses was almost 3% (4). The increase in comparable property holdings is due to the high costs for repairs and property administration. The year-on-year decrease was largely due to the transition to IFRS 16, where SEK 75 million pertaining to ground rents and land leases were reclassified from property expenses primarily to depreciation of land lease agreements and interest expenses.

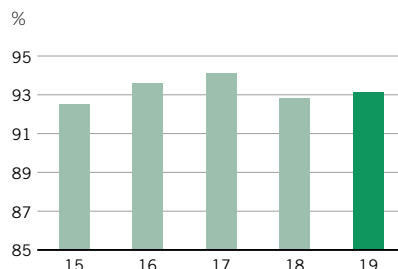
Rising rental revenue SEK/m²



January-June

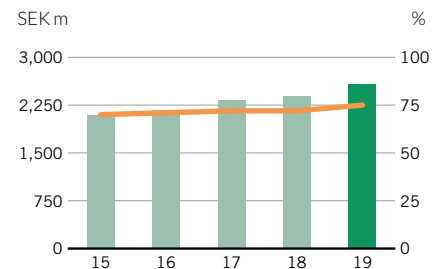
■ Rental revenue SEK m — Rental revenue SEK/m²

Stable occupancy rate



At 30 June

High surplus ratio



January-June

■ Operating surplus, SEK m — Surplus ratio, %

Widely distributed over many tenants

	Share in %
Swedish Police Authority	3
Ericsson	3
H&M	3
Swedish Prison and Probation Service	2
Försäkringskassan (Social Insurance Agency)	2
Swedish National Courts Administration	1
Åhléns	1
KPMG	1
Region Uppsala	1
The Riksdag Administration	1
Total	18

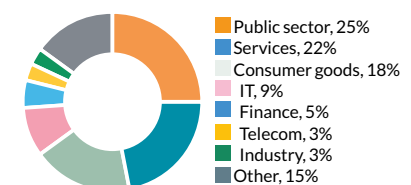
Largest tenants, share of contracted rent

Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2019		549	8
2020		1,106	16
2021		1,158	17
≥2022		3,738	54
Total		6,551	95
Residential		100	2
Garage		220	3
Total		6,871	95

Maturity structure for contracted rent

Public sector comprises largest share of tenants



Breakdown by sector, share of contracted rent

Comments on the consolidated income statement (Cont.)

Operating surplus

The operating surplus increased during the period to SEK 2,579 million (2,396), primarily due to increased rental revenue. For comparable property holdings, the increase in net operating income¹⁾ was 6% (6). The operating surplus has also increased SEK 75 million as a result of the transition to IFRS 16.

The surplus ratio increased to 75% (72), of which 2 percentage points were a result of the transition to IFRS 16.

Administration

Property administration costs were SEK 186 million (expense: 176) and central administration costs were SEK 54 million (expense: 51). The increase was primarily due to higher costs resulting from salaries and social security expenses.

Result from participations in joint ventures

The result from participations in joint ventures amounted to SEK 891 million (0). The increase is due to positive value changes for development rights owned by Vasakronan's associated companies, Järvastaden and Stora Ursvik. The value changes were primarily due to detailed development plans that entered force. The development rights for Järvastaden and Stora Ursvik respectively encompass a gross floor area (GFA) of around 600,000 square metres, with the majority designated for housing.

Net financial items

Net financial items amounted to an expense of SEK 563 million (expense: 536). The deterioration was attributable to larger borrowings and slightly higher interest rates. The average interest rate for loans and derivatives amounted to 1.8% (1.7) at the end of the period.

The LTM interest coverage ratio increased to a multiple of 5.5 (4.1) as a result of an improved net operating income¹⁾. The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

As a result of the transition to IFRS 16, as of 1 January 2019 a portion of the ground rent and land leases are recognised as an interest expense and amounted to SEK 71 million for the period. Interest expenses pertaining to leaseholds and land leases are not included in net financial items.

See the section Liabilities and cash on page 10.

Profit before value changes and tax

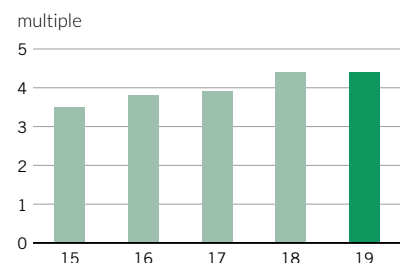
Profit before value changes and tax amounted to SEK 2,781 million (1,809), corresponding to an increase 54%. Adjusted for the result from participations in joint ventures, the increase was just over 4%.

¹⁾ Net operating income corresponds to operating surplus adjusted for IFRS 16.

Financial risks

	Financial policy in brief	Outcome, 30 June 2019
Financing risk		
Loan-to-maturity	min. 2 years	5.2 years
Loans maturing, 12 months	max. 40%	21%
Credit commitments and cash/loans maturing 12 months	min. 100%	152%
Interest-rate risk		
Interest coverage ratio	min. 2.0x (LTM)	4.7x
Fixed-interest	min. 2 years	5.7 years
Fixed-interest maturity within 12 months	max. 55%	36%
Credit risk		
Counterpart's rating	min. A- or BBB+ with CSAs	Met
Currency risk		
Currency exposure	No exposure	Met

Improved interest coverage ratio



At 30 June, rolling 12-month period

Comments on the consolidated income statement (Cont.)

Change in value of investment properties

At 30 June 2019, the entire property portfolio had been valued by external appraisers Cushman & Wakefield or Forum Fastighets-ekonomi.

Altogether, the change in the property value amounted to SEK 4,622 million (5,792), which corresponded to a 3.4% (4.6) increase in value.

On average, the yield requirement for the portfolio was 4.3%, which is only a minor change compared to the end of 2018 for the corresponding properties.

Change in value of financial instruments

The value change in derivatives amounted to negative SEK 1,268 million (positive: 8), which was due to lower long market interest rates for the period.

Derivatives are primarily used to adjust the maturity structure in the loan portfolio and to hedge borrowings in foreign currencies. At the end of the period, the derivative portfolio amounted to SEK 69,963 million (62,786), of which SEK 54,376 million (52,742) comprised interest-rate derivatives and SEK 15,587 million (9,544) cross-currency derivatives.

Tax

The Group reported a total tax expense of SEK 1,031 million (expense: 298). Of the tax expense, SEK 161 million (expense: 74) was current tax and SEK 870 million (expense: 224) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments. The effective tax rate amounted to 17.0% (20.6). The difference between the actual tax rate and the corporate tax rate of 21.4% was due to tax free sales of companies during the year.

Vasakronan has a tax policy that has been established by the Board to ensure that tax issues are managed in a societally responsible way. For more information on Vasakronan's tax policy, please see Vasakronan's website.

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

Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	3.8	2.5
Gothenburg	3.0	0.5
Uppsala	2.7	0.2
Malmö	1.7	0.2
Total	3.4	3.4

Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	3.7	3.2
Development properties	1.5	0.2
Transactions		0
Total	3.4	3.4

Factors impacting value¹⁾

	Value impact, %
Yield requirement	0.9
Market rents	2.5
Total	3.4

1) The increase in value was also due to investments and other factors impacting value that have been allocated proportionally across yield requirements and market rents.

Consolidated balance sheet

Amounts in SEK million	30 Jun 2019	30 Jun 2018 ¹	31 Mar 2019	31 Mar 2018 ¹⁾	31 Dec 2018 ¹⁾
ASSETS					
Non-current assets					
Intangible assets	2,014	2,109	2,014	2,109	2,089
Property, plant and equipment (PPE)					
Investment properties	144,215	133,518	139,381	128,339	138,934
Leaseholds and land leases	5,046	-	5,063	-	-
Equipment	40	48	43	44	44
	149,301	133,566	144,487	128,383	138,978
Financial assets					
Shares and participations in joint ventures	1,256	368	365	367	365
Receivables from joint ventures	165	-	165	-	165
Derivatives	831	636	511	359	214
Other non-current receivables	57	57	60	105	270
Total financial assets	2,309	1,061	1,101	831	1,014
Total non-current assets	153,624	136,736	147,602	131,323	142,081
Current assets					
Accounts receivable	12	15	11	13	29
Receivables from joint ventures	0	0	0	0	0
Derivatives	39	71	26	39	39
Other current receivables, prepaid expenses and accrued income	1,509	1,293	1,283	1,389	837
Cash and cash equivalents	3,082	2,008	5,910	2,618	2,215
Total current assets	4,642	3,387	7,230	4,059	3,120
TOTAL ASSETS	158,266	140,123	154,832	135,382	145,201
EQUITY AND LIABILITIES					
Equity	61,302	54,652	61,088	53,404	60,271
Non-current liabilities					
Interest-bearing liabilities	51,598	47,934	49,987	45,890	45,956
Liabilities, leaseholds and land leases	5,046	-	5,063	-	-
Deferred tax liability	19,156	17,047	18,258	17,169	18,286
Derivatives	3,231	2,358	2,599	2,375	2,200
Other non-current liabilities	764	433	497	219	76
Provision for pensions	87	82	89	84	91
Total non-current liabilities	79,882	67,854	76,493	65,737	66,609
Current liabilities					
Interest-bearing liabilities	13,825	14,381	14,103	13,013	15,131
Accounts payable	47	53	238	191	118
Liabilities joint ventures	12	144	11	12	151
Current tax liabilities	3	52	70	118	42
Derivatives	48	-	6	-	20
Other current liabilities, accrued expenses and deferred income	3,147	2,987	2,823	2,907	2,859
Total current liabilities	17,082	17,617	17,251	16,241	18,321
TOTAL EQUITY AND LIABILITIES	158,266	140,123	154,832	135,382	145,201

1) Comparison figures have not been restated according to IFRS 16.

Comments on the consolidated balance sheet

Intangible assets

Intangible assets primarily consist of goodwill. Goodwill has arisen from the recognition of deferred tax on property at the nominal tax rate on the date of the business combination, while the tax rate applied when calculating the purchase price for the acquisition was lower than the nominal rate. At 30 June, goodwill was SEK 1,908 million (2,009), and the decline was primarily due to the sale of properties.

The remaining portion of intangible assets comprised the value of the Vasakronan brand, which amounted to SEK 100 million (100). SEK 6 million (-) invested in a technical platform was recognised as an intangible asset.

Investment properties

At 30 June 2019, based on external appraisals, the estimated market value of Vasakronan's property portfolio was SEK 144,215 million compared with SEK 138,934 million at year-end 2018. The change in value during the period was SEK 4,626 million (5,792) and the remaining change in the market value comprised net investments. A change in the yield requirement of +/- 0.25 percentage points would have a negative impact of 5.3/6.0% 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, such as new and renegotiated leases, properties being vacated and investments.

Consideration has also been taken for any assessed changes in market rents and yield requirements. A more comprehensive description of Vasakronan's property valuation methodology is available on page 83 of Vasakronan's 2018 Annual Report.

Due to the application of IFRS 16 from 1 January, Vasakronan's ground rent agreements and land leases are recognised as investment properties. At 30 June, usufructs totalled SEK 5,046 million. Comparison figures have not been restated.

Vasakronan has set high goals for environmental certification of its property portfolio. Our ambition is for the share of properties certified in accordance with LEED Gold or higher to increase. At the end of the period, 85% (85) of our property portfolio was environmentally certified, of which 69% was rated LEED Gold or higher.

During the quarter, Vasakronan transferred Telefonfabriken 7 in Stockholm at a property value of SEK 210 million to Einar Matsson Projekt.

Property projects

Ongoing property projects have a total investment volume of SEK 12,905 million (9,967), of which SEK 5,457 million (3,331) had been capitalised as of 30 June. The occupancy rate for major projects was 55% (42) at the end of the period.

During the quarter, Wistrand Advokatbyrå signed a ten-year lease for some 2,200 square metres in the ongoing property project Platinan in Gothenburg. In the same property, KPMG also signed a seven-year lease for almost 2,200 square metres. The occupancy rate for Platinan is now 55%.

During the quarter, a six-year lease was signed with Extenda Retail for 2,000 square metres at the Hilton property in Frösundavik, outside of Stockholm. Following the agreement with Extenda Retail, the property, which will be completed in September 2019, is 83% let.

Construction is set to start this autumn of Magasin X in Uppsala and during the quarter 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.

Higher property values

SEK m	2019	2018
Opening value, 1 January	138,934	126,875
Investments	2,120	1,637
Acquisitions, consideration	-	249
Sales, consideration	-1,465	-1,035
Change in value	4,626	5,792
Closing value, 30 June	144,215	133,518

Large investments in property projects

Location	Property	Total investments, SEK m	Capitalised, SEK m	Share capitalised, %	Area of premises, sq. m.	Estimated completion date	Occupancy rate, % ¹⁾	Environmental certification
Stockholm	Sergelhuset	3,700	2,140	58	56,500	Dec 2021	4	LEED
Gothenburg	Platinan	2,600	782	30	52,900	Dec 2022	55	LEED
Sundbyberg	Kronan 1	1,680	171	10	42,700	Nov 2021	100	LEED
Stockholm, Solna Strand	Nöten 5	916	373	41	26,000	Dec 2020	54	LEED
Stockholm	Nattugglan, block 2	800	115	14	15,000	Jun 2021	80	LEED
Malmö	Priorn 5	560	417	74	13,200	Apr 2020	65	LEED
Uppsala	Magasin X	530	22	4	11,500	Dec 2021	40 ²⁾	LEED
Uppsala	Kronåsen 1:1 Celsius	420	191	45	10,200	Dec 2020	82	LEED
Stockholm, Frösunda	Hilton 7	390	362	93	10,000	Sep 2019	83	LEED
Stockholm	Styrpinnen 15	190	171	90	3,650	Jun 2020	0	LEED
Stockholm, Solna	Diktaren	115	8	7	6,400	Aug 2021	100	LEED
Total major property projects		11,901	4,752	40			55	
Other projects		1,004	705					
Total		12,905	5,457					

1) Calculated based on area. 2) Including Vasakronan Arena and Vasakronan's regional office, the occupancy rate amounts to 65%.

Comments on the consolidated balance sheet (Cont.)

Deferred tax

At 30 June 2019, the deferred tax liability was SEK 19,156 million (18,286) and pertained primarily to investment properties. The main reason for the change was the higher market value of the properties.

From and including mid-2018, deferred tax is calculated using a nominal rate of 20.6% on differences between the carrying amount and tax base of assets and liabilities. In parallel, the tax liability has declined SEK 1.1 billion now that the tax is calculated at 20.6% rather than 22%.

Liabilities and cash

Interest-bearing liabilities, net of cash and cash equivalents, increased to SEK 62,341 million (60,308) during the period. Vasakronan strives to diversify borrowing by allocating across several different sources of funding and markets. As a result, Vasakronan has since spring 2018 a public rating from Moody's and this has opened up new markets and investors in, for example, Central Europe and Asia. Diversification has provided access to borrowing with longer tenors, sometimes up to 25 years. In May 2019, Moody's confirmed the rating of A3, stable outlook, and set the same rating for Vasakronan's bond programme.

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. Cash and cash equivalents of SEK 3,082 million (2,008) and the unutilised credit facility together correspond to 152% (139) of loans maturing over the next 12 months. Of cash and cash equivalents, SEK 636 million (205) comprises deposits under CSAs.

As a result of the rise in long-term borrowing, the average loan-to-maturity increased to 5.2 years (4.1) and the average loan-to-maturity taking into consideration unutilised credit commitments increased to 5.6 years (4.5). Loans maturing within the next 12 months decreased to 21% (23), due to interest-bearing liabilities, at the same time as loans maturing in five years or more rose to 33% (29).

During the second quarter, Vasakronan issued its first green bond in Australian dollars of AUD 30 million with a tenor of 15 years. During the first half of the year, the company issued the equivalent of SEK 8.8 billion in total, distributed between SEK 3.9 billion (5.4), NOK 300 million (2,100), EUR 344 million (-), JPY 10 billion (-) and AUD 30 million (-). After the end of the period, a first bond in US dollars was issued of USD 75 million. Of the total liability at the end of the period, 24% (13) consisted of borrowings in foreign currency. Borrowing in foreign currencies are hedged through cross-currency interest-rate derivatives, which eliminates currency risk.

During the period, secured bank loans for SEK 1.3 billion (-) were obtained and bank loans outstanding secured against mortgage deeds amounted to 9% (10) of the Group's total assets at the end of the period.

To reduce interest-rate risk, Vasakronan has entered into new interest-rate derivatives during the period with longer tenors, which resulted in an increase in the average fixed-interest tenor to 5.7 years (4.2). The proportion of loans with fixed-interest maturities within one year declined to 36% (43) and loans with fixed-interest maturities of five years or more increased to 52% (40) of interest-bearing liabilities. The average interest rate for loans and derivatives amounted to 1.8% (1.7) at the end of the period.

The average fixed-interest tenor increased to 5.7 years (4.2) and the loan-to-maturity increased to 5.2 years (4.1).

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0-1 year	23,619	36	13,825 ¹⁾	21
1-2 years	780	1	8,724	13
2-3 years	2,587	4	9,325	14
3-4 years	2,500	4	4,917	8
4-5 years	1,782	3	6,963	11
5 years or more	34,155	52	21,669	33
Total	65,423	100	65,423	100

1) The credit commitment from owners of SEK 18,000 million and cash and cash equivalents of SEK 3,082 million corresponded to a total of 152% of loans maturing in the next 12 months, see page 10 for more information.

Breakdown of funding sources

SEK m	Nominal amount Base currency, million	Carrying amount, SEK m	Share, %
Commercial paper		6,269	10
Bonds, SEK		25,567	39
Bonds, NOK	9,720	105,852	16
Bonds, EUR	374	3,944	6
Bonds, JPY	10,000	862	1
Bonds, AUD	30	196	1
Secured bank loans		13,173	20
NIB and EIB		4,827	7
Total		65,423	100

Comments on the consolidated balance sheet (Cont.)

Green funding

During the period, the company issued green bonds totalling SEK 7.3 billion distributed over five currencies: SEK, JPY, NOK, EUR and AUD. The spread across different currencies and markets is a sign of the substantial interest among investors for sustainability.

In addition to funding operations under this framework, Vasakronan has green unsecured loans with the Nordic Investment Bank and the European Investment Bank that total SEK 4,827 million (4,827). During the period, the first green secured bank loan was raised of SEK 760 million.

The percentage of green funding consisting of green bonds, green commercial paper and green loans increased during the period to 40% (28) of the total loan portfolio.

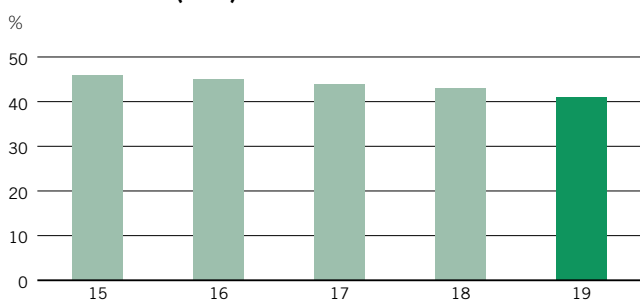
Green funding under the framework

	Amounts in SEK million
Green commercial paper	760
Green bonds, SEK	15,870
Green bonds, NOK	684
Green bonds, EUR	2,344
Green bonds, JPY	835
Green bonds, AUD	196
Total volume of Green Finance Instruments	20,689
Total volume of Green Assets – Green Pool	26,260
Remaining approved borrowing capacity	5,571

Equity

Equity increased during the period to SEK 61,302 million (54,652) due to positive comprehensive income of SEK 5,030 million (7,275). The equity/assets ratio was 39% (39) and the LTV was 41% (43).

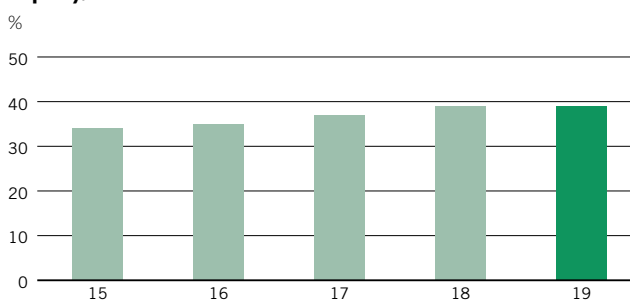
Loan-to-value (LTV) ratio¹⁾



At 30 June

¹⁾ Figures for 2019 have been calculated based on previous accounting policies.

Equity/assets ratio



At 30 June

Consolidated statement of changes in equity

Amounts in SEK million	Share capital	Other contributed capital	Retained earnings	Total equity
Equity, opening balance at 1 Jan 2018	4,000	4,227	43,150	51,377
Profit for the period	-	-	12,902	12,902
Other comprehensive income	-	-	-8	-8
<i>Comprehensive income for the period</i>	-	-	12,894	12,894
Dividend	-	-	-4,000	-4,000
Equity, closing balance at 31 Dec 2018	4,000	4,227	52,044	60,271
Equity, opening balance at 1 Jan 2019	4,000	4,227	52,044	60,271
Profit for the period	-	-	5,030	5,030
Other comprehensive income	-	-	0	0
<i>Comprehensive income for the period</i>	-	-	-	-
Dividend	-	-	-4,000	-4,000
Equity, closing balance at 30 Jun 2019	4,000	4,227	53,074	61,302

Consolidated cash-flow statement

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018 ¹⁾	Apr-Jun 2019 ²⁾	Apr-Jun 2018 ²⁾	Jul 2018- Jun 2019 ²⁾	Jan-Dec 2018 ²⁾
Operating activities						
Operating surplus	2,579	2,396	1,300	1,240	5,052	4,869
Central administration	-55	-51	-30	-28	-105	-101
Add back amortisation and depreciation	6	6	3	3	12	12
Adjustment for other non-cash items	-6	-5	-4	-3	-10	-9
Cash flow from operating activities before interest and tax	2,524	2,346	1,269	1,212	4,949	4,771
Interest paid	-595	-505	-294	-223	-1,159	-1,069
Interest received	2	1	1	0	4	3
Taxes paid	-178	-82	-31	0	-233	-138
Cash flow before changes in working capital	1,753	1,759	945	989	3,561	3,567
Increase (-)/decrease (+) in operating receivables	-573	-295	-201	104	-468	-190
Increase (+)/decrease (-) in operating liabilities	249	447	61	68	60	258
Cash flow from operating activities	1,429	1,911	805	1,161	3,153	3,635
Investing activities						
Investments in existing property	-2,120	-1,637	-1,134	-924	-3,818	-3,335
Property acquisitions	-	-249	-	-171	-385	-634
Property divestments	1,465	1,035	208	0	2,956	2,526
Other PPE, net	0	-7	2	-6	-2	-9
Acquisition of intangible assets	-	-	-	-	-7	-7
Dividends from joint ventures	-	-	-	-	162	162
Cash flow from investing activities	-655	-858	-924	-1,101	-1,094	-1,297
Cash flow after investing activities	774	1,053	-119	60	2,059	2,338
Financing activities						
Dividends and Group contributions	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000
Raised debt: interest-bearing liabilities	21,326	19,584	8,937	9,427	36,650	34,908
Repayment of debt: interest-bearing liabilities	-17,678	-16,373	-7,762	-6,267	-33,528	-32,223
Change in collateral ³⁾	584	406	255	203	431	253
Redemption of financial instruments	-139	-85	-139	-33	-538	-484
Cash flow from financing activities	93	-468	-2,709	-670	-985	-1,546
Cash flow for the period	867	585	-2,828	-610	1,074	792
Opening balance, cash and cash equivalents	2,215	1,423	5,910	2,618	2,008	1,423
Cash flow for the period	867	585	-2,828	-610	1,074	792
Closing balance, cash and cash equivalents	3,082	2,008	3,082	2,008	3,082	2,215

1) Comparison figures have not been restated according to IFRS 16.

2) Interest paid includes ground rents paid and land leases of SEK 38 million.

3) From Q2 2018, credit support annexes (CSAs) have been reclassified from working capital to financing activities. The comparative figures have been restated.

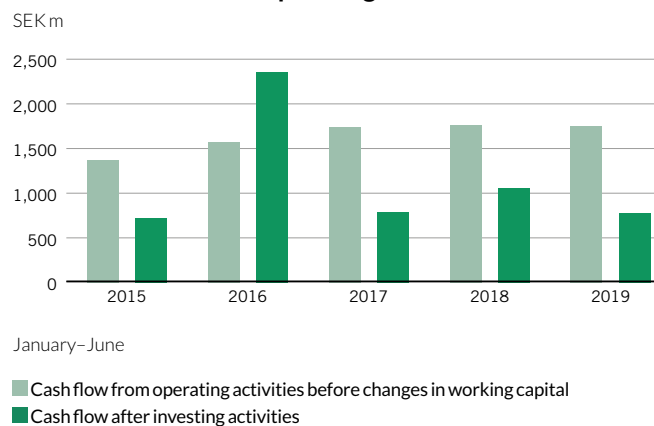
Comments to the consolidated cash-flow statement

Cash flow from operating activities before interest and taxes increased SEK 178 million to SEK 2,524 million (2,346) due primarily to higher rental revenue. Cash flow from operating activities after changes in working capital decreased to SEK 1,429 million (1,911).

Investments in existing properties rose during the period to SEK 2,120 million (1,637) as a result of increased investments in projects. Cash flow from the purchase and sale of properties posted a net improvement of SEK 1,465 million (786) due to completed property sales. Cash flow after investing activities thus amounted to SEK 774 million (1,053).

In total, net borrowing for the period amounted to SEK 3,648 million (3,211). Altogether, cash and cash equivalents increased SEK 867 million (585) and totalled SEK 3,082 million (2,008) at the end of the period.

Stable cash flow from operating activities



Property divestments

Property	City	Buyer	Purchase price, SEK m	Transfer date
Nya Vattentornen 2 and 4	Lund	Wihlborgs	1,259	February 2019
Järva 2:7	Stockholm	Sporhallen i Solna	2	April 2019
Telefonfabriken 7	Stockholm	Einar Matsson Projekt	210	May 2019
Total property value			1,471	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-6	
Total purchase price			1,465	

Agreed divestments to be completed	City	Buyer	Purchase price, SEK m	Transfer date
Smedjan 13 and 15	Lund	Trianon	88	Dependent on detailed development plan
Total purchase price			88	

Property acquisitions

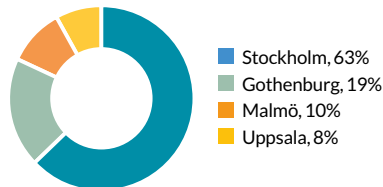
Agreed acquisitions to be completed	City	Seller	Purchase price, SEK m	Occupancy
Juvelen	Uppsala	Skanska	563	Dec 2019
Total purchase price				

Vasakronan – in total and by region

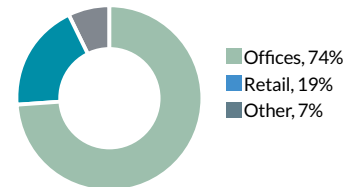
TOTAL VASAKRONAN Jan-Jun

	2019	2018
Market value of properties, SEK m	144,215	133,518
Rental revenue, SEK m	3,439	3,333
Net operating income ¹⁾ , SEK m	2,508	2,396
Occupancy rate, %	93	93
Number of properties	173	180
Area, thousand sq. m.	2,318	2,400
Environmental certification, %	85	85

Contracted rent by geographic market



Contracted rent by property type



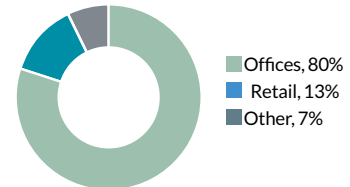
STOCKHOLM Jan-Jun

	2019	2018
Market value of properties, SEK m	96,325	87,287
Rental revenue, SEK m	2,174	2,058
Net operating income ¹⁾ , SEK m	1,593	1,485
Occupancy rate, %	92	92
Number of properties	80	82
Area, thousand sq. m.	1,389	1,395
Environmental certification, %	81	81

Stockholm's share of the total



Stockholm by property type



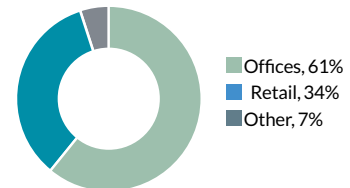
GOTHENBURG Jan-Jun

	2019	2018
Market value of properties, SEK m	26,763	25,272
Rental revenue, SEK m	640	636
Net operating income ¹⁾ , SEK m	487	482
Occupancy rate, %	95	96
Number of properties	34	36
Area, thousand sq. m.	403	423
Environmental certification, %	94	92

Gothenburg's share of the total



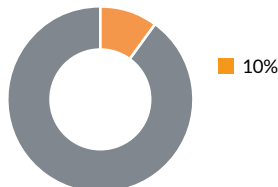
Gothenburg by property type



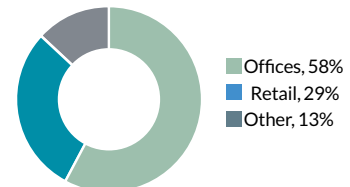
MALMÖ Jan-Jun

	2019	2018
Market value of properties, SEK m	12,251	13,139
Rental revenue, SEK m	350	381
Net operating income ¹⁾ , SEK m	233	247
Occupancy rate, %	92	90
Number of properties	33	38
Area, thousand sq. m.	290	353
Environmental certification, %	96	97

Malmö's share of the total



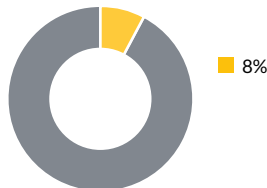
Malmö by property type



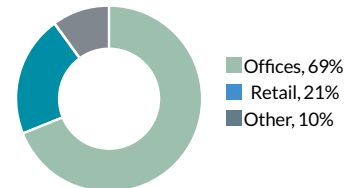
UPPSALA Jan-Jun

	2019	2018
Market value of properties, SEK m	8,877	7,820
Rental revenue, SEK m	275	258
Net operating income ¹⁾ , SEK m	195	182
Occupancy rate, %	98	98
Number of properties	26	24
Area, thousand sq. m.	236	229
Environmental certification, %	77	79

Uppsala's share of the total



Uppsala by property type



1) Net operating income = operating surplus including ground rents and land leases, internal control metric

Pertains to share of contracted rent

Pertains to share of contracted rent

Vasakronan AB – Parent Company in summary

Income statement

Amounts in SEK million	Jan–Jun 2019	Jan–Jun 2018
Net sales	248	242
Operating expenses	-312	-303
Capital gain on sales	3	-
EBIT	-61	-61
Financial items		
Profit from participations in subsidiaries	2,355	5,813
Net interest	-210	-520
Change in value of financial instruments	-1,268	8
Profit before tax	816	5,240
Tax	359	19
Profit for the period	1,175	5,259

Statement of comprehensive income

Profit for the period recognised in profit or loss	1,175	5,259
Other comprehensive income	-	-
Total comprehensive income for the period	1,175	5,259

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 248 million (242), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered. The profit from participations in Group companies amounted to SEK 2,355 million (5,813) and pertained to dividends.

The change in the value of financial instruments amounted to negative SEK 1,268 million (positive: 8) due to lower long market interest rates. The profit before tax was SEK 1,175 million (5,259). Closing cash and cash equivalents amounted to SEK 3,072 million (2,005).

Balance sheet

Amounts in SEK million	30 Jun 2019	30 Jun 2018
ASSETS		
Non-current assets		
Equipment	10	15
Shares and participations in subsidiaries	39,141	30,314
Receivables from subsidiaries	38,168	8,196
Receivables from joint ventures	165	-
Shares and participations in joint ventures	1	1
Deferred tax assets	362	203
Derivatives	831	636
Non-current receivables	53	55
Total non-current assets	78,731	39,420
Current assets		
Receivables from subsidiaries	557	34,496
Derivatives	39	71
Current receivables	862	804
Cash and cash equivalents	3,072	2,005
Total current assets	4,530	37,376
TOTAL ASSETS	83,261	76,796
EQUITY AND LIABILITIES		
Equity	8,651	10,459
Untaxed reserves	186	186
Liabilities		
Interest-bearing liabilities	65,423	62,315
Derivatives	3,279	2,358
Non-interest-bearing liabilities	1,254	882
Liabilities to subsidiaries	4,468	596
Total liabilities	74,424	66,151
TOTAL EQUITY AND LIABILITIES	83,261	76,796

Other information

Personnel

The number of employees at the end of the period was 309 (314).

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 2018 Annual Report on pages 94–97. Thereafter, no material changes have occurred that affect the Board's and the CEO's assessment.

On 13 June 2018, new tax rules for the business sector were introduced. The act entails, inter alia, that legal entities may only make tax deductions for net interest expenses of up to 30% of taxable profit before depreciation, net interest income and tax. Vasakronan is analysing the effects of these limits on the company.

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 64 of Vasakronan's 2018 Annual Report for the sensitivity analysis.

Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7 on page 92 of Vasakronan's 2018 Annual Report. At the end of the period, the Third Swedish National Pension Fund held bonds issued by Vasakronan to a value of SEK 90 million.

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

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 that were used in the most recently issued annual report have been applied. Refer to Vasakronan's 2018 Annual Report, pages 75–93, with exceptions for IFRS 16, which has been applied from 1 January 2019.

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

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 76 of Vasakronan's Annual Report.

IFRS 16

From 1 January, IFRS 16 Leases replaces the previous standard IAS 17. Under this new standard, assets and liabilities must be recognised in the balance sheet for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This means that future lease fees are discounted over the term of the contract and recognised as liabilities and assets, respectively. From 1 January 2019, Vasakronan will recognise ground rent agreements and land lease agreements as assets with corresponding liabilities. Ground rent agreements are treated as perpetual rental agreements that are given market valuations and, therefore, are not written down. The market values are calculated by discounting future fees using a discount rate corresponding to between 3.25 and 3.5%.

For land leases, present values are calculated over the term of the contract by discounting future land leases by the market interest rate with a corresponding tenor to the contract. From 1 January 2019, ground rents and land lease fees are recognised as interest expense.

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 19. Page 17–18 also includes a breakdown of specific performance measures where this is required.

Stockholm, 12 July 2019

Fredrik Wirdenius
Chief Executive Officer

For more information about this interim report, please contact:

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Key metrics

	Jan-Jun 2019	Jan-Jun 2018 ¹⁾	Apr-Jun 2019 ¹⁾	Apr-Jun 2018 ¹⁾	Jul 2018- Jun 2019 ²⁾	Jan-Dec 2018 ³⁾
Property-related information						
Closing economic occupancy rate, %	93.1	92.9	93.1	92.9	93.1	93.1
Surplus ratio, %	75	72	76	73	74	73
Investments in existing projects, SEK m	2,120	1,637	1,134	924	3,818	3,335
Property acquisitions, SEK m	-	249	-	171	385	634
Property divestments, SEK m	-1,465	- 1035	208	-	-2,956	-2,526
Net investments, SEK m	655	851	926	1,095	1,247	-1,443
Closing market value of property, SEK m	144,215	133,518	144,215	133,518	144,215	138,934
Closing area, thousand sq. m.	2,318	2,400	2,318	2,400	2,318	2,372
Closing number of properties	173	180	173	180	173	174
Environmental certification at closing date, %	85	85	85	85	85	85
Energy intensity on closing date, kWh/m ²	99	101	99	101	99	103
Financial metrics						
Interest coverage ratio ²⁾ , multiple	4.4	4.4	3.9	4.6	4.7	4.7
Closing equity/assets ratio, %	39	39	39	39	39	42
Closing loan-to-value ratio ²⁾ , %	41	43	41	43	41	41
Average fixed-interest tenor, years	5.7	4.2	5.7	4.2	5.7	4.7
Average loan-to-maturity ³⁾ , years	5.2	4.1	5.2	4.1	5.2	3.9
Closing NAV, SEK m, 1. NAV, SEK m	81,391	71,341	81,391	71,341	81,391	78,542
Closing NNAV, SEK m, 2. NNAV, SEK m ²⁾	72,278	64,151	72,278	64,151	72,278	70,823
Closing average interest rate, %	1.8	1.7	1.8	1.7	1.8	1.6
Closing net interest-bearing liabilities, SEK m	62,341	60,307	62,341	60,307	62,341	58,872
Cash flow before changes in working capital, SEK m	1,753	1,759	945	989	3,561	3,567
Net interest-bearing liabilities/EBITDA ⁴⁾					12.4	11.9
Other						
Closing number of employees	309	312	309	312	309	309
Basis for key metrics						
1. NAV, SEK m						
Equity	61,302	54,652	61,302	54,652	61,302	60,271
Add back goodwill	-1,908	-2,009	-1,908	-2,009	-1,908	-1,982
Add back derivatives	2,841	1,651	2,841	1,651	2,841	1,967
Add back recognised deferred tax	19,156	17,047	19,156	17,047	19,156	18,286
	81,391	71,341	81,391	71,341	81,391	78,542
2. NNAV, SEK m						
Equity	61,302	54,652	61,302	54,652	61,302	60,271
Add back goodwill	-1,908	-2,009	-1,908	-2,009	-1,908	-1,982
Add back recognised deferred tax	19,156	17,047	19,156	17,047	19,156	18,286
Deferred tax at fair value ⁵⁾	-5,630	-5,023	-5,630	-5,023	-5,630	-5,465
Adjustment of interest-bearing liabilities to fair value ¹⁾	-642	-516	-642	-516	-642	-287
	72,278	64,151	72,278	64,151	72,278	70,823
3. EBITDA, SEK m						
Operating surplus	2,579	2,396	1,300	1,240	5,052	4,869
Central administration	-55	-51	-29	-28	-105	-101
Cash flow from dividends from joint ventures	-	-	-	-	162	162
Ground rents and land leases	-71	-	-35	-	-71	-
	2,453	2,345	1,236	1,212	5,038	4,930

1) Comparison figures have not been restated according to IFRS 16.
2) Calculations for the current period have been adjusted for IFRS 16.
3) Excluding unutilised credit commitments.
4) Only reported for rolling 12-month periods and full years.
5) Calculated on the basis of a 30% current tax rate, i.e. 6.2%.

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	Jan-Jun 2019	Jan-Jun 2018 ¹⁾	Apr-Jun 2019 ¹⁾	Apr-Jun 2018 ¹⁾	Jul 2018- Jun 2019 ¹⁾	Jan-Dec 2018 ¹⁾
4. EBITDA margin, %						
Rental revenue	3,439	3,333	1,715	1,690	6,824	6,718
EBITDA	2,453	2,345	1,236	1,212	5,038	4,930
	71	70	72	72	74	73
5. Interest coverage ratio, multiple						
EBITDA	2,453	2,345	1,236	1,212	5,038	4,930
Net financial items	-563	-536	-315	-265	-1,070	-1,043
	4.4	4.4	3.9	4.6	4.7	4.7
6. Net interest-bearing liabilities, SEK m						
Non-current interest-bearing liabilities	51,598	47,934	51,598	47,934	51,598	45,956
Current interest-bearing liabilities	13,825	14,381	13,825	14,381	13,825	15,131
Cash and cash equivalents	-3,082	-2,008	-3,082	-2,008	-3,082	-2,215
	62,341	60,307	62,341	60,307	62,341	58,872
7. Loan-to-value ratio, %						
Net interest-bearing liabilities	62,341	60,307	62,341	60,307	62,341	58,872
Total assets excl. leaseholds and land leases	153,220	140,123	153,220	140,123	153,220	145,201
	41	43	41	43	41	41

1) Comparison figures have not been restated according to IFRS 16.

Definitions

Area, sq. m.

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

Loan-to-value (LTV) ratio, %

Net interest-bearing liabilities divided by total assets less deductions for leaseholds and land leases on the closing date. Intended as an indication of the company's financial risk.

Central administration, SEK m

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

Operating surplus, SEK m

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

Net operating income, SEK m

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

EBITDA, SEK m

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

EBITDA margin, %

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

Energy intensity kWh/sq. m.

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

Property acquisitions, SEK m

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

Property divestments, SEK m

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

Net financial items

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

Average loan-to-maturity, years

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

Average interest rate, %

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

Average fixed-interest tenor, years

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

Average remaining term to maturity, years

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

Rental value, SEK m

Contracted rent plus the assessed market rent for vacant premises.

Investments in existing projects, SEK m

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

Comparable property holdings

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

Contracted rent, SEK m

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

Contracted rent by property type

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

Cash and cash equivalents, SEK m

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

Environmental certification, %

Total area of properties that have obtained certification in accordance with BREEAM, LEED or Miljöbyggnad, divided by the area for the entire property portfolio, on the closing date.

NAV (Net asset 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 17.

NNNAV (Triple net asset value), SEK m

Recognised equity adding back goodwill and the fair value of loans, excluding liabilities for leaseholds and land leases, and adjusted for estimated actual deferred tax. Calculated on the basis of a 30% current tax rate, in other words 6.2%. The metric shows the company's actual NAV, refer to the calculation on page 17.

Net investments, SEK m

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

Net lettings, SEK m

Contracted rent for new lettings during the period less contracted rent for leases where notice of termination for move-out was received during the period.

Profit before value changes and tax, SEK m

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

Net interest-bearing liabilities, SEK m

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

Net interest-bearing liabilities/EBITDA, multiple

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

Interest coverage ratio, multiple

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

Equity/assets ratio, %

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

Occupancy rate, %

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

Surplus ratio, %

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

Financial Calendar

Reports

Interim Report January–September 2019	30 Oct 2019	Further information about the company is available on Vasakronan's website www.vasakronan.se
Year-end report 2019	30 Jan 2020	
Annual Report 2019	March 2020	