

PRESS RELEASE

Stockholm, 4 May 2020

Vasakronan's interim report January–March 2020

Vasakronan has stable footings in turbulent times

Lettings corresponding to 49,000 square metres (93,000) and an annual rent of SEK 278 million (327) were contracted during the period. At the Sergelhuset development property in Stockholm, EY has leased 7,500 square metres and Amazon 6,000, which means the occupancy rate for the property is now at 92%.

- **Rental revenue** increased to SEK 1,764 million (1,724). For comparable property holdings, the increase was 4% (6).
- **New lettings** corresponding to 49,000 square metres (93,000) and an annual rent of SEK 278 million (327) were contracted and net lettings amounted to SEK 143 million (167).
- **The occupancy rate** was 94.2% (93.5) at the end of the period. Of total vacancies, 1.4 percentage points (2.4) were attributable to ongoing projects and development properties.
- **Operating surplus** increased to a total of SEK 1,287 million (1,279). For comparable property holdings, the increase was 3% (8).
- **Profit before value changes and tax** decreased to SEK 936 million (968).
- **The change in the property value** amounted to a decline of SEK 1,786 million (increase: 716), corresponding to a 1.1% (increase: 0.6) decrease in value. The decline in value pertained essentially to the retail properties segment.
- **The portfolio value** amounted to SEK 155,454 million (139,381) at the end of the period.
- **The value change in derivatives** was SEK 666 million (negative: 627).
- **Earnings after tax** amounted to a loss of SEK 151 million (profit: 816).

Renegotiations and lease extensions corresponded to 93,000 square metres (59,000) and annual rent of SEK 225 million (181), resulting in an increase on the previous rent payable of 10.0% (10.2).

The property market opened the quarter with rising market rents and high transaction volumes. The spread of Covid-19 and the steps taken to stop the virus resulted in substantial downturns in demand for companies active primarily in consumer durable retailing and tourism. The pandemic has also triggered concerns in the financial markets; stock exchanges have fallen heavily and access to capital through the bond markets has become restricted.

“The first quarter was one of our strongest quarters to date in terms of operating surplus, with high occupancy rates for our projects and the portfolio as a whole. It is clear that we will be negative impacted by Covid-19 at some point and our business will be affected in many different ways. However, in terms of finances, we are well-equipped to manage a downturn, even if it becomes extensive and protracted,” says Johanna Skogestig, CEO of Vasakronan.

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Sergelstan. Image: Vasakronan TMRW

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Vasakronan is Sweden's largest property company with a portfolio valued at around SEK 155 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 174 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