

# Interim Report

## January–June 2021

# Q2

- > Rental revenue increased 6% to a total of SEK 3,660 million (3,467). In comparable property holdings, rental revenue increased 2% due to higher gross rents.
- > New lettings corresponding to 59,000 square metres (84,000) and an annual rent of SEK 260 million (389) were contracted and net lettings amounted to a negative SEK 194 million (134).
- > The price change after renegotiations averaged 10% compared with 8% for the same period last year.
- > The occupancy rate was 92.1% (93.8) at the end of the period. Of total vacancies of 7.9%, 1.5 percentage points (1.7) were attributable to ongoing projects and development properties.
- > Operating surplus increased 6%, totalling SEK 2,702 million (2,543). For comparable property holdings, the increase in operating surplus was 2%.
- > Profit before value changes and tax rose to SEK 2,174 million (1,540).
- > The change in the property value amounted to SEK 5,526 million (decrease: 1,208), corresponding to a 3.4% increase (decrease: 0.7) in value. The change in value was primarily attributable to the downward adjustment of yield requirements and raised market rent assumptions.
- > At the end of the period, the portfolio value amounted to SEK 169,863 million (162,420).
- > The value change in derivatives amounted to SEK 525 million (217), which was mainly due to the increase in long-term market interest rates.
- > Profit after tax amounted to SEK 6,528 million (360).

Rental revenue

+6%

Operating surplus

+6%

Value change  
in properties

+3.4%

Occupancy rate

92.1%

Amounts in SEK million	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020– Jun 2021	Jan–Dec 2020
Rental revenue	3,660	3,467	1,842	1,703	7,199	7,006
Operating surplus	2,702	2,543	1,369	1,256	5,347	5,189
Profit before value changes and tax	2,174	1,540	1,163	604	4,211	3,577
Change in value of investment properties	5,526	-1,208	3,889	578	7,818	1,083
Profit after tax	6,528	360	4,215	511	9,883	3,714
Cash flow from operating activities before changes in working capital	1,766	1,586	968	846	3,727	3,547
Market value of properties	169,863	157,455	169,863	157,455	169,863	162,420
Occupancy rate, %	92.1	93.8	92.1	93.8	92.1	91.9
Surplus ratio, %	74	73	74	74	74	74
Interest coverage ratio, multiple	5.1	4.2	5.5	4.1	4.8	4.4
Loan-to-value (LTV) ratio, %	41	40	41	40	41	41
Closing EPRA NRV, SEK m	99,604	92,834	99,604	92,834	99,604	94,656
Closing EPRA NTA, SEK m	92,156	86,199	92,165	86,199	92,165	87,735
Closing EPRA NDV, SEK m	73,065	67,283	73,065	67,283	73,065	69,450
Environmental certification of investment portfolio, share of total area, %	90	91	90	91	90	92
Environmental certification of investment portfolio, share of market value, %	92	92	92	92	92	92
Energy intensity on closing date, kWh/sq. m., rolling 12 month	83	87	83	87	83	83

# Strong results and increased revenue

I note, when reviewing the past year, the many different events that have taken place. Digitalisation has accelerated, businesses have transformed and developed, and behaviour patterns have changed, though which of these changes will be permanent remains to be seen. However, it is clear that the outlook is brighter and many of us are eagerly anticipating being able to move around more freely, to socialise and to meet each other once again.

## High activity in the lettings market

One hot topic is the role of the office for businesses and employees, and this spring many organisations have been reviewing their workplace strategy including, in some cases, their office solution. Office location and design has become increasingly important due to changed ways of working. Our high-quality products, flexible contracts and extensive knowledge of office design mean we are well placed to meet these changing needs.

The optimism of many companies is evident and there is rising activity in the lettings market. Efficient space in prime locations is in high demand, which is notable both in the new lettings and the renegotiations we completed in the quarter. At the same time, this has entailed an increase in relocations, particularly in central Stockholm, resulting in us reporting negative net lettings for the first six months despite a higher volume of new lettings. Companies are increasingly reviewing their needs for premises, focusing on efficiency and attractiveness, which further strengthens my assessment that properties and locations such as those offered by Vasakronan will continue to be winners in the future.

## Successful urban development

Our projects are in full progress and it is exciting to see our contribution in the form of more dynamic locations with mixed content, such as the transformation of Malmkillnadsgatan in central Stockholm. Another is the development of Sergelgatan, where the first phase is currently nearing completion and a number of restaurants are opening at Hötorget. In the same neighbourhood, we have completed another key letting to Paradox, an exciting new



“We have noted higher activity in the lettings market. Efficient space in prime locations is in high demand.”

experience museum.

The new Hisingsbron bridge has opened in Lilla Bommen, Gothenburg, where we are completing our Platinan project directly adjacent to its southern abutment. There has been considerable interest in the project and it is almost fully let. The first tenants will move in during the first half of 2022, and we are now preparing the next project in the same area, Kaj 16.

## Continued good access to financing

Our property portfolio is now valued at SEK 170 billion and we noted a positive value change of 3.4%. This reflects generally strong demand for properties, but we also noted a positive effect from our development properties.

We took the opportunity to lock in low credit margins with longer maturities, given the strength of the bond market during the quar-

ter. We have borrowings of almost SEK 9 billion with an average tenor of eight years and overall this has resulted in a lower average interest rate. Moreover, all bonds issued during the period were green.

Moody's has affirmed our high credit rating of A3, with a stable outlook. The rating cited Vasakronan's locations, the high quality of our properties and our strong tenant portfolio as factors behind the rating.

## Sustainability topics rising in importance

Sustainability topics have long been integrated into our business model and the majority of our portfolio has been awarded the highest environmental certification, which tenants now set as a requirement. Extensive work with digitalisation means we can easily provide our customers with various environmental data, irrespective of whether it pertains to waste or the premises' actual energy consumption and its carbon footprint. Much remains to be achieved in this area, but with the help of digitalisation, we are well placed to accelerate progress and we welcome more stringent requirements, on us and the industry, both from investors and customers.

## Good conditions moving forward

We delivered strong results for the first six months, with rising rental revenue in comparable property holdings. The lettings market is developing positively and we are noting rising demand for the products, locations and services that we offer.

In conclusion, I would like to recognise the knowledge and genuine commitment that Vasakronan's employees continue to deliver in everything they do. Vasakronan is well placed to continue developing properties and locations with the aim of creating value for our owners, tenants and everyone moving in and around the cities where we are located.

Stockholm, 9 July 2021

**Johanna Skogestig,**

# Vasakronan second quarter

## New lettings and renegotiations

During the quarter, slightly more than 100 contracts were signed for new lettings corresponding to 41,000 square metres (35,000) and an annual rent of SEK 183 million (111). Of the quarter's new lettings, 8,500 square metres (5,600) and an annual rent of SEK 40 million (24) pertained to development properties.

An eight-year lease was signed with the Confederation of Swedish Enterprise for 2,500 square metres at the Platinan development property in Gothenburg. The property's occupancy rate now amounts to 89% with occupancy starting in spring 2022.

At Garnisonen in Stockholm, the Swedish Defence Materiel Administration signed a three-year lease for some 2,500 square metres. In the Sleipner block in central Uppsala, JM signed a five-year lease for 1,600 square metres.

Stores and restaurants accounted for just over 3,800 square metres of new lettings in the quarter. A six-year lease was signed with the restaurant chain Klangmarket at Södertull in Malmö. In the same are, Disgusting Food Museum is opening and allowing visitors to taste food with a difference from around the world.

Renegotiations were also completed in the quarter corresponding to 89,000 square metres (92,000) and an annual rent of SEK 288 million (260). The result of renegotiations for the quarter for office leases amounted to 5% (10) and for retail the result was unchanged (down: 10). At Block 10 of the Modemet 1 property in Kista, Stockholm, Ericsson has extended its lease of some 20,000 square metres for another five years. At the Nöten 3 property in Stockholm, the Swedish Transport Administration has extended its lease of some 16,000 square metres for a further three years.

Net lettings for the quarter amounted to negative SEK 39 million (negative: 10). Net lettings were adversely impacted by a

few larger notices to vacate, including the previously notified termination of Tieto's lease of 16,500 square metres in Vårthamnen, Stockholm. Tieto will be vacating the premises in summer 2022.

The occupancy rate was 92.1% (93.8), up 0.6 percentage points on the previous quarter. Of total vacancies, 1.5 percentage points (1.7) pertained to ongoing projects and vacant development properties.

## Moody's rating broadens financing options

In May, 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.

## World-class Sergelhusen

LEED certification of the multiple award-winning Sergelhusen was announced during the quarter. As expected, the rating was Platinum, a world-class outcome. Under LEED v4/v4.1 BDC (Building Design and Construction), the most recent and most comprehensive version of LEED, previously only two properties anywhere in the world have received higher scores than Sergelhusen. Sergelhusen has been developed with substantial focus on social and environmental sustainability. The high score is mainly attributable to the preservation of a large proportion of the existing concrete structures as well as innovative energy- and water-saving solutions.

Moreover, initiatives to promote biodiversity with roof parks

planted with some 50 different plant also played their role in the high certification result. Biodiversity is rising in importance for us as property owners and is an area we will increasingly be focusing on moving forward. We have a responsibility to analyse our activities' impact on biodiversity in the areas where our properties are located and the impact of the company's purchases of goods and services.

## New definition for green buildings

During the quarter, the European Commission released the final criteria defining a green building. Unlike the original proposal, the new definition of green not only encompasses existing buildings rated energy class A but also includes lower-rated buildings that are among the 15% most energy-efficient buildings in each country. Vasakronan welcomes this broadening of the definition, as energy class A requirements differ substantially between the various countries. However, the criterion of the 15% most energy-efficient buildings leaves considerable scope for interpretation. Vasakronan is working with other property companies and the Swedish Property Federation to prepare a shared definition which has led, inter alia, to calling on the government to refer the work as a matter of urgency to the National Board of Housing, Building and Planning and the Swedish Energy Agency for their input.

## Second quarter results

	Q2 2021	Q2 2020
Rental revenue	1,842	1,703
Operating surplus, SEK m	1,369	1,256
Profit before value changes and tax, SEK m	1,163	604
Change in value of investment properties, SEK m	3,889	578
Change in value of investment properties, %	2.4	0.4
Change in value of financial instruments, SEK m	258	-449
Profit after tax, SEK m	4,215	511
Cash flow from operating activities, SEK m	918	845

# The market during the second quarter

## Better times ahead

High infection rates dominated the winter and spring. Despite the above, economies around the world are beginning to recover as a result of continued substantial fiscal and monetary stimuli as well as from companies and businesses adapting to the prevailing restrictions. However, recoveries are differing between countries, with the US is currently the strongest performer, driven by immense stimuli packages and high vaccination rates.

In Sweden, rising levels of vaccination together with reduced contagion have resulted in gradual easing of restrictions. The brightening in the Covid-19 situation in Sweden and in the rest of world generates strong hopes that the economic recovery will start to accelerate in the third quarter.

The latest forecast from the National Institute of Economic Research (NIER) projects an increase of 4.4% in GDP, compared with a decrease of 2.8% in 2020. The increase for 2021 was revised up by 0.7 percentage points compared with the previous forecast due to the faster-than-expected rise in household consumption and exports performing better than previously projected.

According to NIER, unemployment was around 8.3% at the end of 2020. This figure then increased somewhat during the first half of 2021. The assessment is that unemployment will fall slightly as the economic recovery takes off. According to Statistics Sweden and Evidens, office employment in metropolitan regions will rise 2.0% in 2021 and 2.1% in 2022.

Large portions of consumer durables were hit hard by the pandemic and the subsequent restrictions. Physical retail in particular has suffered negative consequences from social distancing and recommendations against shopping in person. The digital transition in the industry, which was already under way, was given an incredible boost and an increasing share of

consumer durables are now purchased online. This trend was also noted in Vasakronan's city retail index, which shows a general decline for consumer durables in physical stores, mainly for clothing and footwear. In its June report, HUI Research estimates that consumer durables, including e-commerce, will increase 3.5% in 2021 and 2.0% in 2022, compared with an increase of 2.9% in 2020.

## Good access to financing

To support the markets and mitigate the pandemic's effect on the economy, central banks around the world decided to add liquidity for banks and for companies. Sweden's central bank, the Riksbank, acts primarily through buying securities. At its beginning of July meeting, the Riksbank decided to keep the repo rate unchanged at 0%.

Access to financing remains very healthy, particularly for companies with strong credit ratings, such as Vasakronan. At the end of the period, credit margins remained at historic lows.

## Strong property market

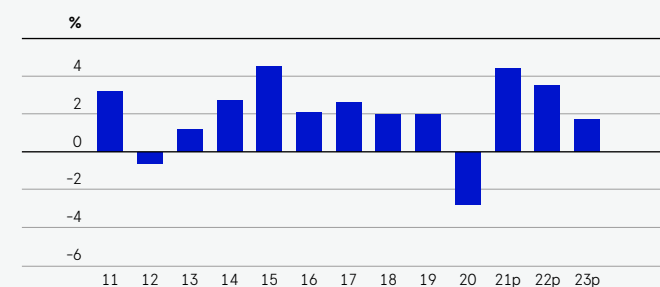
According to data provided by Cushman & Wakefield, transactions were completed in the Swedish property market for SEK 145 billion in the first half of the year, compared with SEK 70 billion in the corresponding period last year. Residential and office property were the largest segments in terms of transaction volume. The increase pertaining to office properties was largely attributable to Corem's acquisition of Klöver at the end of the period. Swedish and foreign investors have substantial interest in acquiring properties with strong cash flows.

The office lettings market gradually strengthened during the period in all of Vasakronan's regions. At the end of the period, market rents for offices are assessed as remaining at unchanged levels compared with the end of the year. Conversely, yield requirements are assessed as having declined during the period. According to Cushman & Wakefield, since

the end of the year, vacancy levels have increased somewhat in all regions except for central Stockholm and central Gothenburg.

Within retail, a certain downturn was noted in market rents, primarily in Stockholm – a downturn that had been noted prior to the outbreak of the pandemic as a result of increased e-commerce. Vacancy levels are also assessed as having risen somewhat since the year end, according to Cushman & Wakefield, primarily in Stockholm. The market's yield requirements for stores, however, remains at unchanged levels.

## Strong recovery for growth



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

# Consolidated income statement

Amounts in SEK million	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020–Jun 2021	Jan–Dec 2020
Rental revenue	3,660	3,467	1,842	1,703	7,199	7,006
Operating expenses	-386	-352	-178	-155	-730	-696
Repairs and maintenance	-52	-60	-26	-29	-107	-116
Property administration	-189	-183	-102	-99	-359	-353
Property tax	-331	-328	-167	-163	-656	-652
<b>Total property expenses</b>	<b>-958</b>	<b>-924</b>	<b>-473</b>	<b>-447</b>	<b>-1,852</b>	<b>-1,817</b>
<b>Operating surplus</b>	<b>2,702</b>	<b>2,543</b>	<b>1,369</b>	<b>1,256</b>	<b>5,347</b>	<b>5,189</b>
Central administration	-72	-61	-40	-33	-129	-118
Result from participations in joint ventures	162	-290	142	-284	234	-219
Financial income	2	5	1	2	6	9
Financial expenses	-540	-578	-269	-298	-1,089	-1,126
Interest expenses, ground rents and land leases	-80	-79	-40	-39	-158	-158
<b>Profit before value changes and tax</b>	<b>2,174</b>	<b>1,540</b>	<b>1,163</b>	<b>604</b>	<b>4,211</b>	<b>3,577</b>
Change in value of investment properties	5,526	-1,208	3,889	578	7,818	1,083
Depreciation of right-of-use assets	-3	-4	-2	-2	-7	-7
Change in value of financial instruments	525	217	258	-449	475	167
<b>Profit before tax</b>	<b>8,222</b>	<b>545</b>	<b>5,308</b>	<b>731</b>	<b>12,497</b>	<b>4,820</b>
Current tax	-211	-114	-114	-48	-299	-203
Deferred tax	-1,483	-71	-979	-172	-2,315	-903
<b>Profit for the period</b>	<b>6,528</b>	<b>360</b>	<b>4,215</b>	<b>511</b>	<b>9,883</b>	<b>3,714</b>
Of which, attributable to non-controlling interests	-3	-2	-1	0	-5	-4
<b>Total profit attributable to the Parent Company shareholders</b>	<b>6,531</b>	<b>362</b>	<b>4,216</b>	<b>511</b>	<b>9,888</b>	<b>3,718</b>

Amounts in SEK million	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020–Jun 2021	Jan–Dec 2020
<b>Other comprehensive income<sup>2</sup></b>						
<i>Items that may not be reclassified<sup>1</sup></i>						
Pensions, revaluation	-	-	-	-	-	-16
Restriction for surplus in pension plan with asset cap	-	-	-	-	-	6
Income tax on pensions	-	-	-	-	-	2
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-8</b>
<b>Total comprehensive income for the period<sup>2</sup></b>	<b>6,531</b>	<b>362</b>	<b>4,216</b>	<b>511</b>	<b>9,888</b>	<b>3,710</b>
<b>Key metrics</b>						
Surplus ratio, %	74	73	74	74	74	74
Interest coverage ratio, multiple	4.7	4.2	4.8	4.1	4.7	4.4

1) Items that may not be reclassified to profit or loss.

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

## Comments on the consolidated income statement

### Rental revenue

Rental revenue during the period increased 6% to SEK 3,660 million (3,467). In comparable property holdings, rental revenue increased 2% due to higher gross rents. Rent relief provided during the period due to Covid-19 and provisions for doubtful receivables had a negative impact of SEK 14 million (69) on revenue.

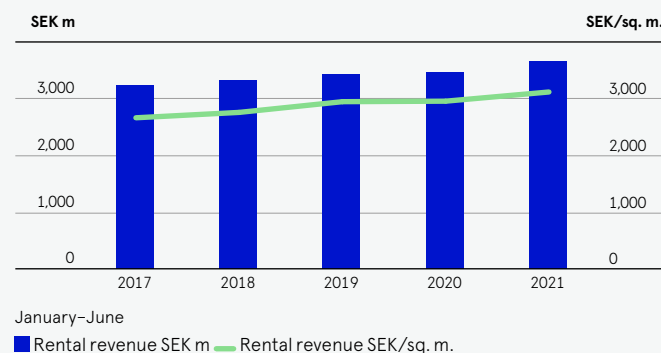
In the first six months of the year, new lettings corresponding to 59,000 square metres (84,000) and annual rent of SEK 260 million (389) were contracted, of which 27% (19) impact on revenue in 2021. Of the new lettings for the period, 11,500 square metres (26,200) and SEK 57 million (186) pertained to development properties.

Notices to vacate were received during the period corresponding to annual rent of SEK 454 million (255) and net lettings amounted to a negative SEK 194 million (positive: 134).

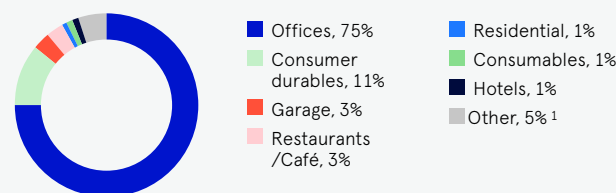
Lettings corresponding to 187,000 square metres (185,000) and an annual rent of SEK 632 million (485) were renegotiated during the period. These resulted in an increase on the previous rent payable of 10.4% (8.3). The result of renegotiations for the period for office leases amounted to 12.3% (11.0) and for retail the result was down 0.3% (down: 6.4). Of all the contracts up for renegotiation over the period with add-ons for moving within the property portfolio, nearly 76% (77) of the tenants decided to remain a tenant of Vasakronan.

Contracted rent at the end of the year amounted to SEK 7,586 million (7,220) and the average remaining maturity was 3.9 years (3.9). The occupancy rate at the end of the period was 92.1% (93.8), up 0.7 percentage points compared with the preceding quarter. Of total vacancies, 1.5 percentage points (1.7) were attributable to ongoing projects and development properties.

### Rising rental revenue



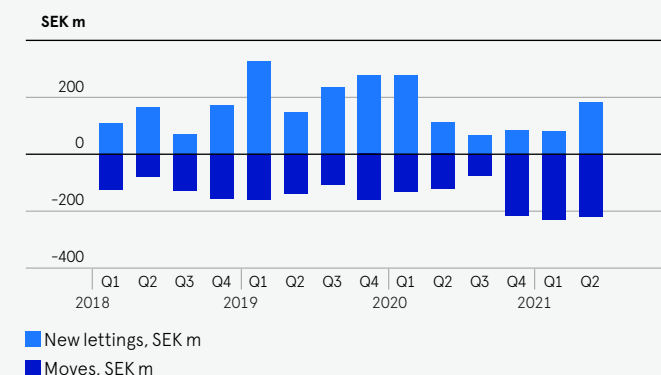
### Predominantly office tenants



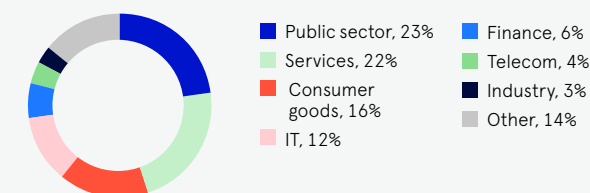
Breakdown by sector, share of contracted rent

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

## Comments on the consolidated income statement (Cont.)

### Property expenses

Property expenses amounted to SEK 958 million (expense: 924) for the period. In comparable property holdings, the increase in property expenses was 2% (6). The increase was primarily due to higher tariff-based costs and higher costs for snow removal.

### Operating surplus

Operating surplus for the period increased 6% to SEK 2,702 million (2,543). In comparable property holdings, the increase in operating surplus was 2%. The surplus ratio was 74% (73).

The rolling 12-month yield amounted to 3.4% (3.5) for the total property portfolio and 3.7% (3.9) for investment properties.

### Administration

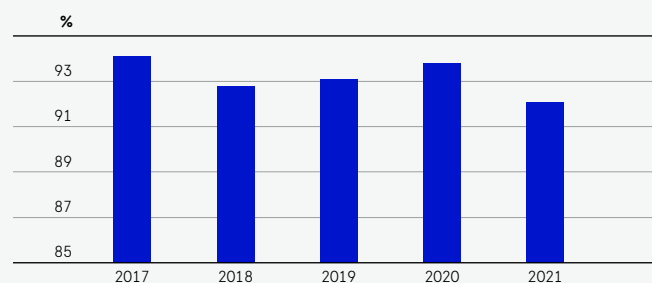
Property administration costs were SEK 189 million (expense: 183) and central administration costs were SEK 72 million (expense: 61). The increase was primarily due to higher development costs for digital investments.

## Widely distributed over many tenants

	Share in %
Ericsson	3
Swedish Police Authority	3
H&M	2
Swedish Prison and Probation Service	2
King	2
Försäkringskassan (Social Insurance Agency)	2
Swedish National Courts Administration	1
EY	1
Åhléns	1
Handelsbanken	1
<b>Total</b>	<b>18</b>

Largest tenants, share of contracted rent

## Lower occupancy rate



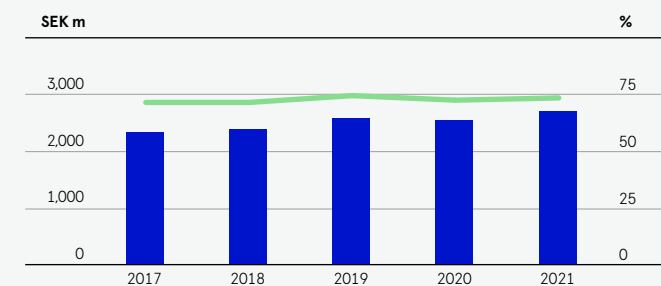
At 30 June

## Even distribution of rents to maturity

	No. of contracts	Annual rent, SEK m	% of total
2021	586	539	7
2022	1,094	1,384	18
2023	752	1,221	16
≥ 2024	1,556	4,105	55
<b>Total</b>	<b>3,988</b>	<b>7,249</b>	<b>96</b>
Residential	1,169	104	1
Garage	–	233	3
<b>Total</b>	<b>5,157</b>	<b>7,586</b>	<b>100</b>

Maturity structure for contracted rent.

## Improved operating surplus



At 30 June

■ Operating surplus, SEK m — Surplus ratio, %

## Comments on the consolidated income statement (Cont.)

### Result from participations in joint ventures

The result from participations in joint ventures amounted to a profit of SEK 162 million (loss: 290). The result pertained primarily to dividends received.

### Net financial items

Despite higher interest-bearing liabilities, net financial items for the period declined to an expense of SEK 538 million (expense: 573), primarily due to lower credit margins. The average interest rate for loans and derivatives decreased to 1.5% (1.8) at the end of the period.

The LTM interest coverage ratio amounted to a multiple of 4.8 (4.2). The policy for the interest coverage ratio does not permit it falling below a multiple of 2.0 over a rolling 12-month period.

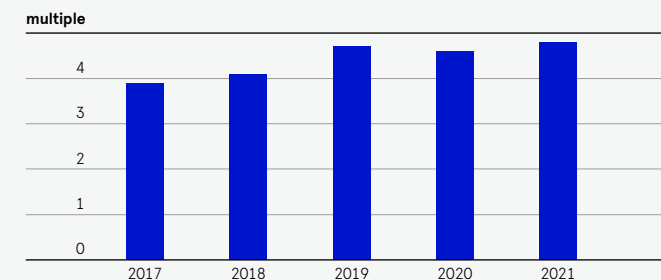
### Profit before value changes and tax

Profit before value changes and tax increased to SEK 2,174 million (1,540). This change was primarily due to a higher operating surplus and higher result from participations in joint ventures.

## Financial risks

	Financial policy in brief	Outcome, 30 Jun 2021
<b>Financing risk</b>		
Loan-to-maturity	min. 2 years	5.3
Loans maturing, 12 months	max. 40%	20%
Credit commitments and cash/ loans maturing 12 months	min. 100%	159%
<b>Interest-rate risk</b>		
Interest coverage ratio	min. 2.0x (LTM)	4.8x
Fixed-interest period	min. 2 years	5.0 years
Fixed-interest maturity within 12 months	max. 55%	35
<b>Credit risk</b>		
Counterpart's rating	min. A-, or BBB+ with CSAs	met
<b>Currency risk</b>		
Currency exposure	No exposure	met

## High interest coverage ratio



At 30 June, rolling 12-month period

## Comments on the consolidated income statement (Cont.)

### Change in value of investment properties

At 30 June 2021, the entire property portfolio had been valued externally. Altogether, the change in the property value amounted to an increase of SEK 5,526 million (decrease: 1,208), which corresponded to a 3.4% (decrease: 0.7) increase in value for the first six months. Changes in value amounted to an increase of SEK 4,370 million (decrease: 1,348), corresponding to an increase of 3.2% (decrease: 1.0), and for development and investment properties to an increase of SEK 1,214 million (212), corresponding to an increase of 4.6% (0.9).

The positive value growth was primarily attributable to the downward adjustment of yield requirements and raised market rent assumptions primarily for public sector and office properties. The average yield requirement used for valuation of the property portfolio was 4.03%, compared with 4.12% for corresponding properties at the end of 2020. The increase in value was greatest for the company's public sector properties followed by offices in Gothenburg and central Stockholm. Retail properties also posted a marginal increase in value during the quarter. The value increase in the project portfolio was due primarily to reduced completion risk and good occupancy rates.

Unpredictability regarding the pandemic's long-term effects on the rental market entail that the assumptions made in the valuations include an unusually high degree of uncertainty.

### Change in value of financial instruments

The value change in derivatives amounted to SEK 525 million (217) which was mainly due to the increase in long-term market interest rates during 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 76,581 million compared to SEK 71,349 million at year end, of which SEK 51,330 million (50,505) comprised interest rate swaps and SEK 25,251 million (20,844) cross-currency basis swaps.

### Tax

The Group reported a total tax effect of an expense of SEK 1,694 million (expense: 185). Of the tax expense, an expense of SEK 211 million (expense: 114) was current tax and an expense of SEK 1,483 million (recovery: 71) was deferred tax resulting from temporary differences primarily attributable to investment properties and financial instruments.

The effective tax rate for the period amounted to 20.6% (22.2).

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

## Factors impacting value

	Value impact, %
Yield requirement	2.1
Market rents	2.0
Vacancies	-0.1
Other valuation parameters, e.g., changed cost and investment assumptions	-0.6
<b>Total</b>	<b>3.4</b>

## Change in value by region

	Change in value, %	Contribution to change in value, percentage points
Stockholm	3.5	2.3
Gothenburg	4.3	0.8
Uppsala	2.4	0.1
Malmö	2.0	0.2
<b>Total</b>		<b>3.4</b>

## Change in value, by category

	Change in value, %	Contribution to change in value, percentage points
Investment properties	3.2	2.7
Development properties	4.6	0.7
Transactions	–	–
<b>Total</b>		<b>3.4</b>

# Consolidated balance sheet

Amounts in SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2,047	2,034	2,044
<b>Property, plant and equipment (PPE)</b>			
Investment properties	169,863	157,455	162,420
Right-of-use assets, leaseholds and land leases	5,160	5,170	5,163
Equipment	108	40	47
	<b>175,131</b>	<b>162,665</b>	<b>167,630</b>
<b>Financial assets</b>			
Shares and participations in joint ventures	891	842	911
Derivatives	820	1,354	934
Other non-current receivables	891	231	915
<b>Total financial assets</b>	<b>2,602</b>	<b>2,427</b>	<b>2,760</b>
<b>Total non-current assets</b>	<b>179,780</b>	<b>167,126</b>	<b>172,434</b>
<b>Current assets</b>			
Accounts receivable	69	58	73
Receivables from joint ventures	131	0	131
Derivatives	17	6	4
Other current receivables, prepaid expenses and accrued income	1,444	1,655	1,026
Cash and cash equivalents	3,389	4,411	2,558
<b>Total current assets</b>	<b>5,050</b>	<b>6,132</b>	<b>3,792</b>
<b>TOTAL ASSETS</b>	<b>184,830</b>	<b>173,258</b>	<b>176,226</b>

Amounts in SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>75,401</b>	<b>70,518</b>	<b>70,869</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	59,001	56,058	55,659
Lease liability, leaseholds and land leases	5,161	5,171	5,164
Deferred tax liability	23,752	21,440	22,269
Derivatives	3,083	4,082	4,284
Other non-current liabilities	58	472	58
Provision for pensions	122	117	120
<b>Total non-current liabilities</b>	<b>91,177</b>	<b>87,340</b>	<b>87,554</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	14,699	11,695	13,658
Accounts payable	17	48	72
Liabilities joint ventures	26	0	11
Current tax liabilities	89	42	91
Derivatives	113	62	80
Other current liabilities, accrued expenses and deferred income	3,308	3,551	3,891
<b>Total current liabilities</b>	<b>18,252</b>	<b>15,400</b>	<b>17,803</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>184,830</b>	<b>173,258</b>	<b>176,226</b>

## 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 2021, goodwill was SEK 1,908 million, unchanged compared with year-end 2020.

The remaining portion of intangible assets comprised the value of the Vasakronan brand, which amounted to SEK 100 million (100). SEK 39 million (36) invested in technical platforms was recognised as an intangible asset.

### Investment properties

At 30 June 2021, Vasakronan's entire property portfolio had been valued externally. The assessed market value of the property portfolio was SEK 169,863 million at the end of the period, compared with SEK 162,420 million at the end of 2020. The change in value during the first half of the year amounted to SEK 5,526 million (decrease: 1,208), corresponding to an increase in value of 3.4% (decrease: 0.7). Net investments in the period amounted to SEK 1,918 million (2,592). A change in the yield requirement of +/- 0.25 percentage points would have an impact of negative SEK 9.8 billion/positive SEK 11.1 billion on the value of the current property portfolio.

The valuations were performed pursuant to the RICS Red Book and apply the same methodology as previous valuations. Market value is influenced by property-specific events during the period, such as new and renegotiated leases, properties being vacated and investments made. Consideration has also been taken for any assessed changes in market rents and yield requirements since the previous external valuation. A more comprehensive description of Vasakronan's property valuation methodology is available on pages 108–109 of Vasakronan's 2020 Annual Report.

### Change in property values

SEK m	2021	2020
<b>Opening value, 1 January</b>	162,420	156,071
Investments	2,101	2,586
Acquisitions	178	6
Sales	-362	0
Change in value	5,526	-1 208
<b>Closing value, 30 June</b>	<b>169,863</b>	<b>157,455</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 92% (92) of our investment portfolio based on its market value was environmentally certified, of which 80 percentage points (80) were rated LEED Gold or higher.

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

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%.

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.

At 30 June 2021, right-of-use agreements totalled SEK 5,160 million, compared with SEK 5,163 million at the year end.

## Comments on the consolidated balance sheet (Cont.)

### Property projects

Ongoing property projects have a total investment volume of SEK 14,127 million (14,323), of which SEK 10,718 million had been capitalised as of 30 June 2021, compared with SEK 10,258 million at the year end. The occupancy rate for major projects was 80% (81) at the end of the quarter.

The redevelopment and extension of Sperlingensbacke 47 in central Stockholm was started during the quarter. The property will be renovated and modernised to meet market demand for attractive and sustainable premises. The project is a key component in Vasakronan's development of Stureplan and is expected to be completed in spring 2023.

### Shares and participations in joint ventures

The value of holdings in the form of shares and participations in joint ventures amounted to SEK 891 million (911) at the end of the period.

### Deferred tax

At 30 June 2021, the deferred tax liability was SEK 23,752 million, compared with SEK 22,269 million at the year end. The deferred tax liability pertained primarily to 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>6</sup>
Stockholm	Sergelhusen	4,000	3,793	95	56,500	Q4 2020	87 <sup>2</sup>	Dec 2021	Platinum
Gothenburg	Platinan	2,600	2,232	86	53,700	Q4 2021	84 <sup>3</sup>	Mar 2022	Platinum
Sundbyberg	Kronan 1	1,680	1,302	78	44,400	Q4 2021	100	Nov 2021	Platinum
Stockholm	Nattugglan, block 2	800	495	62	15,000	Q2 2022	80	Jun 2022	Platinum
Stockholm	Sperlingensbacke 47	610	30	5	8,500	Q4 2023	0	Jan 2024	Platinum
Uppsala	Magasin X	530	384	72	11,500	Q4 2021	73 <sup>4</sup>	Mar 2022	Platinum
Stockholm	Hötorgshus 2	460	78	17	8,000	Q3 2022	0	Apr 2023	Gold
Stockholm	Sperlingensbacke 45	370	147	40	3,900	N/A	47	Dec 2022	Gold
Gothenburg	Strömshuset	270	202	75	10,450	N/A	79	Jan 2022	Platinum
Stockholm, Solna	Diktaren	135	120	89	6,400	Q3 2021	100	Aug 2021	–
Stockholm	Sergelgatan	1,500	963	64	15,500	N/A	N/A <sup>5</sup>	Mar 2023	Gold
<b>Total major property projects</b>		<b>12,955</b>	<b>9,746</b>	<b>75</b>			<b>80</b>		
Other projects		1,162	978						
<b>Total</b>		<b>14,127</b>	<b>10,718</b>						

1) Calculated based on area.

2) Excluding housing, storerooms and bicycle garage.

3) Including Vasakronan Arena, the occupancy rate amounts to around 89%.

4) Including Vasakronan Arena and Vasakronan's regional office, the occupancy rate amounts to around 96%.

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

6) Forecast at completion.

## Comments on the consolidated balance sheet

### Financing

The strong capital markets at the start of the year continued through the second quarter and access to financing on favourable terms has been very good.

Vasakronan's main funding source is the capital markets through unsecured commercial paper and bonds. Since 2018, Vasakronan has a public rating of A3, with a stable outlook, from the credit-rating agency Moody's. In May, Moody's affirmed the rating, which confirms the high quality of the company's properties and its diversified rental portfolio with a high percentage of public sector tenants. The credit rating builds on Moody's methodology for commercial property companies and is raised one level due to its strong ownership structure.

The high rating reduces financing risk as it provides access to financing in most markets as well as access to longer maturities.

During the quarter, the company issued debt of SEK 8.9 billion (7.2) in the bond market, with an average maturity of just over 8 years. More than half of the bonds were subscribed for by investors outside Sweden, with the largest percentage from Norway, followed by Japan. Vasakronan has now issued bonds denominated in seven currencies and 34% (30) of the total liability at the end of the period consisted of borrowings in currencies other than SEK. Borrowing in foreign currencies is hedged through currency interest rate swaps, which eliminates currency risk.

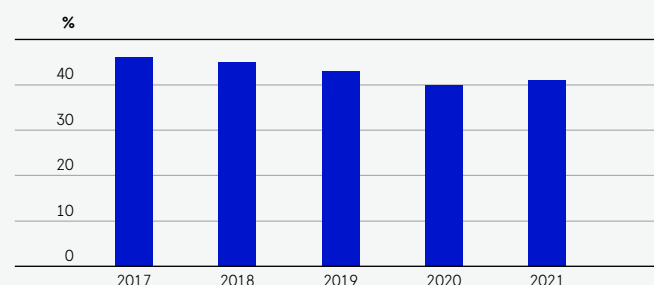
During the period, no new secured bank loans were raised. Conversely, SEK 1.5 billion in secured bank loans has been repaid early. At the end of the period, secured bank loans outstanding decreased to SEK 9.5 billion compared with SEK 11 billion at year end, corresponding to 5% (6) of the Group's total assets.

At the end of the period, interest-bearing liabilities net of cash and cash equivalents amounted to SEK 70,311 million, compared with SEK 66,759 million at year end.

The average loan-to-maturity increased to 5.3 years (5.0) and the average loan-to-maturity taking into consideration unutilised credit commitments increased to 5.7 years (5.4). The average fixed-interest tenor fell to 5.0 years (5.6) and the average interest rate for loans and derivatives amounted to 1.5% at the end of the period, compared with 1.6% at year end.

To minimise financing risk and secure its access to capital, the company has a credit facility with the First, Second, Third and Fourth Swedish national pension funds that amounts to SEK 18 billion. The agreement extends until further notice with a notice period of two years. As before, the credit facility was unutilised during the period. Cash and cash equivalents of SEK 3,389 million (2,558), unutilised credit facilities with the owners and the unutilised credit facility of SEK 2 billion with the EIB together correspond to 159% (165) of loans maturing over the next 12 months.

### Stable loan-to-value ratio



At 30 June

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

Maturity date	Fixed-interest		Loan-to-maturity	
	SEK m	Share, %	SEK m	Share, %
0–1 year	26,120	35	14,699	20
1–2 years	2,700	4	6,340	9
2–3 years	2,099	3	10,485	14
3–4 years	4,701	6	5,216	7
4–5 years	3,041	4	6,308	8
5–6 years	3,749	5	7,133	10
6–7 years	5,500	8	2,009	3
7–8 years	7,000	9	5,027	7
8–9 years	4,500	6	2,941	4
9–10 years	5,000	7	3,940	5
10 years or more	9,290	13	9,602	13
<b>Total</b>	<b>73,700</b>	<b>100</b>	<b>73,700</b>	<b>100</b>

### Breakdown of funding sources

SEK m	Nominal amount base currency, SEK m	Carrying amount, SEK m	Share, %
Commercial paper		8,575	12
Bonds, SEK		25,196	34
Bonds, NOK	14,195	14,114	19
Bonds, EUR	487	4,926	7
Bonds, JPY	11,400	878	1
Bonds, AUD	160	1,023	1
Bonds, USD	455	3,871	5
Bonds, HKD	400	438	1
Secured bank loans		9,467	13
NIB and EIB		5,211	7
<b>Total</b>		<b>73,700</b>	<b>100</b>

## Comments on the consolidated balance sheet (Cont.)

### Green financing

Vasakronan issued the world's first green corporate bond in 2013. The company is the Nordic region's largest issuer of green corporate bonds and all bonds issued during the period were green. At the end of the period, the volume of green bonds amounted to SEK 40,902 million (34,035) allocated over seven different currencies. In 2018, Vasakronan issued the world's first green commercial paper. At the end of the period, the volume outstanding of green commercial paper was SEK 2,956 million (870).

The volume outstanding of green loans with the Nordic Investment Bank and the European Investment Bank totalled SEK 5,211 million (5,482) at the end of the period, and green secured bank loans amounted to SEK 1,760 million (1,760). In addition to the above, there is an unutilised green credit facility with the European Investment Bank of SEK 2 billion (2).

The percentage of green financing, consisting of green bonds, green commercial paper and green bank loans, increased during the period to 69% (61) of the total loan portfolio.

A more comprehensive description of the investments made under Vasakronan's Green Finance Framework is available in the Impact Report – Green financing on pages 162–170 of Vasakronan's 2020 Annual Report.

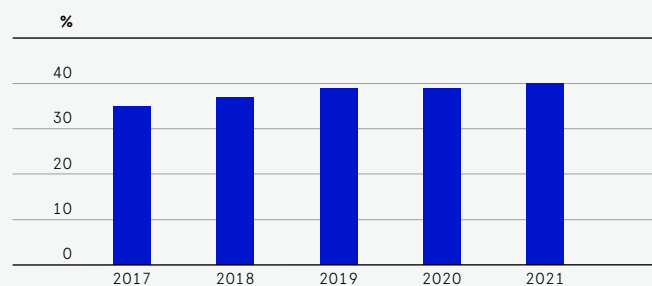
### Equity

Equity increased to SEK 75,401 million as of 30 June 2021, compared with SEK 70,869 million at the end of 2020. Comprehensive income for the period amounted to SEK 6,528 million (3,714). The equity/assets ratio was 41% (40) and the loan-to-value ratio was 41% (41) at the end of the period. The minority share of equity amounted to SEK 7 million (6).

### Green financing under the framework

	Amounts in SEK million
Green commercial paper	2,956
Green bonds, SEK	24,358
Green bonds, NOK	7,290
Green bonds, EUR	3,016
Green bonds, JPY	959
Green bonds, AUD	1,030
Green bonds, USD	3,809
Green bonds, HKD	439
<b>Total volume of Green Finance Instruments</b>	<b>43,858</b>
Total volume of Green Assets – Green Pool	56,451
<b>Remaining approved borrowing capacity</b>	<b>12,593</b>

### 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 attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Equity, opening balance at 1 Jan 2020</b>	<b>4,000</b>	<b>4,227</b>	<b>61,926</b>	<b>70,153</b>	<b>3</b>	<b>70,156</b>
Profit for the period	–	–	3,718	3,718	–4	3,714
Other comprehensive income	–	–	–8	–8	–	–8
<i>Comprehensive income for the period</i>	–	–	3,710	3,710	–	3,710
<i>Transactions with owners</i>						
Non-controlling interests	–	–	–	–	7	7
Dividend	–	–	–3,000	–3,000	–	–3,000
<b>Equity, closing balance at 31 Dec 2020</b>	<b>4,000</b>	<b>4,227</b>	<b>62,636</b>	<b>70,863</b>	<b>6</b>	<b>70,869</b>
<b>Equity, opening balance at 1 Jan 2021</b>	<b>4,000</b>	<b>4,227</b>	<b>62,636</b>	<b>70,863</b>	<b>6</b>	<b>70,869</b>
Profit for the period	–	–	6,531	6,531	–3	6,528
Other comprehensive income	–	–	–	–	–	–
<i>Comprehensive income for the period</i>	–	–	6,531	6,531	–	6,528
<i>Transactions with owners</i>						
Non-controlling interests	–	–	–	–	4	4
Dividend	–	–	–2,000	–2,000	–	–2,000
<b>Equity, closing balance at 30 Jun 2021</b>	<b>4,000</b>	<b>4,227</b>	<b>67,167</b>	<b>75,394</b>	<b>7</b>	<b>75,401</b>

# Consolidated cash-flow statement

Amounts in SEK million	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020– Jun 2021	Jan–Dec 2020
<b>Operating activities</b>						
Operating surplus	2,702	2,543	1,369	1,256	5,348	5,189
Central administration	-73	-61	-40	-33	-130	-118
Add back amortisation and depreciation	12	5	9	3	20	13
Adjustment for other non-cash items	2	-4	1	-2	-7	-13
<b>Cash flow from operating activities before interest and tax</b>	<b>2,643</b>	<b>2,483</b>	<b>1,339</b>	<b>1,224</b>	<b>5,231</b>	<b>5,071</b>
Interest paid <sup>1)</sup>	-688	-727	-312	-350	-1,256	-1,295
Interest received	2	3	1	2	5	6
Taxes paid	-191	-173	-60	-30	-253	-235
<b>Cash flow before changes in working capital</b>	<b>1,766</b>	<b>1,586</b>	<b>968</b>	<b>846</b>	<b>3,727</b>	<b>3,547</b>
Increase (-)/decrease (+) in operating receivables	-118	-473	423	35	365	10
Increase (+)/decrease (-) in operating liabilities	-118	150	-473	-36	-7	261
<b>Cash flow from operating activities</b>	<b>1,530</b>	<b>1,263</b>	<b>918</b>	<b>845</b>	<b>4,085</b>	<b>3,818</b>
<b>Investing activities</b>						
Investments in existing property	-2,101	-2,586	-1,156	-1,417	-4,829	-5,314
Property acquisitions	-178	-6	3	-6	-353	-181
Property divestments	362	-	-2	-	591	229
Other PPE, net	-72	-2	-55	1	-84	-14
Acquisition of intangible assets	-4	-11	-4	-8	-16	-23
Dividends from joint ventures	182	34	182	34	182	34
<b>Cash flow from investing activities</b>	<b>-1,811</b>	<b>-2,571</b>	<b>-1,032</b>	<b>-1,396</b>	<b>-4,509</b>	<b>-5,269</b>
<b>Cash flow after investing activities</b>	<b>-281</b>	<b>-1,308</b>	<b>-114</b>	<b>-551</b>	<b>-424</b>	<b>-1,451</b>

Amounts in SEK million	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020– Jun 2021	Jan–Dec 2020
<b>Financing activities</b>						
Dividend	-2,000	-	-2,000	-	-5,000	-3,000
Raised debt: interest-bearing liabilities	22,510	21,360	9,889	10,612	36,994	35,844
Repayment of debt: interest-bearing liabilities	-18,673	-19,135	-8,785	-11,574	-30,955	-31,417
Change in collateral	-729	210	-16	-208	-1,602	-663
Redemption of financial instruments	-	-231	-	-160	-46	-277
Transactions with non-controlling interests	4	-	-	-	11	7
<b>Cash flow from financing activities</b>	<b>1,112</b>	<b>2,204</b>	<b>-912</b>	<b>-1,330</b>	<b>-598</b>	<b>494</b>
<b>Cash flow for the period</b>	<b>831</b>	<b>896</b>	<b>-1,026</b>	<b>-1,881</b>	<b>-1,022</b>	<b>-957</b>
Opening balance, cash and cash equivalents	2,558	3,515	4,415	6,292	4,411	3,515
Cash flow for the period	831	896	-1,026	-1,881	-1,022	-957
<b>Closing balance, cash and cash equivalents</b>	<b>3,389</b>	<b>4,411</b>	<b>3,389</b>	<b>4,411</b>	<b>3,389</b>	<b>2,558</b>

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

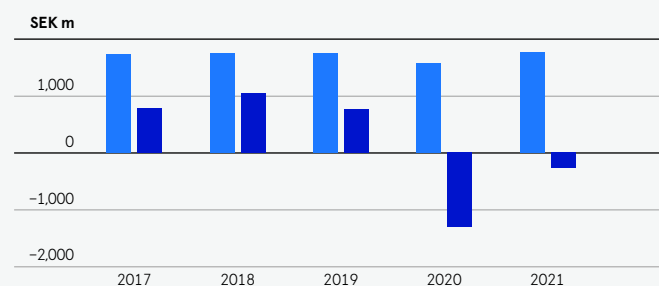
## Comments to the consolidated cash-flow statement

Cash flow from operating activities before interest and taxes amounted to SEK 2,643 million (2,483). Cash flow from operating activities before changes in working capital increased to SEK 1,766 million (1,586) as a result of higher net operating income and lower interest expenses.

During the period, investments in existing properties amounted to SEK 2,101 million (2,586). Cash flow from investing activities amounted to a total outflow of SEK 1,811 million (outflow: 2,571), where the comparative figures were positively affected by property sales.

In total, net borrowing for the period amounted to SEK 3,873 million (2,225). Altogether, cash and cash equivalents increased SEK 831 million (896) and totalled SEK 3,389 million (4,411) at the end of the period.

### Stable cash flow from operating activities



January–June

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

### Property acquisitions 2021

Property	City	Seller	Purchase price, SEK m	Occupancy
Svärdsliljan 1	Solna	Järvastaden AB	187	Jan 2021
<b>Total agreed property value</b>				
Transaction costs, as well as deduction for deferred tax			-9	
<b>Total purchase price</b>			<b>178</b>	

### Property divestments 2021

Property	City	Buyer	Purchase price, SEK m	Transfer date
Gulmäran 1	Solna	JM AB	180	Feb 2021
Svärdsliljan 1	Solna	JM AB	184	Feb 2021
<b>Total agreed property value</b>			<b>364</b>	
Acquisition-related costs, such as stamp duty and other transaction costs, as well as deduction for deferred tax			-2	
<b>Total purchase price</b>			<b>362</b>	

### Agreed divestments to be completed

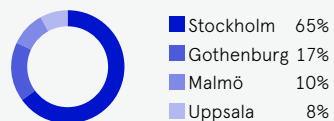
Property	City	Buyer	Purchase price, SEK m	Transfer date
Smedjan 13 and 15	Malmö	Trianon	88	Dependent on detailed development plan
<b>Total purchase price</b>			<b>88</b>	

## Total Vasakronan

January–June	2021	2020
Market value of properties, SEK m	169,863	157,455
Rental revenue, SEK m	3,660	3,467
Operating surplus, SEK m	2,702	2,543
Surplus ratio, %	74	73
Occupancy rate, %	92	94
Number of properties	170	174
Area, thousand sq. m.	2,333	2,330
Environmental certification in the investment portfolio based on market value, %	92	92

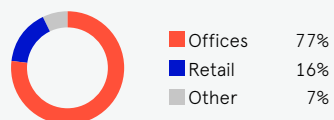
### Contracted rent by geographic market

Pertains to share of contracted rent



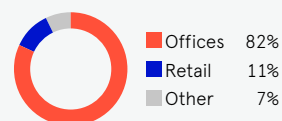
### Contracted rent by property type

Pertains to share of contracted rent



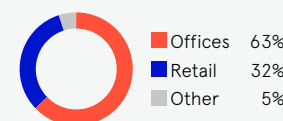
## Stockholm

2021	2020
114,545	106,335
2,378	2,194
1,790	1,629
75	74
92	94
78	80
1,376	1,374
91	91



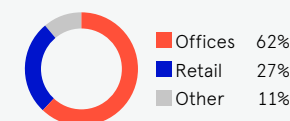
## Gothenburg

2021	2020
31,323	28,229
635	642
466	479
73	75
95	95
34	34
392	403
96	96



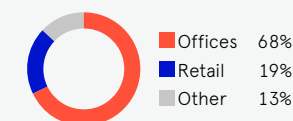
## Malmö

2021	2020
13,328	12,889
350	347
232	233
66	67
89	88
33	33
311	309
100	100



## Uppsala

2021	2020
10,668	10,004
297	284
214	202
72	71
95	97
25	27
254	244
81	86



# Vasakronan AB – Parent Company in summary

## Income statement

Amounts in SEK million	Jan–Jun 2021	Jan–Jun 2020
Net sales	260	259
Operating expenses	-358	-330
<b>EBIT</b>	<b>-98</b>	<b>-71</b>
<b>Financial items</b>		
Profit from participations in subsidiaries	607	2,584
Net interest	-196	-209
Change in value of financial instruments	525	217
<b>Profit before tax</b>	<b>838</b>	<b>2,521</b>
Tax	-48	14
<b>Profit for the period</b>	<b>790</b>	<b>2,535</b>

## Statement of comprehensive income

Profit for the period recognised in profit or loss	790	2,535
Other comprehensive income	–	–
<b>Total comprehensive income for the period</b>	<b>790</b>	<b>2,535</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 260 million (259), which primarily consists of the Parent Company's invoices to the subsidiaries for services rendered.

The value change in financial instruments was SEK 525 million (217) as a result of the increase in long-term market interest rates during the period. Profit before tax was SEK 838 million (2,521). Closing cash and cash equivalents amounted to SEK 3,373 million (4,400).

## Balance sheet

Amounts in SEK million	30 Jun 2021	30 Jun 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	71	5
Shares and participations in subsidiaries	37,636	37,634
Receivables from subsidiaries	38,972	40,472
Shares and participations in joint ventures	0	0
Deferred tax assets	260	367
Derivatives	820	1,354
Non-current receivables	885	229
<b>Total non-current assets</b>	<b>78,644</b>	<b>80,061</b>
<b>Current assets</b>		
Receivables from subsidiaries	8,387	4,869
Derivatives	17	6
Current receivables	1,122	858
Cash and cash equivalents	3,373	4,400
<b>Total current assets</b>	<b>12,899</b>	<b>10,133</b>
<b>TOTAL ASSETS</b>	<b>91,543</b>	<b>90,194</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	11,613	15,177
Untaxed reserves	686	486
<b>Liabilities</b>		
Interest-bearing liabilities	73,700	67,753
Derivatives	3,196	4,144
Non-interest-bearing liabilities	571	1,216
Liabilities to subsidiaries	1,777	1,418
<b>Total liabilities</b>	<b>79,244</b>	<b>74,531</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>91,543</b>	<b>90,194</b>

# Other information

## Personnel

The number of employees at the end of the period was 296 (303).

## 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 2020 Annual Report on pages 62–67.

Vasakronan is closely monitoring the spread of Covid-19 and adapting its operations in line with the Public Health Agency of Sweden's recommendations. These actions are being continuously re-evaluated based on the progress of the pandemic. How the pandemic will affect the property market in the long term remains difficult to forecast at present.

In many sectors, the EU taxonomy is the subject of much debate and the proposed criteria that will affect Vasakronan's operations have been analysed by the company. The Taxonomy Regulation is part of the EU Action Plan: Financing Sustainable Growth and aims to define sustainable investments. The regulation applies from 31 December 2021 and most companies will be required to report the share of their operations that qualify as green under this taxonomy. The EU has also presented guidelines for green bonds, mainly through the link to the EU's definition of green assets.

Vasakronan is monitoring developments and will refrain from drawing any conclusions and acting until a final decision is made on the applicable criteria.

## 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 109 of Vasakronan's 2020 Annual Report for the sensitivity analysis.

## Related-party transactions

Information pertaining to Vasakronan's related-party transactions is provided in Note 7.4 on page 118 of Vasakronan's 2020 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 490 million.

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

## Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Comparative figures in parentheses pertain to the corresponding amounts for the same period last year. The same accounting policies, valuation principles and calculation methods as the ones used in the most recently issued annual report have been applied. Refer to Vasakronan's 2020 Annual Report, pages 98–118.

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 EPRA NDV.

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

Investment properties are recognised at fair value in accordance

with level 3 in the fair value hierarchy.

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

Vasakronan's activities have been organised according to the geographic regions of Stockholm, Gothenburg, Malmö and Uppsala. These regions thus represent the four operating segments used for reporting purposes. Refer to page 99 of Vasakronan's Annual Report.

## Alternative performance measures

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

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

## Significant events after the end of the period

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

Stockholm, 9 July 2021

**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:

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# Key metrics

	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020– Jun 2021	Jan–Dec 2020
<b>Property-related information</b>						
Closing occupancy rate, %	92.1	93.8	92.1	93.8	92.1	91.9
Surplus ratio, %	74	73	74	74	74	74
Investments in existing projects, SEK m	2,101	2,586	1,156	1,417	4,828	5,314
Property acquisitions, SEK m	178	6	-3	6	353	181
Property divestments, SEK m	-361	-	2	-	-590	-229
Net investments, SEK m	1,918	2,592	1,155	1,423	4,591	5,266
Closing market value of property, SEK m	169,863	157,455	169,863	157,455	169,863	162,420
Closing area, thousand sq. m.		2,325		2,325		2,339
Closing number of properties	170	174	170	174	170	171
Environmental certification of investment portfolio, share of total area, %	90	91	90	91	90	92
Environmental certification, of investment portfolio, share of market value, %	92	92	92	92	92	92
Energy intensity on closing date, kWh/sq. m., rolling 12 month		87		87		83

	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020– Jun 2021	Jan–Dec 2020
<b>Financial metrics</b>						
EBITDA margin, %	75	70	80	71	73	71
Interest coverage ratio, multiple	5.1	4.2	5.5	4.1	4.8	4.4
Closing equity/assets ratio, %	41	41	41	41	41	40
Closing loan-to-value ratio, %	41	40	41	40	41	41
Average fixed-interest tenor, years	5.0	6.0	5.0	6.0	5.0	5.6
Average loan-to-maturity <sup>1)</sup> , years	5.3	5.4	5.3	5.4	5.3	5.0
Closing EPRA NRV, SEK m	99,604	92,834	99,604	92,834	99,604	94,656
Closing EPRA NTA, SEK m	92,165	86,199	92,165	86,199	92,165	87,735
Closing EPRA NDV, SEK m	73,065	67,283	73,065	67,283	73,065	69,450
Closing average interest rate, %	1.5	1.8	1.5	1.8	1.5	1.6
Closing net interest-bearing liabilities, SEK m	70,311	63,342	70,311	63,342	70,311	66,759
Cash flow before changes in working capital, SEK m	1,766	1,586	968	846	3,727	3,547
Net interest-bearing liabilities/EBITDA <sup>2)</sup>	-	-	-	-	13.4	13.5
<b>Other</b>						
Closing number of employees	296	303	296	303	296	293

1) Excluding unutilised credit commitments.

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

# Basis for key metrics

	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020– Jun 2021	Jan–Dec 2020
<b>1. EPRA NRV, SEK m</b>						
Equity	75,401	70,518	75,401	70,518	75,401	70,869
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,908	-1,908	-1,908	-1,908
Add back derivatives	2,359	2,784	2,359	2,784	2,359	3,426
Add back recognised deferred tax	23,752	21,440	23,752	21,440	23,752	22,269
	<b>99,604</b>	<b>92,834</b>	<b>99,604</b>	<b>92,834</b>	<b>99,604</b>	<b>94,656</b>
<b>2. EPRA NTA, SEK m</b>						
Equity	75,401	70,518	75,401	70,518	75,401	70,869
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,908	-1,908	-1,908	-1,908
Add back other intangible assets	-139	-126	-139	-126	-139	-136
Add back derivatives	2,359	2,784	2,359	2,784	2,359	3,426
Add back recognised deferred tax	23,752	21,440	23,752	21,440	23,752	22,269
Deferred tax at fair value <sup>1)</sup>	-7,300	-6,509	-7,300	-6,509	-7,300	-6,785
	<b>92,165</b>	<b>86,199</b>	<b>92,165</b>	<b>86,199</b>	<b>92,165</b>	<b>87,735</b>
<b>3. EPRA NDV, SEK m</b>						
Equity	75,401	70,518	75,401	70,518	75,401	70,869
Add back goodwill attributable to deferred tax	-1,908	-1,908	-1,908	-1,908	-1,908	-1,908
Assessed fair value of interest-bearing liabilities	-428	-1,328	-428	-1,328	-428	489
	<b>73,065</b>	<b>67,282</b>	<b>73,065</b>	<b>67,282</b>	<b>73,065</b>	<b>69,450</b>
<b>4. EBITDA, SEK m</b>						
Operating surplus	2,702	2,543	1,369	1,256	5,347	5,189
Central administration	-72	-61	-40	-33	-129	-118
Cash flow from dividends from joint ventures	182	34	182	34	182	34
Ground rents and land leases	-83	-83	-42	-41	-165	-165
	<b>2,730</b>	<b>2,433</b>	<b>1,470</b>	<b>1,216</b>	<b>5,236</b>	<b>4,940</b>

	Jan–Jun 2021	Jan–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jul 2020– Jun 2021	Jan–Dec 2020
<b>5. EBITDA margin, %</b>						
Rental revenue	3,660	3,467	1,842	1,703	7,199	7,006
EBITDA	2,730	2,433	1,470	1,216	5,236	4,940
	<b>75</b>	<b>70</b>	<b>80</b>	<b>71</b>	<b>73</b>	<b>71</b>
<b>6. Interest coverage ratio, multiple</b>						
EBITDA	2,730	2,433	1,470	1,216	5,236	4,940
Net financial items	-538	-573	-268	-296	-1,083	-1,117
	<b>5.1</b>	<b>4.2</b>	<b>5.5</b>	<b>4.1</b>	<b>4.8</b>	<b>4.4</b>
<b>7. Net interest-bearing liabilities, SEK m</b>						
Non-current interest-bearing liabilities	59,001	56,058	59,001	56,058	59,001	55,659
Current interest-bearing liabilities	14,699	11,695	14,699	11,695	14,699	13,658
Cash and cash equivalents	-3,389	-4,411	-3,389	-4,411	-3,389	-2,558
	<b>70,311</b>	<b>63,342</b>	<b>70,311</b>	<b>63,342</b>	<b>70,311</b>	<b>66,759</b>
<b>8. Loan-to-value ratio, %</b>						
Net interest-bearing liabilities	70,311	63,342	70,311	63,342	70,311	66,759
Fair value of investment properties	169,863	157,455	169,863	157,455	169,863	162,420
	<b>41</b>	<b>40</b>	<b>41</b>	<b>40</b>	<b>41</b>	<b>41</b>

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

# 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 the fair value of investment properties 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, property investments, financing and central marketing.

## 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.

## 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.

## 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.

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.

## 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 21.

## 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 21.

## 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 21.

## Property divestments, SEK m

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

## Property acquisitions, SEK m

Acquisition of investment properties. Intended as an indication of the company's acquisitions 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 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. Development properties are not included in the investment portfolio.

## 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.

## 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 Jan–Sep 2021	11 November 2021
Year-end report 2021	3 February 2022
Annual Report 2021	March 2022

### ANNUAL GENERAL MEETING

Annual General Meeting	28 April 2022
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### Vasakronan in brief

Vasakronan is Sweden's largest property company. The property portfolio comprises 170 properties with a total area of about 2.3 million square metres and a market value of SEK 170 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)

**Vasakronan**